Truth is Somewhere in Between:

An Ethnographic account of Broad Based Black Economic Empowerment (BBBEE) in South Africa – A Work in Progress

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Declaration

I declare that this dissertation is my own, unaided work. It is being submitted for the degree of Master of Arts (Anthropology - by Research) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other University.

SoonJong Kim

On the 26th day of February 2010

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Chapter 1: Introduction and Study Overview

1. Introduction

South Africa is said to be undergoing transformation in all levels of society as it seeks to recover from its legacy of racial segregation. Post-Apartheid South Africa has launched its democracy and whether it is heading towards the desired society or not, fourteen years have passed. During this transformation period, one of the major issues that have been under both discussion and implementation is a government policy called 'Black Economic Empowerment' (hereafter referred to as BEE). This policy, together with many others, aims to redress historical injustices instituted under the Apartheid regime and to ensure some level of both compensation and empowerment to previously disadvantaged groups which, in South Africa, constitute the majority of the population. It seeks to do this by providing access to possessions, opportunities for the ownership of assets, economic rights, government services and education. BEE has elicited vigorous debate with respect to its political implications, philosophical views, moral values and social impingement on society. With this in mind, this dissertation aims to discuss the policy and investigate how it is transcribed into the daily lives of the broad population. In so doing, it will also reveal how the policy is perceived and understood and will explain resultant behaviour. Detailing the implementation process will lead to discussions on the challenges arising there from and on BEE's general effectiveness. With no great ambition of assessing the BBBEE policy as a whole on a macro level, but rather hoping to contribute to finding the culture of 'now' as Nuttall (2004: 732) suggests, an anthropological approach will be taken. This report hopes to furnish some understanding

of how people engage, construct identities and of the personal perspectives they adopt in the atmosphere of policy transformation. This in-depth method of study is more useful than many of simple and superficial surveys that have been completed during this multi-faceted empowerment process (see research reports by Gaspari, 2006; Dlamini, 2001; Van Niekerk, 2003; Sowell, 2004:21; Frolich, 2006; Nomthunzi, 2006).

2. Research Rationale and Aim

Revised in February 2007 in response to various criticisms, the new policy was re-named Broad Based Black Economic Empowerment (hereafter referred to as BBBEE). BBBEE policy is applicable to both public and private business organisations and is designed to evaluate organisational 'empowerment' at each level through the use of the BBBEE balance scorecard. According to the policy, the goal of each business is to achieve an equal score on each of the seven pillars; ownership, management control, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development. Although not legally binding, it is designed to be enforced on companies through social and profitability pressure. Whilst the early policy was vague, vulnerable to mal-practice and verged on creating further social disparity within the context of political economy, BBBEE targets the current employment and social imbalances at a macro level. Unpopular with critical rightists and frustrated leftists, BBBEE remains an essential policy in contemporary South African as it will continue to be enforced for quite some time.

The primary goal of this current research is to conduct an empirical study dealing with the 'experience' of empowerment within a business and workplace with regards to BBBEE. Hoping to clarify the crucial issue, this report will investigate the extent to which the legislation enables empowerment and to what extent it hinders it, perhaps even achieving the opposite desired effect. Because it is essential to determine, observations will be made with regard to how effectively the new legislation, BBBEE, addresses the criticisms and accusations raised against the previous version and how open it is for further abuse.

Seeking holistic perspectives, seeking experience and ultimately, seeking conclusions, a business that has made some progress toward their broad-based empowerment status on an institutional level was chosen for the research. Despite being well acquainted with the critical concerns and criticisms of the policy, they remain committed to pioneering and charting a BBBEE course for their company. In response to Van Maanen's (1979:57) research method, ethnographic data of daily difficulties, developments, contradictions and challenges faced in the empowerment process was collected. What was Van Maanen's research? He sought "to uncover and explicate the ways in which people in particular work settings come to understand, account for, take action, and otherwise manage their day-to-day situation" (Ibid: 57). His findings and research methodology yield crucial insight on how people organise themselves in a world that is seemingly rigid in structure, yet constantly changing, all the while providing a realistic perspective on the situation. Notably, the study of the construction of perception was essential in that ideology determine how people interact with the policy and hence, how effective the implementation. Toward gaining information on how various people

within various BBBEE applicable positions in the given company understand, react to, interpret or cope with the policy and its outcomes, this methodology proved helpful. In addition, ethnographic data gathered prior working within the company is presented and discussed in this paper. Including views expressed toward BBBEE from wider sectors offers a more holistic picture of the dynamic understanding surrounding this policy. Although mere random sampling, non-structured interviews, life story and participant observation was used in gathering the data, it yielded significant information on the general current response within South Africa, which does not differ greatly from what was noted within the firm.

3. Chapter Preview

Following the introductory discussion, chapter two explores the background in which Black Economic Empowerment (BEE) came into being, its current status and predicament. Literature on South Africa's socio-economic history is briefly discussed together with the current challenge of economic development. Providing the context within which this study is conducted and an understanding of the concept of BEE is the goal hereof.

Chapter three will survey literature on organisational structure and the labour process. Reviewed so, such literature provides an insightful capitalistic and cultural context within which, and to which, the BBBEE policy is applied. Initially, the paper briefly looks at Karl Marx's capitalism, the foundation of the global economic structure. Taylorism, Weberian and Fordism, theories regarding the structure of organisations, are

subsequently explored. Consequently, a sociological insight on the politics and dynamics of labour processes is offered. This discussion is centred on the diverse interests of all participants in the process of production as well as the differing power struggles. An understanding of organisations and compositions thereof would be hindered without an investigation into concepts like control, co-operation, management, corporate culture and real culture. Neo-capitalism is the final topic of discussion, providing the contemporary business framework.

Chapter four introduces the methodology employed in this study. It presents the experience of the researcher. It defines the extent of the fieldwork. It notes the limits encountered in reflection of a subjective science.

Chapter five presents the first part of fieldwork – the general perception of South Africans toward the policy. Gaining an appreciation for the BEE culture involves understanding its reception both within and without the business sphere. In so doing, this section provides insight to the reaction of the specific employees under study.

Consequently, chapter six details the second and more thorough fieldwork – the attempt at implementation of the legislation in ITSA. Setting the stage, the paper introduces life in ITSA, its institutional structure, labour processes and culture within. Upon this foundation, the BBBEE policy is applied and adapted to this organisation.

Chapter seven presents the BBBEE strategy employed by ITSA. It discusses and breaks down how they achieved the required BBBEE score.

Chapter eight analyses the ethnographic findings from previous chapters through the eyes of the participants themselves. Achieved scores were neither a true reflection of the employees' perceptions of, nor relevance to them. For BBBEE's dream to be a

cultural catalyst to become reality, gaps in perception between, and within, groups are too great. Hence, the ideology of BBBEE is breached.

This project is finalised by summary and concluding remarks.

Chapter 2: Context - The Emergence of Black Economic Empowerment and its Rationale

1. Introduction

Black Economic Empowerment policy emerged at a distinct point in South Africa's economic and socio-political history. Arising from its precursor, Affirmative Action, it is specifically defined and has a definite purpose. Debate, quandary, change, predicament, progress all appropriately describe the policy's current status.

It must be noted that due to the recent nature of this topic vis-a-vis the anthropological field, there is a distinct scarcity of in-depth and relevant literature. It follows that for the purposes of this dissertation alternative sources were consulted in order to provide the necessary contextual information. These include, but are not limited to, electronic resources, government gazettes, sociological, organisational and management journals, other dissertations and daily news updates.

2. Brief Overview of the South African Economical Context

After a long history of colonisation, South Africa endured yet another struggle under the apartheid regime (Christopher, 1994). Very early legislation, namely the Native Land Act (1910), the Housing Act (1920), Urban Area Act (1923), Trading and Occupation of Land Act (1943), Group Area Act (1950), and the Pass Laws (1948: part of Native administration) were introduced as way of governing the people. Continuing

and intensifying, these practices paved the way toward institutionalising racial segregation and discrimination (West, 1987; Christopher, 1994; Girvin, 1987). Classified according to skin colour and similar superficial differences (Girvin, 1987), groups of people were discriminated against respectively. How was this discrimination enforced? By placing constraints on land usage, by severely limiting access to capital and any form of commercial activity including resources, transport, housing, education and employment activities (Forder, 1987; see also employment conditions and related statistics in Van der Horst, 1981; Natrass, 1981), the majority of the non-white population were "systematically excluded from every facet of normal life" (Schneider & Westoll, 2003:64). In his study of workplace transition in South Africa, Von Holdt (2005:48) observed that apartheid was reproduced in the workplace. Various labour divisions, differing work opportunities, certain practices and culture itself re-inforced 'white power' and 'black powerlessness'. Hence, the majority of people remained in the peripheral economy carrying out non-core economic activities. This racial oppression[1], together with capitalist exploitation (Gelb & Saul, 1986), entrenched the acute imbalances in the South African economy, imbalances which are still felt today.

Von Holdt & Webster (2005: 33) argues that there have been two "great transformations" in South African history. The first transformation occurred from colonial state up until Apartheid state, which was characterised by rapid capital accumulation through the exploitation of cheap labour that entrenched black suppression and white domination on the economy. Von Holdt & Webster (2005: 34) described that

1This is explored more in detail under following literature review chapter whereby Gelb argues that South Africa's economic structure is a type of racial Fordism where high and low skilled labour has been formed along the racial line.

“while the North society was successfully able to challenge the destructive tendencies of the market by constructing the welfare state, South Africa forged a despotic racial order based on migrant labour, on the brutalities of racial segregation and apartheid, and on the ruthless suppression of political dissent.” What this social, political and economic order produced was a form of resistance among black workers who bitterly regarded their employment as working in a ‘white man’s factory’ in a ‘white man’s country’ which gave them little reason to work hard (Von Holdt, 2005: 57). Being frequently and repeatedly subjected to “supervisory incompetence, white nepotism, delayed maintenance, unnecessary breakdowns, poor-quality production, high wastage and defective products, black workers grew increasingly frustrated and despondent” that resulted permanent go-slow engagement of black workers in the workplace (Ibid: 57). As the national liberation struggle grew, the breakthrough occurred in the early 90's and concurrently communism was also taken over by capitalism (Von Holdt & Webster, 2005: 34) which marks the new economic order across the globe.

The Second Great Transformation covers the post colonial period. Von Holdt & Webster (2005: 22) claims that it reset the workplace politics of who gets included in the 'core zone' and who moves out to 'periphery'. With the movement towards privatisation and less emphasis on public services social crisis on the gap between the rich and poor were exacerbated, leaving the poor communities to be coping on their own with regards to this structural imbalance. In the unique context of South Africa the counter-movement resulted as a mere re-distribution which resulted threatening the reproduction of communities instead of growing them. In order to understand the growing informalisation

of work and the attendant social crisis in South Africa Von Holdt & Webster (2005: 35) raise several challenging questions respectively:

> How does one provide for social protection in a market where a growing number of workers do not have fixed employment or a fixed salary? How does one regulate these new forms of work? Can the state extend its protection to these workers? How would this be financed?

Generated by racially defined distributions of occupations, skills, income and power as well as by racial segregation, tension, conflict and strong racial identities arose within the workplace, a site of racial domination. The 'Triple transition'(Von Holdt & Webster, 2005: 4) challenges, i.e. the political , economical and social changes faced by South Africa's workplace have begun and are progressing through the introduction of various Acts and policies, BEE being one of the most controversial.

3. Black Economic Empowerment: its Rationale and Progress

After achieving political freedom for 'non-whites', the social and economical gaps that resulted from apartheid between the empowered (minority whites) and disempowered (majority non-whites) became evident.

> "In all aspects of our society there is great inequality; in schooling, health, welfare, transport, housing and employment. Some people have all they need while many have nothing at all. We are one of the most unequal countries in the world" (ANC, 1994 p.2)[2]

[2] www.anc.org.za

Declared by the newly ruling African National Congress (ANC), the RDP (Reconstruction Development Program) is an attempt to transform this unequal society and to eradicate the poverty[3]. Focussing on redistribution, the RDP does not emphasise economic growth. At the time of transition, South Africa was pressurised to conform to the world capitalist system which inevitably lead to a neo-liberal state[4] (Bond, 2001; Desai, 2003; Cheru, 2001) and the Growth Employment and Redistribution (GEAR) policy was adopted in their economic strategy[5]. This involves compliance to the World Trade Organisation's (WTO) conditions and the recommendations of the Washington Consensus such as greater privatisation and the lowering of trade barriers (Freud, 2006: 5). Being founded on the pro-market trajectory and with its fate dependent on the market, the policy has been criticised for undermining the priority of development and for its inappropriate position in the midst of poverty and socio-economic inequalities (Turok, 1999). Described by the ANC as either the 'formal' and 'informal' or the 'first' and 'second' economies, dualism of the economy persists, arising out of the structural fault:

> Accordingly, what we now have is the reality… of a 'mainly informal, marginalized, unskilled economy, populated by the unemployed and those unemployable in the formal sector. (ANC Today 2004: 47[6])

According to Mbeki (2003)[7]:

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3 See www.anc.org.za – RDP was designed to eliminate poverty – meeting the basic needs and ensuring decent living standard and economic security for all. One of its program is providing housing to the black people who are living in shacks.

4 See detailed discussion on neo-liberalism and restructuring program of post-apartheid South Africa in the study of Shangase (2007: 53-74)

5 See article by Southall (1999) in South Africa 1999: The ANC and Democractic Consolidtion.

6 www.anc.org.za

7 Mbeki's (President of South Africa then) address to the National Council of Provinces (NCOP)

> The second economy (or the marginalized economy) is characterised by underdevelopment, contributes little to GDP, contains a big percentage of our population, incorporates the poorest of our rural and urban poor, is structurally disconnected from both the first and global economy and is incapable of self-generated growth and development.

Shangase (2007:48) notes that this distinction is blurry and a close structural connection between the two does exist, contrary to the ANC's claim. The notion of a dual economy is uncritically used in policy rhetoric at all levels of state that seeks to rationalise the outcome of its effectiveness (Ibid: 47). A mere change in the political structuring of society together with the influence of neo-liberalism brought neither a full change of ownership nor a closing of the economic gap and Mkhwanazi (1993: 22-23) stresses that socio-economic upliftment does not equate with economic empowerment. In his study on the effectiveness of BEE implementation, Shangase (2007) states that the two BEE and State Own Enterprise structures are not popular in the neo-liberal economic context but the ANC will not compromise in this regard. Toward their future economic agenda of redress and redistribution, they identified Black Economic Empowerment (BEE) as the primary tool. Shangase (2007: 185) warns that 'class apartheid' and 'social inequalities are a by-product' of a persistent capitalistic economic system. In other words, as long as capitalism is encouraged, the application of BEE in South Africa will yield a disproportionate outcome, completely contrary to the very goals and ambitions of the policy[8].

A foremost governmental BEE document offers the following definition of the policy: an "integrated and coherent socio-economic process that directly contributes to

8 See Economic debate of South Africa by Munch (1994:215).

the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in economic inequalities" (Dti, 2003: 12). In layman's terms, the definition implies that people who were previously classified as non-white and were thus discriminated against in terms of various rights and economic activities are now to be given preference in the form of compensation and an opportunity to establish a level of equality. Aiming at the equality of all, particularly in the essential area of economic activity (vital to both individual and society), the main objective of this policy is not to replicate past experience.

Alexander (2006) argues that BEE was not some impulsive, moral decision but a very necessary, practical and sensible growth strategy for South African economic development in all areas (see also Mafolo, 2003; Haffajee, 2003). Originally, in order to 'address inequalities', 'redress injustices and past discrimination' and 'appoint and aid historically disadvantaged peoples' (Adam, 2000:103), 'blackening' the workplace (a process employed to reflect the demographics of South Africa's population in the workforce (Adam, 2000: 104; Gavera, 2004; Innes, 1993) became absolutely inevitable in the eyes of the new government. Secondly, an ever growing and increasingly significant black consumer market began to demand that sellers and service providers become representative of the new nation in order to remain profitable and competitive (Adam, 2000: 139; Wingrove, 1993: 19). Subsequently, with regards to both socio-political and a capital advantages, black management should carry a competitive weight to the consumer and be especially helpful in its perception of the relevant 'culture' for marketing purposes (Adam, 2000: 168). Launched initially then as 'anticipatory

compliance', empowering the historically disadvantaged began before any legislation made it compulsory, such empowerment being an essential criterion by which to judge the legitimacy and credibility of a business (Adam, 2000; Mummy, 2000; Montsho, 2000). Practically and morally it became imperative for organisations to look beyond their self-interest to the wider social and political context as they emerged from apartheid and isolation. Workplace change was as much about the balance of power and control as it was about grading and efficiency.

State Owned Enterprises' (SOE) re-structuring initiatives originated with adopting Affirmative Action policies. In the private sector, any activity that facilitated any redistribution of economic power and that gave any support to the historically discriminated was considered 'BEE'. To date, such BEE activities have been concentrated in large corporations' empowerment transactions with black individuals or enterprises. From early documented initiatives by Deloitte (Schneider & Westoll, 2004:11) and Sanlam's 10% deal in 1993 (Chard, 2008: 37) to the very recent announcement of the Anglo-American coal mine deal amounting to R7billion (Brown, 2007), companies have agreed to accept changes in ownership equity as a moral imperative and in order to gain business licences, tenders and political trade rights from public enterprise[9]. Further publicised examples currently under way include: NPC's (a cement producer) plans to sell 26% of shares to a BEE partner in a R740million bid (Enslin & Bloomberg, 2006) and WBHO's (a construction group) goal of ensuring that 30% of their equity is in black hands by 2012 (Njobeni, 2006).

9 www.thedti.gov.za

Established with the purposes of enabling, supporting and equipping black companies in various BEE deals, numerous BEE equity funds have been made available (Crotty, 2006). For example, the Kagiso Infrastructure Empowerment Fund (Kief) set up a R649mil fund to target infrastructure investments for black enterprises in need. The National Empowerment Fund (NEF), a government agency, was also established to boost black female development (Milazi, 2007).

Since the commencement of this policy of restoration, the rationale for BEE has faced many public debates, dilemmas and opposition. Although BEE is wider than its forerunner, Affirmative Action, its logic is rooted in the AA debate.

4. Affirmative Action Debate

Affirmative Action refers to 'remedial' policies and programmes, originally employed by the American government, aimed at redressing the inequality and injustice committed against certain groups of the population on the basis of colour that "left legacies of unequal representation in most employment spheres" (Van Jaarsveld, 2000: 5; Innes, D. 1993: 4). Esteeming on group over another, this policy commands preferential appointment. Although it has existed for thirty years, it has seldom successfully achieved its core intention and each case has yielded such differing and opposing verdicts with regards to its validity that government eventually declared it as unconstitutional (Van Jaarsveld, 2000). Van Jaarsveld (2000:6) argues that it is impossible to precisely define AA *because the idea is based on certain moral and political agendas* (italics added).

Suggesting as a broader definition: “an active attempt of integration and social restructuring”, he includes the many faces of AA. In the South African context, AA is interchangeable with ‘black advancement’ or ‘black development’ (Innes, 1993: 4).

Lying at the heart of AA are the targets of justice and equality. Social justice refers to an equal distribution of social and natural resources. Ensuring that individuals in society have opportunities of access is the obligation of public entities (Teuhan, 1995: 132; Steensma and Vermunt, 1991: 269). Utilitarian justice values the general social well-being of the majority of the population to the point that whatever means, sacrifice or ‘punishment’ necessary to that end, are justified (Sen, 1999). Correctly rectifying discriminatory acts of the past is at the hub of ‘Common-sense’ justice that argues society has an obligation to uphold policy that has prospects of welfare improvement for all (Furby, 1984: 154; Elster, 1995: 95). Being considered as necessary as justice, equality is defined as being ‘a subjective state of mind’ (Van Jaarsveld, 2000: 6) of fair perception and treatment while acknowledging individual differences, individual uniqueness and individual dignity**.**

If not carefully nurtured and monitored, it has been argued that AA, founded on the above mentioned philosophies, will result in reverse discrimination and will foster further racial tension (Van Jaarsveld 2000:7). The notion of responsibility to account for past discrimination is paradoxical in the sense that it uses the very form of discrimination that was used in the past (Meintijies, 1993: 65; Nunn, 1995: 23). Nonetheless, Nickel (1995: 4) argues that, under AA, compensation is offered not on the base of skin colour, because someone is black, but because he was previously treated unjustly. Under the previous regime, a morally irrelevant characteristic such as ‘race’ was treated as being

moral (Cowan, 1995: 5). Ignoring that basis of discrimination and equating the two policies is unwarranted (Taylor, 1995: 14)[10.] Justice and equity demand that this act be seen as a process (though it may be lengthy) of restoring balance, not one of creating social barriers (Rosenberg, 1995: 65; Innes, 1993: 5; Sher, 1995). Van Jaarsveld, (2000: 6) argues that AA should not be understood as an 'all encompassing remedy'. While perceived as being inherently unfair, AA accepts the notion of fairness, reciprocity and justice as being a desired part of the social reality and hence, does not anticipate, nor promise, an absolute fair equality. Prioritising the intended outcome over unintended consequences, AA regards the projected effect of the exclusion of those who benefited in past as occurring by default (ibid: 9).

Legally and socially, this philosophical debate continues to rage in an attempt to nullify the existence of AA on the one hand, and to justify it on the other. The dispute is given substance by the notion of equality being largely inconsistent and limited. Young (1990) has pointed out that the utilitarian approach is culpable of sacrificing the rights and freedom of individuals under the concern of aggregate. Fuel is added to the fire by the inconsistent discourse revolving around whom it was that was discriminated against and who actually benefits from the policy. Bellowing it further are the myriad of assumptions regarding the degree to which the individuals relate to, reflect and resemble the colour group to which they belong. In addition, Montsi (1993: 54-55) questions the 'cultural compatibility', whether it will be culturally accepted by the workplace tradition and practiced. This controversial but necessitated policy encapsulates the very essence of the social dilemma where tight tensions exist between differing perceptions, especially

10 See essays collected by Cahn (1995) on Affirmative Action debate; its morality, just and fairness, aggregate versus individual debate and what consists of equality in the face of diversity.

where the individual is seen through the coloured lenses of their racial identity. The social predicament appears to be impenetrable.

Failed implementation of AA saw America renounce it from their constitution after 30 years. AA had attempted to 'address past discrimination practices' under 'economic, political and judicial influences' and inconsistent court rulings brought about confusion and incredulity among both government and public (Van Jaarsveld, 2000: 13-14). Discrepancies surrounding the identification of the designated unprivileged group abounded. Contradictions in discourses added to the perplexity. No talk of a time limit for implementation of the program caused frustration. The use of the quota system was criticised for being too narrow. Stigmatization of blacks was been intensified. Eradicating of the racial bias continued to be an unsolvable mystery. Success rates were low and model cases were few. The American public grew impatient. While demand and desire for equality remained, the AA approach met its legal end (Van Jaarsveld, 2000: 17).

The ideology of AA, i.e. of equality and of equal opportunities, was implemented with immediate effect following the inception of South Africa's new government (Mandela, 1991), with support from the Pan African Congress (PAC) and the Congress of South African Trade Unions (COSATU) (Innes, 1993: 6-7). Concerning the failure in America, the situation in South Africa differs in that the programs are new and revised and the designated group constitutes a majority (Nzimande & Sikhosana, 1996: 15). This facilitates the application of AA by creating opportunities and including blacks within the mainstream economy. It is also effective for achieving a broader social transformation (Nzimande & Sikhosana, 1996: 19) and for being a more acceptable socio-economical, moral and political ideal (Ncholo, 1992: 430-431). Besides, Montsi (1993: 57) argues

that AA in the South African context is a 'positive discrimination', rendering the dispute no longer valid.

It is yet to be fully evaluated, but it has been conceded that South Africa enjoys a broader approach (Van Jaarsvesld, 2000: 25) and, as such, can motivate the private sectors to voluntarily participation instead of depending on legal enforcement (Innes, 1993: 44). However, challenges still exist where it comes to defining and practising concepts such as determining merit, overcoming racial biases, establishing a colour blind society and fully grasping the slippery fishes of equality and justice (Levy, 1996: 173).

Described as a mere restructuring of an elite class, window dressing and tokenism, (Montsi, 1993: 57), the current observations of AA reveal abiding challenges. Political alliance is the determining factor in being allowed access to the elite class. Without the necessary skill transfers and training, candidates for employment are appointed to glorified jobs. Incorrectly applying remedial policies by appointing unskilled and under-performing black managers is perceived as being the cause of low morale and productivity[11]. Their efforts, though superficially applied, show that "organisations acknowledge the need for political, moral and just change and that they recognise the personal dissatisfaction of the individuals they employ" (Greenberg, 1990: 399). However, they completely lack the transformation mindset. In addition, research[12] shows that perceptions and stereotypes are closely related to determining the success of AA policy implementation. Wingrove (1993) argues that AA in SA is beyond being a political demand but rather, is a business imperative.

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11 "Workers feel left behind by rigid, tight managers" Business Times, Feb 16 1997

12 See dissertations on AA policy and perceptions, demographic and personal variants by Palani, 2004; Veeran, 2002; Grasslin, 2005; Katz, 1999; Laher, 2001; Falconer, 2000; Castle, 1996.

The BBBEE debate does not veer far from the controversy surrounding AA. BBBEE is a broader form of AA. Their principle, goal, process and intention collide, while BBBEE widens in the areas of approach and framework.

5. Contradictions and Critical Concerns within the South African Context

There are several tensions and difficulties at work within and around BEE, just as there are with AA. At the level of legislation and implementation it must be clearly understood that BEE is not an enforceable law. During the fieldwork, government officials repeatedly emphasised this, reasoning that BEE does not have the same nature as that of apartheid. In contrast, it is a policy which aims to encourage each firm to adapt and change in order to ensure integrative economic development. Therefore, South African firms which do not comply do not offend any law (Chard, 2008: 35). Increasingly identified as being an essential strategy, the policy provides for survival in the climate of the post-apartheid era. Besides, if not complied with, companies feel "ridiculed, frozen out of business deals or losing government funding" (Freedburg, 2006). In other words, it is a de facto part of the contemporary business reality in the current South African context. Weighing in at 20% of the total BBBEE scorecard, Preferential Procurement (PP) is also a factor pressurising companies to comply and causing a chain reaction effect.

But how has it been implemented? As noted earlier, BEE in its initial phase encouraged large firms to yield their shares to blacks and to practice preferential

employment of blacks under the guidance of the 1998 Employment Equity Act. However, the policy was extremely ambiguous, providing neither proper guidelines nor a helpful framework. Criticised for being 'narrow based' empowerment or 'minimalist' BEE (Glaser, 2007; Southall, 2005), it was seen as offering the golden path only to 'the unusual suspects' (Chard, 2008: 34), those with socio-political connections and knowledge. A lack of an integrative approach in selling the shares has left many black owners in debt and in a position where they have been forced to resell those same shares (Dlamini, 2001). The Employment Equity Act does require institutions and corporations to draw up equity plans in order to rectify the imbalances of racial group representation (Adam, 2000: 100), but leaves the implementation of such equity to the discretion of the individual firm. Seeking to simply pull the wool over the Act's eyes, this has led to an increase in window dressing at worst, or a mere active recruiting of black over white personnel at best. This practice of 'fronting' has become a critical concern (Van Niekerk, 2003: 12; Business Map, 2000; Gavera, 2004), most seriously because it has the effect of disempowering the very ones it seeks to assist. Furthermore, according to a recent labour force survey, wage gaps between races still remain a concern.

Who, then, has benefited from BEE? This leads into the debates surrounding access. Desmond Tutu, the Nobel laureate, questions, "What is black empowerment when it seems to benefit not the vast majority but the small elite…" (Jason Beaubien, interview with Desmond Tutu; Freedburg, 2006). Tending to focus simply on transferring ownership of business from whites to blacks unfavourably, Tutu notes that the current economic policy has underlying faults. In practice, labels such as 'tokenism', the 'creation of a thin black elite group', 'nepotism', and 'political economy' have been

attributed to the current BEE policy (Mbeki, 2003). There is said to be a select, educated group who know how to utilise this policy for personal advantage (Okechukwu, 2004:20). They are severely criticised by the popular media for their contribution to the creation of a tiny black capitalist bourgeoisie that has hindered the advancement of many others (Southall, 2004; EIU ViewsWire, 2005; Masland, 2005; Patrick, 2005; Clayton, 2006). One political analyst[13] argues that "the designers of the macroeconomic strategy had expected that all the rich people that would emerge would use that money to build factories and jobs; in fact, they have just accumulated wealth for themselves". The difficulty remains in how to achieve a 'comprehensive restructuring of institutions and society' rather than the superficial 'replacement of white individuals to blacks' (Edigheji, 1999).

Is BEE policy then another form of racism and discrimination in disguise? This opens a whole new can of worms and leads to another level of debate, one more philosophical, political and social in nature that resembles AA debate. Concerns that relate to reverse racism (Hill, 1995:173) persist as a general perception. Accordingly, the policy becomes redundant and a simple manipulation of the past, it degenerates into nothing more than class apartheid (Adam, 1997; Randall, 1996). Giliomee (2000: 40) demonstrates that South Africa's history and politics are dominated by political correctness (hereafter referred to as PC) and are in line with ANC policies of equal rights (Johnson, 2000) when it comes to race relations. The then leader of South Africa's foremost opposition party, the Democratic Alliance (DA), Tony Leon (2000: 71),

13 Sunday Times, 09 May 2004 written by Adam Habib, a political analyst with the Humans Sciences Research Council (HSRC)

strongly stated that, “PC in South Africa is a form of cowardice, fuelled by paternalistic instincts and fed by guilt. What South Africa really needs is courage and boldness-boldness in questioning the unquestionable, thinking the unthinkable, comforting the afflicted and afflicting the comfortable.” Although, Nolutshungu (2000: 24, 25) states that even if it is reasonable to oppose these policies as a black person, such spokespeople are quickly regarded as ‘unpatriotic traitors’ to the black cause. Pointing to the conformity demanded by PC, all these critics expose the eradication of space for critical thinking and dissent.

Questions arise. Some may not even be so PC. Who qualifies as “blacks”? To which philosophical model do we look to define and understand ‘black identity? What will equality look like? How can ‘empowerment’ and ‘transformation’ be measured and how will we know when it has been realised? How do we manage the challenge of accomplishing a non-racial and colour blind society (Wasserstrom, 1995: 163) without repeating past injustices in the process of transformation? How do we transform the business culture to accommodate the new players in the field?

In an attempt to address these problems and answer these questions, the Department of Trade and Industry (DTI) drafted a first Code of Good Practice after passing the Broad Based Black Economic Empowerment Act (2003). These codes provide a definition of the BBBEE policy which measures the empowerment of broadly based beneficiaries. They outline the policy’s interpretation, intention, objectives, principles and offer guidelines to be applied by every firm. Having been put forward for public debate and feedback, these codes were finalised and gazetted in February 2007.

6. The Advent of BBBEE

According to a survey[14] conducted in 2005, 37.6% of whites earn more than twelve thousand rand per month while a mere 3.68% of blacks enjoy that sum. 66.3% of blacks, who make up the majority (90%) of the South African population, earn an income of less than four thousand rand per month. In addition, 82% of South African companies are small companies which show the same oligopolistic, capitalist economic structure of South Africa. Reading the statistics, it became imperative to refine and transform the economic policies. Broad Based Black Economic Empowerment (BBBEE) codes are an attempt to address the narrowed based BEE that had been practiced thus far. To begin with, it comprises various definitions. BBBEE's definition includes meaningful empowerment for all, and at every level of operation as it states:

> An integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities.[15]

It also provides a working definition of what 'black people' refers to:

> "black people" means African, Coloured or Indian persons who are natural persons and are citizens of the Republic of South Africa by birth or descent; or are citizens of the Republic of South Africa by naturalisation before the commencement date of the Constitution of the Republic of South Africa Act of 1993; or became citizens of the Republic of South Africa after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, but for the Apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalisation prior to that date;[16]

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14 Source: All Media Products Survey (AMPS), 2005

15 DTI, 2003

16 Extracted definition from Broad-Based Black Economic Empowerment Act Section 9(1): Code

Simply stated, this definition includes all the non-white individuals who were born or who acquired South African citizenship, prior to 1993, the birth date of democracy. Those of Chinese descent who have a long history in South Africa were also included as beneficiaries[17] at a later stage after numerous case considerations and an extensive debate. What this means is that it excludes neighbouring Africans and African Americans who had not acquired South African citizenship prior to 1993, effectively nullifying the apparent BEE deals being made with African Americans. The ultimate goal of BBBEE is to reduce the gap between the wealthiest and the poorest – to reduce the level of the gini coefficient[18] by encouraging the growth of a black middle class as part of a nation building project (Mandaza, 1996: 38).

BBBEE employs a scorecard system in order to provide a standard of measurement for each company's integrative compliance level in the mission to transform its business practices. The seven pillars system has been developed to ensure opportunities for the empowerment of a broad base of black people both within and outside of the company. In other words, the system is designed to open up opportunities for every black person, be they floor staff or executive management, within the company and other small businesses[19]. Intentionally it is planned for the residual local community to stand a chance of accessing broader economic benefits. By implication then, firms

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of Good Practice Phase 1 Code 000, Statement 000, p. 000-2 & 000-3,

17 http://architectafrica.com/NET/?q=node/419; http://www.workinfo.com/Articles/chineses.htm

18 Gini Coefficient is a statistic that shows the degree of difference between rich and poor. Larger number indicates greater gap and unbalanced economic structure of a country. (See http://en.wikipedia.org/wiki/Gini_coefficient for its detail description.)

19 See BBBEE codes of good practice (www.thedti.gov.za)

need to work toward an integrated and balanced BBBEE status. Transferred ownership, with voting rights and the employment of black staff, as it was generally practised before is now considered inadequate. Accordingly, from this time forward government will accredit firms who practice merely these elements as only partially fulfilling the BBBEE requirements. Achieving even scores with respect to each of the seven pillars should be the ideal of all companies.

A rough summary of the seven pillars follows:

1) Ownership (OS) weighs 20% towards a total BEE score and includes voting and economic rights being found in the hands of black people

2) Management Control (MC) accounts for 10% and it means that black people will be directly involved in the senior or executive level of management or that they work as decision makers in the respective firm

3) Employment equity (EE) contributes 15% and involves the employment of black individuals, especially women, as skilled and non-skilled staff according to the demographics of the general population

4) Skills development (SD) makes up another 15% and is based on either investments in skills development or the offering of learnership positions to black people

5) Preferential procurement (PP) amounts to 20% and is earned by choosing and trading with accredited BBBEE firms in business

6) Enterprise development (ED) carries a 15% proportion, gained through financial investments or tangible support towards developing any Micro Enterprises

7) Social economic development (SED) brings in the final 5% and involves social interests in a black community outside the firm.

One of BBBEE's major dilemmas revolves around trying to implement a very leftist model into the very rightist socio-economic state. Coupling these two seemingly contradicting ideologies is suicidal, according to sceptical neo-liberals but necessary

(Bracking, 2004). In a context where market hegemony dominates the labour process and organisation, and where the social gap is so conspicuous, BBBEE policy resonates well, at least in the theory.

A failure to effectively measure the outcomes of its initiatives is another shortcoming of BBBEE. It only measures the input, not output. Measuring both its qualitative and quantitative empowerment progress and outcome by the system alone, is difficult. While desiring to achieve a wider frame of economic transformation, no means exist for determining, nor recognising, the effectiveness of the scores. The policy can only imagine and hope that it will bring about social change and profitability for the economy as a whole.

Elusive policy statements are still a major constraint. Although BBBEE was developed with the purpose of rectifying the narrow based and ambiguous BEE policy, hence the publication of interpretation guides, elements of subjectivity linger. In part, this is due to the vast and various ways of implementing the policy and actualisation remains the role of the business. Accustomed to market domination and having little or no past experience with socialist ideology, putting the policy into practice and strategising to meet the clauses therein, is a struggle. For instance, identifying what type of activity can be justified as meeting the requirements of the SED (social economic development) pillar, the debate centred on who falls under the management control pillar in a small firm that has a unified structure, as the policy assumes. Statements may be inclusive to wider private sectors yet can be problematic in working definitions.

This is a trial period in which things are likely to be modified, a process (Newmarch, 2007) which this study seeks to examine. Such an examination necessitates an understanding of organisational culture. In the context of my research and following the work of Alvesson, Burawoy and so forth, understanding organisational structure and culture involves an analysis of both a firm's approaches to its employees, as well as the dynamics of the interactions and relationships between the employees themselves. Such an anthropological approach can help shed some light on the perceptions and the implementation of BBBEE and detail its real experience, on an every-day basis.

Chapter 3: A Theoretical Framework on Organisational Studies

1. Introduction

Examining work organisations remains vital. Because of the dynamic interaction and achievements of differing objectives within a workplace, they 'generate and reflect contradiction and change' within society as a whole (Thompson & McHugh 2002: 6). This, in turn, reflects and yields an understanding of the process by which people's perceptions, attitudes and behaviours are constantly being constructed. These findings can be used as a mechanism for transforming the structure and organism of society to a desired end. Traditionally, the majority of research on organisations focused on businesses and productivity (Thompson & McHugh 2002). Organisational studies were employed in order to support profit seeking interests. Complicating matters, organisational studies have now become interdisciplinary in nature due to the fact that organisations tend to be very complex.

For this reason, various theories on the development of organisational structure, different sociological approaches, as well as specialised concepts and categories used in the business model, are reviewed in this chapter. It is hoped that such a discussion will provide the necessary framework for understanding BBBEE. This review will provide the groundwork, will be referred to whilst describing the workplace under study and it will aid in conceptualising BBBEE. Conceptualising the policy involves understanding its ideology, potential, actual practice, limitations and daily dilemmas that it faces. Referred to because it shares the same basic rationale out of which the principles of Black

Economic Empowerment have been developed and justified, mention will also be made of the Affirmative Action (AA) debate.

It is entirely important to bear in mind that theories are complex and can vary in their constitution depending on the political, economical and cultural context in which the organisations are formed. Essentially abstract in nature, theories are insufficient to fully address and reflect reality (Thompson & McHugh 2002: 6). Hence, a universal model or a very general approach to theorising about an organisation can be seriously misleading and subject to much criticism. Furthermore, theories are often undergoing transformation, are often being modified, and are often conditionally interpreted and applied by academic management. This all reflects a theory's nature of fluidity by its developers and practitioners. This discussion seeks to aid in the analysis of future findings.

2. Capitalism and Market Hegemony; The Economic Framework of Theories

Understanding 'capitalism' is crucial for gaining an understanding of the organisational literature in so far as it provides the platform from which different theories have been developed. Such an understanding will also serve to put the cultural context in which we find ourselves into perspective. Capitalism is what dictated the formation of social, political, and economical conditions since the turn of the century's well known revolutions (Bergquist, 1984: 8). Hegemony over developed and underdeveloped capitalist societies emerged and marked the beginning of the modern era toward a world order where capital became the superpower and new (yet similar in form) class distinctions became entrenched. Spurring this on, transnational investments, the

establishment of multinational firms, the invention of machinery and advancement in technology that automated the work process, all facilitated the rapid expansion of, and even the difficulties with, the capitalist movement worldwide (Berquist, 1984: 8; Mandel, 1970).

A theory of social labour, as argued by Marx (1865: 192-193), submits that it involves the process in which a product is produced for a specific necessary part, the parcel of which is finally assembled with all parts from other divisions of the labour process. At the end of this social labour process, a raw material gains a value that is exchangeable for a sum greater than its initial cost. Marx (ibid, 1865: 193) asserts that the social labour process gets obscured under the economic structure of capitalism in order to create surplus value. Surplus value is ensured by an exploitation of creative labour power, transpiring into raw material profit (Knights & Willmott, 1990: 6-7). The term 'obscuring' is used to describe the process whereby the final exchangeable price is calculated without applying a consistent logic to the labour process but, rather, is determined by capitalist's will. This will, according to Marx (1865: 179), is the founding philosophy of capitalism at the heart of which is materialism, the mindset "to take as much as possible". Marx (1856: 87) concludes:

> The capitalists find themselves, therefore, in the same position relative to one another as before the introduction of the new means of production, and if they are able to supply by these means double the product at the same price, they are now forced to supply the double product below the old price. On the basis of this new cost of production, the same game begins again. More division of labour, more machinery, enlarged scale of exploitation of division of labour and machinery. And again competition brings the same counteraction against this result. We see how in this way the mode of production and the means of production are continually transformed, revolutionised, how the division of labour is necessarily followed by greater division of labour, the application of machinery by still

> greater application of machinery, work on a large scale by work on a still larger scale.

Constantly revolutionising its mode of production, capitalism ensures and sustains its underlying doctrine: maximisation of profit with minimal production cost. Maximisation, unlike minimal, has no limit or defined line (Marx, 1856: 213). Hence, the evolution of capitalism takes on the form of an endless organism. Capital dominates and controls labour and wage because those are the elements that can be manipulated and exploited. Appearing under the guise of productivity and efficiency, capitalism is pursued. Controlled according to the needs of capitalism, the labour process gets shaped and organised (Knights & Willmott, 1990: 2).

The ideology of capitalism supposedly freed up the market. It appeared to create a new world order (Bergquist, 1984: 8) but, in effect, is known to be a mere replacement of the old world order. As Mandel, 1970) submits, the bourgeois consolidated capitalism as a 'fascist and authoritarian experiment', at least in part. Market hegemony (Burawoy, 1990: 122) became a new form of colonisation that ensures the well being of the few – the bourgeois – and oppresses the working class. Expanding rapidly across transnational borders, capitalism itself became the superpower that dominated global decision making. Determined and dictated by market hegemony, the strategy and survival of any form of economic institute comes under its rule. Market pressure, interdependence and competition, that each capitalist paradoxically creates and reproduces, adds a dynamic to the market context within which the labour is processed (Burawoy 1979:210).

This discussion on capitalism is imperative. It lays the foundation for understanding how, and why, different economic entities organise and structure

themselves accordingly. It explains the different organisational theories. It will be repeatedly referred to in this paper as BBBEE is no exception and finds its application in a world of market hegemony and dominion. Interestingly, capitalism contradicts the rationale and practice of BBBEE.

3. Organisational Theories in Understanding Organisational Structure

3.1. Taylor's Scientific Management

Developed during the industrial era, one of the classic organisational theories attributed to the work of Taylor is known as 'scientific management'. It describes the emergence from feudalism into the modern period of labour process, the result of great political, economical and social transformations. Underlying principles of scientific management include:

- Developing a science for each element of work
- Scientific selection and training of workers
- Co-operation between management and workers to ensure that the work is done according to the science
- Equal division of work and responsibility between management and workers, each side doing what it is best suited for

Taylor (1972: 30-40) arranged and defined concepts of, and procedures for, the workplace that could otherwise have been complex and disorganised. Aimed at re-distributing power in the labour process, the theory proposed the 'scientific' division of work and the establishment of rules, laws and formulae for the work process, based on the traditional understanding of work. Approaching the recruitment of new workers

scientifically, standardising labour costs and introducing an incentive system all intended to connect the activity and productivity of the work to the labourer's reward. It offered a structure that could see the specialisation of different departments and gave management who were working with set principles the opportunity to increase the productivity of the workforce without any detailed technological knowledge. Traditionally, inequality and the malpractice of power troubled labour. The theory was designed to address such issues along with motivating workers to the "pursuit of rational self-interest" (Thompson & McHugh, 2002: 30-31).

One of the main criticisms, as Thompson & McHugh (2002: 34) point out, is that scientific management overlooks 'the human factor' by combining all the dynamics and differences of human behaviour and culture into a single unit called 'science'. In addition to that, the scientific incentive system as a sole resource for motivating human productivity is thought to be unrealistic where 'subjective' aspects of rating work are absent. Requiring 'know how' and 'good will', situations can arise which demand a human element rather than mere regimented scientific methods. Furthermore, the disparity between the ideology and practice remains problematic, resembling that of BBBEE.

Taylor's greatest contribution was the 'complete mental revolution' for both management and non-management (Thompson & McHugh, 2002: 32). Although there was a potential for facilitating employment relations and co-operation, in practice however, Kouzmin (1980:68 in Thompson & McHugh, 2002: 32) points out that 'the technocratic rationale for authority in formal organisations' was reinforced, surreptitiously strengthening the existing hierarchy. Legitimised by now being

‘scientifically’ defined, the power and control of management was fortified. Applying BBBEE to the context of such Taylorist organisations becomes paradoxical in that BBBEE is political and social in nature, not scientific. In so far as ITSA[20] adopts a scientific management approach to recruiting staff, to labour divisions and processing, the culture already has people putting themselves under the resultant authority.

3.2. Max Weber’s Bureaucratisation: Who’s Rationality?

It is within the bounds of this historical review to note that Weber’s work on bureaucratisation is compatible to Taylorism, with Weber focussing in more detail on the administrative aspect of the work process. Weberian bureaucracy created the idea of ‘office’, governed by the rule and following the principles of hierarchy (Senior, 2002: 72) which became a top-down and management-centred structure. The rules prescribe and control the behaviour of its labourers. According to Weber, these rules and regulations are based on rationalisation. Formalising, regulating and predicting worker’s behaviour, the chain of command becomes centralised and control in large scale organisations is enabled. The performance of different ‘offices’ is monitored through statistical data and analyses on the working process (Thompson & McHugh, 2002: 38-39). Supported by systematic administrative work serving to strengthen the efficient working and processing order in large scale businesses, organisational processes became entrenched.

20 ITSA is the organisation where fieldwork was conducted. They achieved 65% of BBBEE score. The managerial and cultural context that was established in the organisation was largely Taylorist, bureaucratic and capitalist in nature.

Effectively, the bureaucratic organisation, characterised by its hierarchical structure, system of rules, methods of recording and storing information organised by routine and a certain 'rationality', gave power to routinise and process large volumes of standard decisions in a short time.

Making adherence to rules the end in itself rather than a means of maintaining organisational control, the administrative process gave rise to a great flow of criticism towards bureaucratisation. Merton (1949 in Thompson & McHugh, 2002: 39) revealed that the downfall of bureaucratisation is its excessive 'red tape', the very opposite of efficiency. Often, 'standardisation' and predictability easily degenerated into rigid and defensive behaviour – a kind of 'trained incapacity' and made one 'resistant to innovation' (Thompson & McHugh, 2002: 39), which, in certain instances, decreased worker productivity rather than enhanced it.

Like Taylorism, the Weberian theory falls short in terms of not taking into account the human factor and assuming that, provided it's a scientific measurement, people will respect and follow its 'rationality'. 'Rationalisation' became an increasingly contested term as its value and ends inevitably differed (Thompson & McHugh, 2002: 358). Rationalisation's technique (idea) veered from its usage (practice) as it was applied to a social context whereby moral, political and *cultural* acknowledgement was critical (Odendaal, 2001: 121). Undermined when a formal and impersonal bureaucratic structure relied on 'informal, innovative behaviour and consensual human relations' (Ibid, 359), efficiency suffered. Although used interchangeably by interpreters and followers, the distinct terms 'rationalisation' and 'efficiency' have not been clearly defined and distinguished, which has left them marked 'uncritical'.

The policy and theoretical framework of BBBEE relies on a bureaucratic structure of the workplace. Observed through the fieldwork, BBBEE increases the level of administrative work and therefore acts as a deterrent to operating a business in South Africa. It is required of organisations to prove their intention to contribute to workforce equity and comply with each rule and regulation having been set forward in the rationale of achieving equity. Independently BBBEE stands as an imperative operation, yet it requires co-operation from the existing departments.

As stated in the introductory note above, theories and practices of organisation and its management constantly change, rapidly shift their paradigms and reorganise themselves in response to cultural changes emerging from various political, social and economical centres.

3.3 Fordism

Fordism, with its varying definitions dependent upon on context and the applied field of study, refers to the method of development that arose in the American economy and spread worldwide. According to Lipietz (1987: 35 in Bethlehem, 1994: 14), Fordism is an adaptation of Taylorism and automation applied to production, resulting in mass production which encourages mass consumption and, in so doing, enhances capitalism. Adapting the Taylorist approach, Fordism systematically divides the levels of work, with those who are skilled or have the know-how becoming managers while low or semi-skilled low paid workers operate in a repetitive, rigid, simplified, impersonal and vertically controlled environment in order to maximize profit (Bethlehem, 1994). This

results in the creation of an economical class division, replacing the older social class tensions.

Gelb (1986) adopts Lipietz view on Fordism in order to explain South Africa's mode of production. Proposing that South Africa's structure is a type of racial Fordism, he observes that our low and high skilled distinctions are formed along racial lines. Recalled from the previous chapter, the black workforce was forced to remain in the periphery under white capital and control. However, Bethlehem (1994) criticizes this notion and argues that SA cannot be equated within Fordism where mass consumption does not occur among the majority of population of black people who enjoy less access than the white minority. In addition, neo-Fordism has been blamed for the increase in exploitation and control aided by 'computerised technology' (Kraak, 1996: 116).

3.4 Shifting Paradigms: New but Indecisive Terms, Theories and Practices

In the context of neo-capitalism today, organisations are thought to be rapidly moving away from classical bureaucratisation and entering into post-bureaucrat stage. Being a post-industrial society, many businesses have shifted from mass production to service provision and the development of information technology and systems have begun to reduce the need for hard labour. Catering for political correctness, companies have to shift away from pure capital expansion. An example of this is a contemporary publication on business practice that stresses the importance of corporate governance standards, environmental responsibilities and addressing social inequality. Approached from varying contexts and with different emphases, many new forms of organisational

structures and trends have been devised, developed, debated and sometimes discarded by theorists. Some of the buzz terminology includes: ‘post-fordism’, ‘flexible specialisation’, ‘flexible organisation’, ‘new economy’ and ‘new economic organisations’ (see organisational theories in Basson, Lyons & Joubert, 2001; Thompson & McHugh, 2002; Smit & De J Cronjé, 1996) as a new form of organisational structure, design and trend.

These young and yet-to-be-solidified theories have several things in common and often overlap in principle. Most notably, organisations are all re-structuring in the midst of the unpredictability of much market change. In response to rapidly shifting market conditions and product demands, organisations have transformed from highly integrated, centralised and rigid structures into forms far more malleable and flexible around specialization (Piore, 1986: 146 in Thompson & McHugh, 2003: 151). The process of rigid and hierarchical organizations - Fordist companies - being displaced by flatter structures, networking and collegiality, gained the label of ‘Post-Fordism’ and has become the pursuit of lagging businesses.

Thompson & McHugh (2002: 154) argue that ‘new economy’ reflects the current dominant view whereby organisations acknowledging the limitation of direct command and control are moving towards ‘networks and creativity and the break from control and hierarchy’. Their perspective emphasizes productivity through the development of horizontal co-ordination and collaboration in place of traditional textbook operations, no longer compatible with the current market disposition (Hamel & Prahalad, 1994). Thompson & McHugh (2002) classify some of the practices involved in this popular re-

structuring trend as decentralisation, de-integration, and de-layering. Explaining the transformation, companies have broken up their bureaucracies, dividing into smaller independent units, each with delegated decision-making powers and self-managing capacities. Alternatively, some companies have chosen to outsource some organisational functions to smaller firms in an effort to enhance service and efficiency through competition. A by-product of this decentralisation has been a new emphasis on the empowerment of the employee. Included in this new line of structural design theories is the participation of the employee in the process of decision making. Having a top-down chain of command in the context of bureaucratisation with the resultant de-humanising of the labourer was considered both politically incorrect as well as de-motivating for workers. Hence, concepts like 'empowerment', 'collaboration', 'co-operation' and 'autonomy' are ever more discussed, incorporated in the strategy and branded as the centre of corporate organisations. The challenges that remain include how to achieve the balance between power and accountability; its costs, benefits and sustainability (Robbins, Odendaal & Roodt, 2003: 21-24).

The foundation pillars of BBBEE align with this new movement in paradigm and expectations from the international community are high as to how South Africa will manage to implement this ideology and whether this paradigm will genuinely work in achieving both growth and distribution.

Today, large-scale organisations adopt different approaches in different areas of structure, determined by perceived need and fashion (Thompson & McHugh, 2002: 41; Smit & De J Cronjé, 1996: 20). ITSA has structural remnants of Taylorism and

Weberian, mixed with elements of new economy, namely flexibility, but, at times, it is the latter which is preached while the former is practiced.

3.5 A Sociological Insight; Manufacturing Consent and the Politics of Production

The abovementioned discussion on the approach of organisational theories focussed mainly on the structure and mode of organisation, i.e. how and why institutions organises themselves in the way they do, and it provided the idealistic view of practitioners on effective organisation. However, considering socio-economic and cultural aspects as being of less importance and as having neither a major nor direct influence on the formation of the business structure, it is neglected in their analysis. Sociologically and anthropologically approached studies of organisation take the form of 'labour processes' and 'labour interaction'.

The Hawthorn Studies were the first to conduct a series of experiments in 1927 in an attempt to study an organisation itself. While the experiment itself was later regarded as a 'failure' due to its manipulation of the group, it succeeded in eliciting a wave of organisations of study (Scwartzman, 1993: 15; 17). Burawoy (1979:12) argues that a shift must be made away from the mere presentation of typologies towards building holistic perspectives that take context into account, the very purpose of anthropological studies. As an initiative he studies labour process which exhibit the way in which people organise themselves both formally and informally in the workplace.

Analytically distinct but concretely inseparable, labour process is composed of two aspects – relational and practical. This involves labour, the expenditure of effort, the translation of the capacity to work into actual work, of labour power into labour (Burawoy, 1979: 15). Burawoy (ibid: 30) further states that the "defining essence of the capitalist labour process is the simultaneous obscuring and securing of surplus value" through various means of industrial relations and playing the games that different groups of people agree to play – politics of production (Burawoy, 1990). In other words, with the advent of capitalism, the pursuit of profit became the new form of tyranny with workers at different levels pulling and pushing each other, working with the combined effort of coercion and consent. Burawoy (1979: 27) is critical in looking at this 'consent' and states that:

> Within the labour process the basis of consent lies in the organisation of activities as though they presented the worker with real choices, however narrowly confined those choices might be. It is participation in choosing that generates consent.

Subsequently, in their drive to transform labour power into profitable production, capitalist economic organisations tend to exploit workers, leading to tension between economic classes. Workers accept the capitalist order as 'given, natural, and inevitable – that these struggles are not ideological and are rarely even political does not mean that they are not class struggles' (ibid: 210). Within the context of a capitalist hegemonic organisation of work, the workers fight their economic struggle by means of pursuing their own interests. These interests include 'job security, higher rewards and satisfying work, developing their own counter-organisation through informal job controls,

restriction of output and the like' (ibid: 103). While the power struggle is wrestled through in the process of production,

> Participation in the game is predicated on two limits of uncertainty in outcomes: on the one side, workers have to be guaranteed a minimum acceptable wage and on the other side management has to be assured of a minimum level of profit (ibid: 89).

As soon as this bridge is successfully crossed, the games begin. They are played to the point of consensus of new interests and the emergence of new groups. Affected by the type of industry, technological imperatives (ibid: 199), group dynamic and economical interest of the group, the level of power struggle, the degree of consent, varies.

The concept of 'consent' is well demonstrated in the ITSA labour process where all levels of individuals participate in the game they have agreed to play, rationalising the rules and changes when conflict occurs. Under the guise of professionalism, power playoffs are held between departments, between differing interest groups and at all levels of hierarchies. As far as the implementation of BBBEE is concerned, employees consent to purchase the share, accept the position that is offered and participate in the empowerment activity, with a different agenda.

4. Further Concepts and Categories to Consider in Organisation

4.1. Management

Defined as 'a process or series of activities that gives the necessary direction to an enterprise's resources so that its objectives can be achieved as productively as possible in the environment in which it functions' (Smit & De J Cronjé, 1996: 6), management is the

central power of mobilisation within the organisation. According to the discussion on Taylorism, management was put in place for the purpose of efficiency. Managerial practice was considered imperative in overseeing and co-ordinating the diverse operations within the organisation for maximum profit (Thompson & McHugh, 2002: 103). As a result, it is 'likely to focus on short-term pragmatic relevance related to task achievement' with the 'ideological expedience of unitary and consensual view of organisational life' (Ibid: 13). However, organisational history shows that the managerial process quickly degenerated into a management verses employee quandary, an irreconcilable mission. Steadfastly, managerial practice focuses on effective control and profit, which is not necessarily the individual labourer's desire. The stereotyped image of a typical management group gets entrenched and it becomes known as the 'brain' of the organisation. Included in the package are higher salaries and a superior or higher class status, developing into a paternal relationship with subordinates. Parallel to this is the constructed image of labourers who are always victimised, disempowered, and naive, and who constantly have to fight for rights, dignity and access. ITSA repeatedly emphasised the concept of community in an attempt to break away from the traditional pre-conceived notion of a management-centred operation. While there was much ado about operating a flat structure, actual interaction hardly differed from the traditional view.

Adding to the dynamic of the managerial position and practice is that managers themselves are employees who still desire to manage 'their own personal identities, make sense of their own work' over and above the enterprise's identity and interest. Watson (1994 in Thompson & McHugh: 109) argues that the 'double control' aspect of managerial work, the strategic exchange between individuals and organisation is key to

survival. Besides, no human whether upper management or lower labour can claim to be 'innocent' in a constant drive for power sharing, acknowledgement and profit of some kind. This dynamic is not addressed by scientific analysis but is social and cultural in nature. The managers of ITSA experienced this predicament when they were faced with the divided interest between their personal well-being, the good of the company and the departments, and the rationale of the BBBEE. When it came to commenting on the employee ownership share scheme, their discourse significantly shifted from management to employee focused.

As organisation structures in new economy reformed, management practice too began to metamorphose. Considered dangerous and outdated, 'Command and Control' (core themes of classical managerial practice), terminology harms the business practice and its image (Thompson & McHugh, 2002: 109). In its place, upholding knowledge and skills and the 'war for talent' (Hesketh & Brown, 2004), along with politically correct philosophies, are becoming increasingly popular and trendy. Conspicuously, two axes in the current economy, namely 'empowerment' and 'commitment', are making their appearance ever more frequently in management theory and practice (Thompson & McHugh, 2002: 102). By implication then, values are being recognised over rules and there is a move toward respecting employees' self autonomy, with the expectation of strong responsibility and loyalty. Overemphasised, 'trust' takes the place of rules in governing different parties and their labour process. This is a soft approach for control, a new strategy for the pursuit of efficiency within the new economic context. The BBBEE policy enjoys an element of this 'soft' strategy which is not only politically correct but also induces a level of commitment from the employees by granting pseudo-power

through empowerment. Awaiting the verdict on its effectiveness and plausibility for the new era of organisational trends, BBBEE policy sits in the judgement seat.

The immature empowerment policy is struggling to be implemented in organisations, battling against not yet being fully developed, understood or widely accepted. Incisively, Hales (2000, in Thompson & McHugh, 2002: 503) states that "the burgeoning prescriptive or celebratory (management) literature is replete with conceptions of empowerment which display equivocation, tautology and contradiction in equal measure." If the entire concept of empowerment is ambiguous it raises many questions. What does it mean to empower? What kind of powers need to be given it? Who decides? To what extent? To what degree is an individual or team expected to take the responsibility? Is the power to be achieved or received? (Thompson & McHugh, 2002: 503) The odds are on empowerment, or 'directed autonomy' (as Thompson & McHugh (2002:103) define it), remaining a vague concept, finding its place on paper in policies and mission statements, but noticeably absent from practice. Lacking a strong developed framework and proven goal, it is difficult to aim and BBBEE is currently being used uncritically. Furthermore, regardless of its rationale, empowerment geared toward a particular group provokes many mixed emotions. Having already begun the very process, ITSA still finds themselves asking empowerment related questions: Is it sufficient to merely acknowledge a contribution or to what extent must the voice be heard and heeded? What merit does this have over productivity? How genuine is it? Where does management fit in this picture? When does it stop? What kind of 'blackness'' should and should not be promoted? Is everybody on the same page in their understanding and implementation of empowerment?

4.2. Concepts: Control or Co-operation?

Labour is organised to achieve its ultimate goal of profitability through efficiency and productivity. Scientific attempts are made at quantifying the rate of productivity and that becomes the measure of success for any organisation. The concept of control, by any name, has been the embedded focus of many of the organisational studies and always has been at the core of management issues (Pfeffer, 1997). Arguing that the concept of control exists by means of transforming wage related activity into profitable production, radical theorists differ from Marxist analysts who criticise control for being the object of the organisational goal (Thompson & McHugh, 2002: 101). Planned and intended, operation flows were ensured by means of management regulating the labour process and consequently justifying control as a necessary monitoring device. Edwards & Scullion (1982) proposed a description of 'detailed control' that demonstrates the degree to which, and variations of how, control can be exercised. The distinctive involves the following:

- Direction and specification of work tasks
- Evaluation, monitoring and assessment of performance and
- Apparatus of discipline and reward to elicit co-operation and compliance

Depending on the managerial philosophy relating to how detailed the above process is exercised, it can result in conflict and inefficiency. Some related literature has avoided the controversy surrounding the practice of control by choosing to replace the term with 'co-ordination', a word carrying less emotive baggage and perceived as being unbiased. This phrase presents the management process as involving a neutral set of techniques and competencies (Thompson & McHugh, 2002: 101). Appropriately, this neutral term

enjoys wider acceptance in the new economy and is utilised in describing the means of regulating the labour process.

Recognising each employee as a partner and not a subordinate, ITSA adopted terms such as 'collaboration'. However, whoever landed the final say in mobilising operations, in determining efficiency and satisfaction levels, defaulted to the use of control over collaboration. Conflict over control depicts the power struggle within an organisation and at times seems to become the objective over and above deriving profit.

4.3. Corporate Culture versus Culture

Only since management recognised its significance, the concept of 'culture' became a high profile issue in the study and practice of organisation (Hofstede, 1980). It came to be believed that culture is the crucial factor in shaping organisational behaviour which, in turn, affects the production and hence, corporate culture was placed on the critical agenda in management practice. Corporate culture is an effort to combine values, language, rituals and traditional myths into the working process for the express purpose of unlocking and securing the commitment and enthusiasm of employees (Thompson & McHugh, 2002: 191). Strategically, corporate culture emphasises value and a sense of belonging, offering employees meaning and purpose that goes beyond monetary income. In an ever increasing global economical context where transnational business engagements occur, dealing with diversity is inevitable and further advocates the necessity of corporate culture. Well reflected in mission statements, objectives, policies and marketing strategies, corporate culture has made its presence felt and known. It is

determinative in organisational behaviour and corporate image. The vision of ITSA is to 'champion human prosperity' and their mission statement is to 'unite technology with intelligence'[21]. Promoting the value of 'community, collaboration, trust' is a desire management.

Even so, there is a likely breach between the organisation's plans on paper and the actual, observable corporate culture (Reynolds, 1994: 302). According to Perrow (1961:8), there are gaps between 'formal and informal', 'official and operative', 'goals and actual policies' whereby corporate culture determined by management does not necessarily incorporate the goals of the individual members of organisation. Social science argues for a view of culture described as a daily construct shaped through social interaction (Baumann, 1999) and a representation of people's interpretation of what they construct (Sayer, 2004).

How people perceive themselves, their identity, contributes to the complexity of understanding the nature of this culture in that there is further disparity between what people say (interpret) and what people do (produce). Gluckman (1961) insisted on a 'situational' identity analysis which laid the basis his work. His study of African mineworkers has shown that it was as miners, not as tribesmen, that Africans organised themselves in their workplace. Contrary to a fixed idea on identity, what Gluckman saw was how people changed their hats according to their different situations. Furthermore, people attribute constructed identities to one another and relate to accordingly:

> Where "tribalism" is significant-namely, in the compounds-it is so only as the result of management's deliberate reconstruction of "tribalism" as a mode of

21 Extracts from the induction material of ITSA.

> social control. As Clyde Mitchel demonstrates "tribalism" in towns is a very different phenomenon from "tribalism" in the village. (Burawoy, 1979: 212)

Defining the 'culture' of his fieldwork as 'a part and parcel product of the rationality that is constructed in the process of work', Burawoy (1979:4) similarly suggests that such culture is often in 'opposition to management' (Burawoy 1979:79).

Alvesson (2002: 148) states that organisational culture does not exist in isolation but rather as a continuum of some sort of social reflection and spectrum:

> The types of work people are engaged in and the conditions under which it is carried out interplay with culture i.e. 'interaction' between behaviour, material conditions and cultural meaning forms the basis.

Contrary to the common belief that workers will not bring their socio-cultural background to their labour process, times of struggle and moments of crises reveal those diverse backgrounds and they become a critical tool in the labourers organising themselves (Burawoy 1979: 157). In other words, elements of family dynamics, schooling, experience and belief systems do play a central role in coping mechanisms at the workplace. Interactions in ITSA showed both aspects of cultural influences. At times employees engaged with one another in accordance with certain mannerisms very different from those of their home settings, while at other times people would group and engage within the cultural commonness that they share.

The black management forum[22] argues that BEE will function as a 'cultural catalyst' in the racially segregated workplace of South Africa. They envision BEE bringing blacks and whites together, co-operating for the reform of the imbalanced

[22] www.bmfonline.co.za

economic structure. Whether BEE achieves the desired effect on the culture of ITSA will be observed in subsequent chapters. Across all levels of work and management, individuals within ITSA encountered social challenges and the clashing of identities. What games were being played and what limits and disparities in perspectives were being experienced, will be closely examined.

5. Contemporary Context: Neo-Capitalism

Although society is immensely controlled by the bourgeoisie and their capitalism, Miller (1975: 2) argues that it has moved away from the Marx's analysis of capitalism. At the heart of capitalism, the dominion of oligopolistic corporation's ensured wealth was multiplied within their own realm and that the large numbers of working class remained at the periphery of the economic structure. Aiding the even distribution of wealth, government intervened in the so-called 'free market'. Created partly by themselves, the bourgeoisie did not anticipate the economic crisis that necessitated the state's intervention. Although operating largely on the principle of capitalism, because it has transformed some of its characteristics, economics and academics, the global economic structure has been re-stamped as 'neo-capitalism'. Neo-Capitalism faces many problems with balance as Miller (1975: 30) asserts:

> The chief problem is the struggle for the achievement of a more satisfying social order, both economically and culturally, exhibited in the tensions of growth and inflation, of materialistic and idealistic values.

The Gini Coefficient[23] reflects the level of economic imbalance in a country, the degree to which the relatively capitalistic few dictates the economy for the majority. Forced to meet the social need, both public and private sectors have been moved to action as awareness of the urgency for eradicating inequality and the political correctness has heightened.

South Africa has a Gini Coefficient level of fifty seven point eight[24] and 40% of unemployment rate (Daniels, 2002). In the global pressure of neo-capitalism, a number of South African firms are dependent on the state and their ruling. Struggling between economic growth and social responsibility, companies are subject to both market and state demands. Resolutely deciding to take up the latter through compliance with the BBBEE policy, they are in the process of organising themselves accordingly. However, as already discussed, simultaneously submitting to both market hegemony and BBBEE policy while maintaining balance remains a difficult task to fulfil in the existing strong capital current.

6. Uncritical use of 'Empowerment'

> 'Empowerment is like obscenity, you have trouble in defining it but you know it when you see it.'[25]

23 http://www.busrep.co.za/index.php?fArticleId=5181018

24 http://www.transcend.co.za/site/resources/blog/robin/can-south-africa-become-another-zimbabwe.html

25 Statement by Eliseta Isaac Kwayu, Tanzania National Economic Empowerment Council. This was quoted by one of the BEE agent during his talk to groups of entrepreneur.

Literature on new management paradigms and organisational structures propose various definitions, concepts and applications for the use of the term, ’empowerment’. Though many, they are often unclear as to what is being referred to and there is no uniform definition. Ambiguous and uncritical usage of this term applies to BBBEE as well. Subjectively, ‘empowerment’ is often used very broadly with a wide frame of reference. It is applied loosely in policy papers amongst practitioners, public writings, as well as among the subjects to whom the empowerment is geared towards to which Khosa (2001: 446) urges for a new conceptualisation. As will be examined in more detail in the following chapters, empowerment is translated in various ways. Sometimes it refers to the decision-making power, in other cases it refers to opportunities and material rewards that one can obtain access to and, in still other situations, it denotes current material status i.e. what car you drive, what kind and size of house you live in and in which area, what cell phone you use, what brand of electronic appliance you buy. It may even be that it is alluding to a mixture of all of the above, thereby suggesting a subjective dimension that different parties frequently romanticise. Readers should always be critical as they encounter the term ‘empowerment’ and the myriad of ways in which it is used.

Chapter 4: Methodology - Approach to the study

Adopting an anthropological approach, qualitative in nature to this paper, an attempt has been to provide a holistic understanding of BBBEE and its practice in context. A brief overview of the history of the anthropological approach, together with techniques and reflexivity, will be discussed.

4.1 The Study of an Organisation and Anthropology: Approach to this Study

Amidst historical approaches to the workplace, the early anthropological study of organisations, unlike the human relations approach, succeeded in studying beyond the immediate organisational conflicts, examining "the economic, political and social forces which were transforming relations between capital and labour" (Schwartzman, 1993: 22). This is due to the fact that anthropology can "emphasise the importance of examining work and the workplace from a broader perspective *instead of gazing at a firm in isolation*" (Schwartzman, 1993: 22; Italics added).

Introducing a 'studying up' (Nader, 1969: 289) anthropological approach, combined with one of 'studying down', important insights are gained into realities from all levels of representation (Burawoy, 1979; Nash, 1979; Safa, 1986; Hoghead, 1980; Van Maanen, 1979: 540) carrying on with the tradition of recording people's way of life (Bernard, 2006: 29). New perspectives on conflict resolution, on identifying the changing force, gender, labour and power relations within and amongst organisations, were opened up through the process of collecting ethnographic data. Thus, current organisational

studies, especially in the face of neo-capitalism and globalisation, have realised the weight of anthropological research.

The researcher now collects stories of 'everyday routine' of the field, previously taken for granted; details of small and big meetings, daily happenings, coffee chats and the like, all yielding crucial information regarding the structure, function, politics and culture of the organisation, as well as of the society at large (Scwartzman, 1993: 38; Jordan, 2003). By means of participant observation, ethnography has the researcher immerse onself 'in the field' (Burawoy, 1998: 6-7) and record of their everyday life (Bernard, 2006: 344) and present that as enthographic data in support of cultural findings. This allows for further exploration into 'multi-native' views and into multiple identities of today's multicultural society (Hamada, 1994). Alongside the anthropologist's constant work of 'compare, criticize or legitimize', the *practice of reflexivity*, bringing one's own life, institute and culture to bear on the case under study, legitimises the constructiveness of its findings (Hamada, 1994: 7). The 'reflective understanding' acknowledges the 'level of explicit consciousness', and therefore, the extent and limit of this study is presented together with the findings (Burawoy, 1998: 6).

Initially, I had hoped to gain knowledge about the BBBEE codes and access to an organisation practicing such. In the process, a great deal of data has been gathered which provides a vital context to understanding ITSA -the native- and their BEE status. Participation in the workshops and observations of the dynamic discourses between the consultancy and its corporate clients, were very revealing of the organisation's current trend toward adapting to BBBEE. Therefore, I conducted interviews and operated as a participant observer within the consultancy firm and twenty of its clients. Furthermore,

informal interviews were held with BEE consultants, government officials, staff of the Department of Trade and Industry and foreign affairs, former government officials, MECs**,** South African business personnel, multinationals and foreign business people. Selected by random sampling, additional informal interviews were conducted with, and life story methods were applied to, university students, people at malls and on the streets, a verification agent of BBBEE, teachers, housewives and many others, in order to gain a broader perception. Accordingly, my objective was to study their perspectives on BEE and the current South African transformation status which in turn reveals the reality.

4.2 Practicing Reflexivity: Being Conscious of my Existence

Suitably, the extended case method of ethnography is a reflexive science, which, according to Burawoy (1998:7), fits the study of the unpredictable social setting. Although it appears to undermine the 'objectivity' of positive science, he believes this method removes the impediment between "positive principles and research practice" that takes "context as point of departure" (ibid: 13). To this end, I will reflect on myself, my relationship to, and position that I encountered, while engaged in the fieldwork.

I am Korean citizen who came to study in South Africa in the year of 2000. As an outsider, throughout undergraduate studies and during periods of employment, I tried to satisfy my curiosity about the South African context. Going the extra mile, I would visit remote townships, rural settlements and inner cities, considered by many to be 'no-go' areas. Determinedly, I worked hard at earning the status of 'insider'. Because I studied

Zulu (one of the eleven official languages) for a year, I was, to an extent, perceived as being more South African than 'some'[26] South Africans themselves.

Wanting to learn more about the experience of, and discourses surrounding BBBEE, I requested Phumelela Consultancy to grant me that opportunity, through a friend. They agreed. Introduced as a Masters student to managers attending workshops, my perceived naivety and neutral, non-threatening position rendered them willing to share their views and business practices. Having achieved the designated score, it was recommended that ITSA, a client of the consultancy, be used as a case study.

One of the executives initially opposed my access and distrusted me as he would an auditor wanting to ‘dig dirty’ from the company. After several meetings, permission was granted and I was introduced to the HR manager. Although my presence had been explained to the staff at a community meeting, each time I met an employee I would re-introduce myself and would remind them of my intentions. People were curious about this small Asian girl around the office, but gaining a deep and accurate understanding of the situation in the workplace was proving difficult. My request to help around the HR department was granted. Filing, photocopying, helping to conclude statistics for Employment Equity reports, writing employee contracts, delivering papers, participating in recruitment and exit interviews, became some of my duties. Photographed with them at the year-end function, the staff began to recognise and inquire about me. I had also

26 I say 'some' because people will not cross boundaries to learn each other's culture. By ‘people’, I mainly mean whites, but do not totally exclude the other races – blacks, Indians and Coloureds. Black groups of friends will appreciate my effort by mocking 'snobbish whites' who have no decency to even try and greet them. However, when my white friends do greet them in Zulu, some blacks will respond bitterly, assuming that “that white person is trying so hard to be accepted” or “that white person is mocking me and my culture”. There is seemingly no end to this cycle of mixed perceptions. My skin colour freed me up from these disputes and misunderstandings.

helped distribute condoms on Wellness Day, one of HR's events for the employees raising awareness of HIV/AIDS. From then on, I was known as either 'the photographer' (always armed with a camera), or the 'condom lady'. Slowly and steadily the employees accepted me as one of the HR staff but, for ethical reasons, I would often have to make it clear that I was there purely for the purposes of research. Losing their inhibitions, they eventually started expressing their honest and critical views on the company and the economics of the country. We would 'hang out' during tea breaks and lunch times, discussing problems with Eskom, the deputy president's corruption trials, bonus issues and even personal troubles. At times it was expected of me to carry their views to top management, a way they hoped they would be heard. As rightfully argued by Van Maanen (1982: 18), there is no such thing as a 'pure' insider or outsider. To a point, however, I was able to switch between the two. Attending to staff at the HR office, greeting all in their mother tongue (in addition to Zulu, I can greet and say thank you in all eleven languages), studying at a local university in the heart of Johannesburg, relating to their conversations about both internal and external affairs, all contributed to my acceptance as an insider. My skin colour, mixed Korean-American English accent and student-look supplemented the image of me being an outsider. Despite my humanity and hence, preconceptions, my skin colour gave the impression of neutrality which made it easier for some employees to freely share their story with trust.

Coleman & Collins (2006: 17) assert that "fields are as much 'performed' as 'discovered', framed by boundaries that shift according to the analytical and rhetorical preferences of the ethnographer and, more rarely, the informant". It follows that my ethnography herein on BBBEE's perception and experience is far from pure reality

(Jones, 1970: 257). While I tried to include perspectives from top to bottom and vice versa, I am aware that the selected interviews and experiences detailed in this paper, as well as the analyses of the stories and events, are largely shaped by my own assumptions and social burdens, be it sympathy towards the whites or hope for black advancement. At times I found myself taking on the role of ambassador to each end, playing the proverbial 'devil's advocate' as it were. My pursuit of an objective enquiry into reality (Nakhleh, 1979: 345) was tainted by a personal, unattainable ambition - to aid in clarifying the misunderstandings between and within groups, and in exposing the invalid perceptions held of one another. Thus, readers should be critical in this regard toward the findings on BBBEE and the status of South African transformation.

Chapter 5: In the Image and the Interpretation of BEE; Narrow Based Discourse and Reality

"It is evil! It merely swaps Afrikaner elites for Black elites."

"There is nothing good in the policy. It's another form of discrimination in disguise, a reverse discrimination."

"Eish… that one… it's not working for me."

"Government don't know what they are doing and it is obvious."

"We (blacks) are suffering… suffering yet again."

"It's making the rich richer and poor poorer. It's obvi~as [with an accent]"

"If no political connection, there is no life."

"It's not working. Things are still owned by whites only and they control blacks from behind."

"There is no room for us. We (whites) are forced to leave."

"Ag… shame, government is trying their best but this gap is just too big."

"What empowerment? Black politics are worse…"

(This is a representative list of common comments from the street, employers, government officials, teachers and many others in the field as they expressed their perception of BEE. These were voices from all colours which mostly reflect dissatisfaction and an attitude of irreverence toward current government policies and irrelevancy in their daily life.)

1. Introduction: First Part of the Fieldwork

Conducted in two parts, the presentation of the fieldwork will be split between two chapters. The first will focus on perceptions toward BEE and will offer various

opinions on its pros and cons, according to the general public. By providing the evolving cultural framework within which both public and private businesses are to pursue policy compliance, this section of the study proved important. Prior to gathering tangible ethnographic data within a specific firm, I encountered people from all walks of life and their stories yielded crucial insights. These interviewees included: strangers on the streets and in the malls, security staff, students and teachers from secondary and tertiary institutions, housewives, managers from various firms attending BEE workshops, foreign businessmen, a public officer, trade and industry staff (from the department where BEE is issued), a tour guide and the like. Coaxingly, the discussions enlightened my appreciation of the limits and constraints of the policy when applied to reality, both within and outside formal organisations. Hindering the integrative transformation that BEE wishes to achieve, diverse and situational constructions and deconstructions, individual cultural interpretations, various debates, perceptions and the uncritical application 'empowerment' are abiding obstacles.

2. South Africa Economic Ambience: The Political Economy

Southall (2004) argues that South Africa comprises a political economy. This has been explored under the AA debate cited in the previous chapter and is further developed in the progression of the current chapter. It is worth taking note of this argument in seeking an understanding of BEE and the implementation thereof. Under the previous regime 'whites' and especially 'Afrikaners' were the political cards to draw economic access. In the current climate, personal ties with any ruling party afford opportunities for

wealth in one way or the other. As much as it likes to depersonalise political ties through its policy, the inherited political economical structure and culture hinders its effective use of empowerment. Southall (2004: 521) argues that the crony black bourgeoisie are the result of ties with the ANC rule. In addition he (Ibid: 531) claims that the black bourgeoisie is correctly described as 'state managers' rather than a black middle class because they have gained wealth and economic position through the political ties. A typical example can be found in the following experience. Tsidi[27] is a research officer in the North West Province government office. After completing her honours degree in sociology she was recruited to work for the government. During an interview, she recalled one of the first meetings she attended wherein different departments came to report on administrative affairs to the director. Awkwardly, a manager read a report that had been written by one of his subordinates who obviously lacked knowledge on the subject. He stuttered: “Um… this… uh…. provincial statistics reveals…[whispering to man next to him] how do u read this again?” As strongly as Tsidi supported black advancement and BEE, this incident shook her with the reality of the politically-affiliated people’s position and their state. She commented:

> I’m sorry… but uh-uh [shakes head]. That was too much. Although I am working for the government and I am sorry to say this, but that was just stupid. I was really ashamed… He didn’t even know the subject he was supposed to manage. I’m sorry but he must just go… we mustn’t do our black advancement like this. It’s just dooming.

In contrast to what Mandela (1991) dreamt of, i.e. no abuse or shameless nepotism, the petty bourgeoisie are clearly using their skin, as well as family ties, as passports to

27 Note the Pseudonym

advance themselves within the BEE framework. Major players within the economy are politically disposed and others players are drawn into the economy through their connections. Hence, the South African economic ambience largely remains within the structure of politics.

3. Consultancy

BEE[28] consulting firms were kick-started into action as soon as the BEE commission expressed its intention to develop a new BBBEE. This phenomenon arose due to the government's poor and sparse efforts to communicate the new codes and their usage to the private sector. Although the information is freely available on the Department of Trade and Industry (DTI) website, lack of interest and initiative on the side of both government and private sector discards its existence. The consulting process has therefore become a crucial investment for companies desiring an effortless first attempt at compliance. Since the verification agency[29] credits a business with an initial score which, if unacceptable, needs to be re-evaluated at another stage with another fee, employing the services of a professional consultant became the preferred option. Mockingly, some informants have labelled the consultancies 'BBBEE evangelists' as they are said to believe in, and preach on, BBBEE codes more than government personnel do.

28 Note the distinction I am making with the term BEE and BBBEE. The term BEE to indicate narrow based definition, its discourse and applications whereas the term BBBEE is used to encapsulate broad based.

29 Accredited agency acts on behalf of government to certify BBBEE status.

Amongst BEE consulting companies, several applied for the verification agency licence to legitimately audit the BBBEE status of organisations on behalf of the government and ten companies are currently enjoying that role, issuing BBBEE scores on investigation. Still, interpretative issues and differing scoring systems used by the various verification agents make effective implementation difficult, one of the major challenges facing BBBEE policy.

My research began with spending time in a BBBEE consultancy firm called 'Phumelela'[30]. Many of the interviews with other consultants, government officials and managers from different business organisations came mainly through contact with Phumelela. Situated in Rosebank, Johannesburg, the firm provides BEE training and workshops for companies in their pursuit of successful transformation. Begun in 2003 with a staff complement of less than ten, it has grown to four times that today. The core business activity is hosting two or three day workshops at assorted conference venues. Large and small business organisations are equipped with strategies for and ideas on, implementing, managing and championing BEE, not forgetting the importance of keeping up with the scorecard. Following the theoretical seminars, consultants assist the specific firms in practically implementing BBBEE in ways applicable to their context. Unable to impose, they hope that through their suggestions and case studies, the businesses will buy into the idea, decide for transformation and, as a result, make use of their services. Further consulting occurs over the telephone, within the confines of private and confidential meetings and through means of developing course packages as well as scorecard software.

30 Note that this is pseudonym.

Consultants are of different races yet dominated by whites, many of whom have degrees, masters or even doctorates in some form of business administration or an experienced career background in training. Ironically, this need for a bridge between government and the private sector has created job opportunities for retrenched white executives. A former employee of a financial sector, now working for himself as BBBEE consultant, explained:

> As a white man in the post-apartheid era I had no option. After the retrenchment I started to investigate what others were doing and found that the influx of white guys were surviving by rendering BEE consulting. I started to teach my codes from the government site, went around getting contacts and offering presentations on what the codes mean and how to apply them to their firms.

Interestingly, white executives also dominated the new consulting firms' clientele. When seeing an explanation for this trend, a consultant of Phumelela who is in his late thirty's with an MBA degree and on the forefront of making sales in their consultancy service, replied:

> If we want to penetrate the firm to evangelise BBBEE, the first gatekeeper is the executive, who mostly are whites considering that we are in South Africa, having graduated from apartheid only a few years ago. If you cannot convince them at your first shot then any further request to comply with BBBEE will be chucked out the door. Even though I am white I was asked to leave the boardroom numerous times. Imagine what the blacks might have to go through.

Difficulties in the consultancy game abound. Another employee of Phumelela, in his early forty's, naturalised to South Africa from a neighbouring country during the ninety nineties and in the process of completing his MBA course pointed out to me:

> The skin colour of the presenter of BEE makes a difference, depending on the context and audience. If a bunch of white guys are in executive and a black guy walks into the boardroom, they will be offended thinking that he is there to talk them into handing their business over to him or his companion. On the other hand, there was a case where a black lady called us and inquired about our BBBEE courses. Once she learnt that the speakers would be white she became cynical and hung up the phone immediately, showing that she wants no business with whites and implying that whites don't know anything about blackness.

Characterised by all kinds of prejudice and preconceived ideas, the post-apartheid workplace remains biased. Playing the correct colour card is essential for consultancies in providing an effective service, and is drawn after their staff have inspected clients and evaluated their perceptions. The consultants' moral and business objectives involve capturing the client's attention and communicating the urgency of complying with BBBEE policy. Dressed in suits and ties, expressing an element of professionalism, they relate and appeal to the boards they target.

Different consultancies approach the consulting process from different angles, undergirded by different philosophies. Generally, however, the opening session with the client would begin with the presentation of statistics drawn from current imbalanced business structures, and the necessity of structural change for future survival and growth would be established. In addition to explaining the meaning of the codes, they then illustrate how BEE can play the role of a catalyst in business growth, quoting similar case studies that worked for Afrikaners during apartheid (Sonn, 1993: 5).

Approaches begin to vary when suggesting possible strategies that might be used in making the BEE codes beneficial to a business. For instance, Firm A emphasised that

companies should understand the importance of empowering black people. As they then fervently pursue levelling the playing field, the score will naturally start to align itself and reflect the changes. On the other hand, firm B trains executives to focus primarily on the score and once an acceptable level has been attained they can start putting their hearts into it. In both cases, while the means may differ, the end remains interpreting the codes and applying them to real business situations. Doing so, they assist companies in incorporating the codes into their business strategy in a way that maximises the score and profit from the company's vantage point.

On one occasion, a Phumelela consultant was called to a financial institution located in the heart of Sandton,[31]Johannesburg. Summoned urgently, all senior managers had met to address the issue of one of their highly valued and qualified managers resigning. Reasoning that the workplace was not 'black-friendly, he had expressed his concern and discontentment by sending a public letter to the media, acutely affecting the image of the business. As the news spread through and rattled the entire firm, the board meeting was called and outside advice from the Phumelela consultant was sought. Waiting in the intimidating boardroom was a mixture of lily white men and women, signalling their resistance to change with crossed arms and backs pushed hard into their chairs. Cautiously but adamantly, the consultant began to present the urgent and critical need for transformation. In order for the organisation to secure both economical and political survival, he emphasised the importance of embracing the nationalist idea of carrying one another's burdens. Stirring pictures of the hardships endured by rural children, the powerful image of black Mandela and white Francois Pienaar, the captain of

31 Sandton is an upper class residential area as well as where Central Business District is located.

the National team together lifting the Rugby World Cup Trophy in 1995 (symbolic reconciliation between races) and startling economic predictions should blacks not be empowered, were among the slides used in the presentation. After hearing the interpretation of BBBEE codes, along with possible approaches to implementation, board members slowly and thoughtfully started engaging with the presentation, gestured by relaxing and leaning towards the conference table. As the first half an hour passed, people were ready to begin analysing the business culture in terms of empowerment and to reflect on their mindset. Discussions arose as to why blacks avoid entering the financial sector and how then to attract black talent. The session lasted for an hour and people were comforted and feeling 'good' by the fact that they had begun to engage in the discourse of empowerment. Nonetheless, there was no talk of specific plans, strategies or ways to move forward. It stopped there.

During a visit to one of the most successful media companies, we met the Chief Operations Operator (COO), a white male in his late forty's. Before the consultant could finish giving the brief on the background and motivation of BBBEE, the COO interrupted:

> I have seen through the codes already so you don't need to brief on this. Just tell me… how much money do we have to give and how many blacks do we have to recruit? All these long statements… it boils down to that, doesn't it?

Convinced that compliance was nothing more than a necessary evil, the COO had no intention of considering why or how BBBEE could be both necessary and profitable.

Pressure was obviously mounting for this media company to begin implementation yet, no signs of compliance in attitude were observable.

An international and local supplier of electronic products was due to submit a tender application for store space. Because of the pre-requisite for all public tender applications, consultancy was called for in order to enhance their BBBEE score. We were introduced to the Chief Executive Officer (CEO), Mpho[32], and a middle-aged golf-loving black man who resides in the Centurion area and has an eight year old daughter. His staffs consist of an Indian male finance manager, white female administrative staff, a white male logistics manager and other floor staff in stores. Choosing the most effective Social Economic Development project as well as brain-storming new ways in which to empower other black businesses, the office staff had spent two hours meeting together. Casually during the tea break, Mpho, who is committed to BBBEE, mentioned:

> You know Miss Kim? Let me give you an example on Land issues. Do you know how much of the land in Pretoria centre is owned by whites? If we don't do this there is no change, great wealth still lies in the hands of whites, with all due respect. You know this BBBEE is directly affected by companies that are up for public tender but the retail forum is going to stand in solidarity in order to make BBBEE part of business culture. For example, shopping malls will be rented out only to those who comply with the BBBEE principle. A culture of empowerment and public awareness will be built up by supporting BBBEE complied company products only.

His discourse was less concerned with the capitalist mechanism of current business culture and more supportive of BBBEE. Contrary to BBBEE policy's ambition to achieve

[32] Note the pseudonym.

growth and empowerment concurrently, this businessman believed that one must be emphasised over the other, coexistence is not realistic.

One way or the other, all consultancies act as BEE ambassadors. Offering a range of strategies of implementation and opportunities for growth for the compliant business, they argue not only from a political point of view, but also from a social and capitalist standpoint. Their main tactic is to highlight and motivate the return on both monetary and time investments spent on empowerment (Nkuhlu, 1993: 19). The broad-based principles hope to aid in transforming the political economy and to bring many new players onto the mainstream economic field. OS, MC, SD and EE[33] will be ventures that presumably yield a return in performance and in enhancing the positive image of company in the eyes of the public, of potential customers and other organisations. Investing in the ED[34] pillar will prove worthwhile as more players are brought in and as the flow of capital is lubricated. PP[35] investments ignite a chain reaction of return while SD[36] is considered a social asset, bringing in benefits in the long-term. Investment principles and opportunities abound although the challenge to successfully walk the tightrope between economically sound principles and social investment remains, no mean feat in an era of free market hegemony.

What follows are some cultural findings that have been built into the policy of BEE and have been embedded in its course. Uncovered through the process of careful

33 Ownership, Management Control, Skills Development and Employment Equity are the four direct empowerment pillars of BBBEE codes of good practice.
34 Enterprise Development
35 Preferential Procurement
36 Social Economic Development

participant observation with BBBEE agents and their diverse interactions, they were also found among perceptions from the floor.

4. New Wave: the 'BEE Guys'

Concerned with BBBEE, much of the relevant literature has repeatedly exposed how the negative image of the policy has been reinforced by the media. Their latest target is a new generation of business people labelled the 'BEE guys'. By this, the media are referring to the black elite or bourgeoisie. Makgetla (2004: 278) attempts to analyse the composition of the black elite or upper class as follows:

- Leaders and managers in the public sector; including the national and provincial public service, local government and parastatals;
- Senior black management in dominantly private companies. While this group has grown rapidly in the past eight years, it remains small and largely concentrated around public relations and personnel functions;
- Various independent entrepreneurs, especially in the financial sector, many of whom have taken advantage of union investment companies and pension investments;
- Black professionals in the media, academia and other related occupations

Southall(2006) argues that the terminology is intended to mean more than merely black professionals or business people, it mostly refers to those who have political connections within the ANC or former struggle activists such as Saki Macozaoma, Tokyo Sexwale, Patrice Motsepe, Cyril Ramaphosa, Bridget Radebe (married to Jeff Radebe, former

minister of Public Enterprise and Transport) and '*other unseen political linkers, and job hoppers' (italics added)*[37].

Successfully securing personal gain for themselves, one way or the other, from the empowerment policy, these black personnel have become known as the infamous 'BEE guys'. Different classifications are assigned, depending on the degree of political connection and the amount of wealth amassed. The dominant stereotype typifies the 'BEE guys' as sporting a 'kaalkop' (Afrikaans[38] word for clean shaven head), and carrying either a Nokia E9 phone or Blackberry. They reside in Johannesburg's northern suburbs, previously reserved for the exclusive residency of wealthy whites, and they drive a BMW five series, often referred to as a 'Beemer 5'. The value they add to the company comes by lending their 'pretty coloured face' or African name to the corporate image and structure. BEE guys can often be found in hotel coffee shops and fancy restaurants during the day, going about their 'businesses'.

They were also found attending trade fairs where foreign businesses promote their products in the hope of acquiring certain business rights with local companies. The 'BEE guys' (referring to both men and women) were dressed in extravagant suits, presented their African-named company profiles and, as expected, called on their Nokia phones. Their profiles listed the names of their board of directors (all of whom had African names) and detailed their vision and mission statement. During meetings they displayed no knowledge of the products, their functions and means of purchase or terms

37 'Job hoppers' refer to those people who change jobs within a short interim i.e. between 1-2 years. This often occurs when there is a great demand of a certain pool of workers due to the shortage of skilled and certified personnel in a particular a particular work setting. Companies compete in employing the skilled workers and higher wage offers tempt employees to 'hop' between firms.

[38] National language under Apartheid state.

of shipment. This obvious lack of knowledge quickly established that their involvement in the government bid was purely for the sake of BEE credentials, not because of their skills. By way of introduction they named their business and political affiliations, not prior achievements. The organiser of the trade delegation commented:

> Unfortunately, this is how things are done in the South African market. We make meetings after meetings with these BEE dealers hoping that they will bring business to us. But this is also true of many countries. At the end of the day, business is done, not by how good your products and price are or how good your business ethics are but, through knowing the right person and making a clever connection at the right time - this is called business skill. Knowing the flow and following the trend is what we as foreign players are to adhere to. This fishing is hard because we haven't found a good connection yet.

Reinforcing the negative image of the policy, 'BEE guys' have constructed an image and established norms of how business is conducted in the South African market. Because of unreliable, deficient business management that enhances the perceptions of 'window dressing' and 'mere tokenism', they are setting themselves up for failure.

4.1 BEE Dealers

BEE dealers are a sub-set of 'BEE guys' and specifically refer to black individuals and groups of individuals, a consortium, that pursues purchasing shares in companies. Unanimously, the perception of the small black elite who pioneered BEE deals is that they merely replace the ex-white executives and perpetuate the tradition of what Andrew (2007:4) terms 'high levels of capital concentration and a vertically integrated market'.

Most BEE deals involve the establishment of an African-named consortium by one or more black individuals. Offering important symbolic capital, the company's African name emphasises black identity and gives a sense of security in entering the South African market. Politically and by way of kin, most of these dealers are well connected, particularly to high ranking officials of the ANC.

Capital Reform 1995 - 2005

Year	Transactions	Value	Year	Transactions	Value
1995	23	12.4	2001	101	25.1
1996	45	7	2002	104	12.4
1997	52	8.3	2003	189	42.2
1998	111	21.2	2004	244	52.9
1999	132	23.1	2005	238	56
2000	126	28	Total	1365	288.6

Source: Ernest & Young (Value Unit: Billion South African Rand)

According to research by Ernest & Young, shares worth more than two hundred and eighty-eight billion rand have been transferred to BEE dealers over the ten years spanning 1995 - 2005. This is not as positive as it may appear. In his quest to see companies truly integrate the BBBEE strategy, one consultant voiced his concerns:

> For the last fifteen years shares has been transacted as per the chart (above). However, a mere 1% of the JSE[39] is genuinely owned by blacks. This is a serious phenomenon. Numbers disguise the dubious progress we have made so far.

39 Johannesburg Stock Exchange.

As case studies in Balshaw & Goldberg (2005) reveal, many BEE dealers who enjoy a splendid entry into the capital world often meet a bitter ending. Forced to sell shares back at a loss (mostly to the original shareholders) their inability to manage, and their inexperience in, the capitalist business culture leaves them worse off than when they began. Despite the appearance of wealth, most are found struggling in debt. Each victim is another classical example of the consequences of narrow based BEE practice. While the presence of this phenomenon remains undisputed, people's perceptions toward it differ. In an interview with a group of young, black, tertiary-level students, one commented:

> Eish, we black people ne? We take it without thinking of the consequences. We were once deprived so we take it as we deserve to, but we don't have accountability with what we are receiving. Eish… I don't know.

Another student within the same department disagreed:

> You know this white people… They sell shares or give management positions to us, looking good on the outside. But they know exactly what they are doing. They pick on the dumb black people and do those kinds of things. They know very well that the blacks that they pick will not manage and come back to them. As long as they have shown that they tried, they are justified.

He adds that this very act is disempowerment in disguise and that inability is inevitable unless training, equipping and know-how accompany ownership transfer. A housewife and mother of two boys have a different emphasis in this regard:

> We (white people) are pressurised to sell the shares or lose jobs. None of them (blacks) are succeeding because those to whom ownership has been granted are

> not acting like owners. They are busy spending without responsibility. We are wasting our time and resources. Till when do we have to repeat this vicious cycle?

She adds that she understands the philosophy of BEE that it is good in theory, but it feels like we're trying to fill a bucket with a hole in the bottom. All the people interviewed switched their discourses back and forth between individual and collective identities. They were speaking of an individual event as a collective one, thereby shaping their perceptions. Reality and cultural truth exist somewhere between those perceptions.

4.2 Black Diamond / Black Gold

Yet another sub-set of 'BEE guys' are known as the 'job hoppers'. Their behaviour contributes largely to the dubious practices of Human Resource departments and is the reason many firms do not have black staff at the management level. A black female manager in HR with a law degree was not alarmed by this trend:

> Job hopping is a global and natural phenomenon in neo-capitalism. It's not like it only happens in South Africa. A young talented or experienced individual will always hop around the market and that concept of 'loyalty' is from the past era. In the South African context, hoppers happen to be a qualified black, that's all. Thus the outcry of white executives against recruiting black managers because of their disloyalty and high premiums are mere excuses.

Although job hopping is not exclusive to the South African context, what makes it unique is that hoppers are predominantly 'qualified blacks'. A more critical perspective came from a Phumelela consultant, a white training officer:

> It is mind blowing when a BEE guys hop for an extra R500, but what is worse is the malpractice of HR recruiters. They are the ones who increase the premium of qualified black personnel and it is getting out of hand, making it more difficult to recruit black officers.

Out of this experience has arisen the concepts of 'black diamond' or 'black gold', giving expression to the scarcity of qualified, skilled, value-adding blacks for the workplace. Recently surfacing out of the apartheid system, producing and retaining black talent has proven to be a difficult task. Although various attempts are being made to rectify the past and to open the business world to new entrants, job hopping of the relativity few blacks in the workforce is certainly contributing to maintaining the exclusivity of an elite group and their dominance in accumulating the wealth for themselves.

5. The Meaning of Opportunity

The term 'opportunity' pervades BBBEE policy. The entire rationale of BBBEE hinges on opening up opportunities to PDIs (Previously Disadvantaged Individuals) or HDIs (Historically Disadvantaged Individuals) – specifically, to non-white South Africans. In the popular consciousness, 'opportunity' is synonymous with *Mahala*[40], the South African colloquial term meaning 'for free'. 'Mahala' is increasingly gaining popularity through its use in television advertisements and shop promotions. Widely used in marketing and sales, it appeals to the South African economic agenda.

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40 Mahala is a South African slang word which means free, for nothing, at no cost (http://www.mahalamedia.net/mahala.html)

Supposedly, BBBEE is providing a system of opportunities for beneficiaries to enter into the market, opportunities which give them priority in business deals and preferential treatment when applying for jobs, and which also makes skills development available to them. The public, including certain of the beneficiaries, view this set of opportunities as being offered at no charge. If beneficiaries are adding no economic value to the company, this becomes tantamount to a free ride, gained through the exploitation of black managers appointed for the sole purpose of landing a tender or an official business deal, the perception of 'mahala-ness' has become entrenched in the image of BEE. In other words, such a perception owes its existence to the partiality and exclusionary processes of the much-maligned, narrowly-based BEE practice.

It goes unnoticed that only under share price increases and the economical growth of the company can the beneficiary (BEE dealers) gain profit. Only then is it possible for beneficiaries to make money purely on the basis of their skin colour and not by having to do any actual work. Although it may be debatable as to whether or not it is sheer good luck, the beneficiaries are playing the political and capital card at the right time, in the right place and playing it very well.

According to the white, 40-year old, BBBEE consultant, BEE deals are often perceived as, 'cutting a portion of your meat and giving it away'. The logic works in the following way: companies offer shares for sale at a reasonable cost and to a designated sector of the population, HDIs and PDIs. Possession of the shares, however, is not transferred until beneficiaries pay their debts and company profits are made. To a degree, this serves to promote the perception of sharing, in terms of economical values, rather

than mahala-ness. It is considered sharing because the selling companies, irrespective of their motive for selling, be it political, financial, moral or for business purposes, no longer enjoy having the full share of the profit to themselves but pay out a portion. One manager shared this story about his boss:

> Our CEO was very passionate about BEE and forward looking. He supported CSI, skills development and all that. He was really in it, supporting us [managers] in implementing those tasks and so forth. Yet, when it came to signing off the shares [shook his head], he couldn't do it. He just couldn't do it. He became emotional and I saw the real struggle and disappointment that he went through because he couldn't pull it off. We can talk about it easily here, but it is a real issue and not an easy task. It is a really difficult thing to do.

Why are CEOs unwilling to part with their shares? There are several reasons. For the CEO, selling off his shares from a capitalist point of view can be equated with giving them away at no charge. Increased share prices mean increased losses from his perspective, because a portion that was his will now flow away to another. Over and above these perceived financial implications, he loathes to sell off shares as they represent years of his own hard work. That which he worked so long and hard for is simply handed over to beneficiaries who acquire them with meagre effort, purely because the political context favours them. A university student nonetheless argued:

> If it weren't for my (black) parent's oppression could that CEO have advanced that far? He says that he worked and struggled for his shares but if he was in Europe or USA where competition is high, do you think he could have made it that far? He made it so far simply on the detriment of blacks whom have been collectively disfavoured. Hence, as much to his capitalist outcry, I don't sympathise with him. There is an element of the deal 'we' blacks take for granted but I think whether you term it as mahala or sharing, dominated shares of whites

> *should* be willingly sold to blacks. Well, at the end of the day beneficiaries also have to be able to pay for shares, isn't it?

Despite the reality that the beneficiary also has to sweat to settle the debt, for many, this sharing of shares still reinforces the mahala image. In the midst of emotional reactions, it is easy to forget that there are actually expectations of some return for the business, whether it be political favour or public or moral recognition.

Detrimental to empowerment is the verdict handed down by BBBEE consultants and clients on this act of the mere handing over of shares. Time and again, this course of action collides into inexperienced and opportunistic beneficiaries failing to manage and pay the debts that they purchased. The result: shares have to be sold back at the original cost, not accounting for any market increases (see case studies written by BEE consultants e.g. Balshaw & Goldberg, 2005). Where access to shares is intended to constitute an opportunity, it degenerates into a financial trap. Lured by the promise of what appears to be an easy way to make money, recipients fail to properly examine the workings of the market, especially as it relates to the shares they are buying.

Both recruiters and the recruited are guilty of using black managers for 'window dressing'. Irrespective of the manager's qualifications and colour based preferences, both are drawn to play the political economy and reinforce the culture of mahala-ness. For some, the opportunity is a legitimate one yet there are real-life struggles and inherent risks in making use of it. I was introduced to a black human resources manager at one of the BBBEE training sessions. Working in the food industry she commented:

> Having BBBEE policy and opportunity does mean that we are having a free ride. Making the opportunity work for you is not an easy task either. It certainly opened up with systematic opportunities yet the cultural barrier of the traditional business structure is bigger than you think. Competing with whites who have played the game all along, stepping into a traditionally fixed-culture based business arena which is unfriendly to my black upbringing… and trying to perform or even survive, is a challenge.

In the tightly closed economic structure of South Africa, a mere opportunity does not constitute instant empowerment of the beneficiaries. In any context, it is natural that new entrants, be they individuals or companies, struggle to establish themselves. What is unique to South Africa is that new entrants happen to be racially defined. The abovementioned discourse reveals the daily struggle of white versus black and Western versus African. Integrating into the business environment is far more difficult for many of the black entrants than for their white counterparts. Adversely affected performance can be attributed to the inability to assimilate quickly enough. The environment is aggravated by the mahala image of black beneficiaries, harshly affecting their potential and their accomplishments.

Compromising their confidence, this image has a great impact on black managers, even though they may be skilled and experienced. Valued for the colour of their skin, barriers are raised against appreciating them for their abilities and contributions. A manager commented during a BEE course:

> I would like to believe that I am in this position because of my ability, not because of the colour of my skin. BEE is understandable and I think it is great and necessary. However, I want to be evaluated on the basis of my performance not on the basis of my skin colour. I have to work even harder to prove myself, that I am in my position due to my ability not to my race.

Torn between the intentions of BEE and actual daily experience, he was indecisive as to the value and effectiveness of the policy, wondering if a different approach did not need to be instigated.

This stubborn perception of 'mahala-ness' persists, notwithstanding the fact that opportunity does not necessarily equate economic success. Predominant opinions of BEE focus on its narrow base, its negative effects and dubious practices. To be fair, these views do not distinguish between those recipients who do offer competitive products, services and management skills and those who merely manipulate and abuse the system for their own advantage. While blacks and whites both recognise elements of mahala in BEE, their perceptions still differ. Generally, blacks perceive mahala as *receiving* something for free, while whites view it from the *giving* something for free, side of the term. The truth of how much is really paid and how much is actually given lies somewhere in between these powerful, predominant perceptions.

6. BEE is Emotional

Wingrove (1993: 160) in his 'How to guide AA' paper warns that:

> Whites should understand that their survival is solely linked to their acceptance of the reality that Africa is demographically black… no more time for debate about justice and fairness but to accept and adapt to the new order, and blacks must separate political aspirations from business realities and make every effort to train, develop and grow.

The term BEE provokes certain emotions. At the consultancy, in the presence of a number of managers, a coloured female manager proposed:

> If we put emotions aside, BEE will work. Emotions always hinder in practising BEE and making it work. We as managers must not be tangled around emotions but be strategic about implementing it. Also, in order to convince the executives we must be focused not to confuse ourselves with rationale and emotions.

Different groups express different emotions. As shown in the comment earlier regarding the CEO who became emotional in the face of signing off his company's shares, whites are facing threats to their economic and social status. The image of BEE can be summarised as being power to blacks and a dead end for whites. Even though BEE policy makes provision for the proportionate representation of population groups, white domination of the economy persists. Feeling uneasy about their future, their emotions can get high. Lower income whites tend to fear, for themselves and for their children. A white housewife, mother of two young boys who resides in a small cottage in the Centurion area exposed her heart:

> My children… I hope this BEE thing does not affect my children. When I heard my qualified lawyer friend couldn't get a job on the basis of skin colour, this BEE felt real for me. Until when do we have to have the BEE, Miss Kim? I understand why it has happened, but we are looking at the possibility of going overseas. It's ok for us but it's our obligation as parents to provide our children with a better future.

A counter-argument came from a young, coloured twenty-four year old engineer, employed in a telecommunication company:

> The only thing that my parents could do was be a teacher and a nurse. What whites are going through now is nothing compared to what my parents had to go through. It's not like they are living in shacks now!? Also, what they have is at the cost of black people's deprivation.

Quickly irritated by white people's attitudes, he called on whites to stop grumbling about the little suffering they may have to endure, or relatively small sacrifices they may have to make, in this socio-economic period. Tensions and emotions between different people groups run high.

Recalling past injustices against themselves or parents, blacks become emotional and feel partially avenged by the BEE policy. Simultaneously, however, are those who have not hit the BEE jackpot and are growing increasingly embittered towards the creation of a small black elite. During a presentation on the broad-based empowerment initiative, an agent stated:

> Currently, we have white fears and black aspiration. This is demonstrated in the different reactions between whites and blacks. Whites were sceptical, thinking "will my place be taken over tomorrow?" Whereas blacks thought, "that house in Sandton will be mine after 27th of April 1994." Neither happened.

Emotions simmer just beneath the surface of the post-apartheid workplace and across all spectrums of the social sphere. Miscommunication and misunderstandings from structural divisions lead to brewing tensions between whites and blacks. Oscillating between guilt, fear and resistance, whites experience a range of emotions toward the socio-economic changes (Wingrove, 1993: 52, 53; 55). Similarly, on one end of the scale blacks feel

enraged, but inspired at the other. Coloureds and Indians commonly and pre-dominantly feel unnoticed and unappreciated, lacking a sense of belonging (Mohamed, 2005).

Referred to simply as a form of reverse apartheid, many whites feel that BEE is specifically targeted and prejudiced against them. During a conversation with a teacher making plans to immigrate to Australia she asserted:

> We have no ground to stand on. We are forced to move out of the country with skills if we are not given the opportunity to work. When I was in the test venue there were 300 people there, accountants, architects, engineers, doctors; the pool of people that SA genuinely needs. I could not believe it!

Wistfully, whites remain sceptical of the BBBEE codes, irrespective of the fact that provision has been made for them in the population ratio.

In the opportunity queue, black beneficiaries in front will never acknowledge the criticism from the back that BEE is merely reverse apartheid. Beneficiaries view the nature and aspects of BEE as being inherently different from those of the apartheid regime. While apartheid upheld the interests of the minority to the detriment of the majority, the goals of BEE differ greatly and include opening up opportunities to the wider public, rightful ownership, and equal competition. During a discussion on this issue, one of the consultancy agents referred to it as a 'necessary evil' rather than reverse apartheid-ism. Still supporting the policy, some black beneficiaries feel apologetic for the favour they receive, in contrast to the attitude of the one-way exploitation of apartheid's white supremacist state.

Furthermore, foreign nationals feel resentful that, despite them having had no part in South Africa's unjust history, they are treated as guilty and responsible. In his interview a foreign trade official despaired:

> South Africa is dooming their economy. In order to attract foreign investors, the business environment must be friendly to foreign company, if they want to attract, accommodate and grow them. With the current market opening up, the economy is key to international players for growth and prospect, but with BEE in place it hinders foreign companies from bringing business into the country. In fact, it chases them away. The South African government needs to know that paving an easier path to establishing business is actually the way to go if they want to increase and encourage the free flow of capital. Apart from the crime rate, BEE is one of the biggest factors contributing to the lack of FDIs in South Africa.

Complicating the situation for those who entered the South African market simply to expand their businesses and earn a return on their investment, BEE is fast becoming a 'headache' for foreign officials. Head Office is not easily convinced of the merits of selling shares to local personnel, anguishing over strategies of ED and SED projects, incurring expenses on consultancy fees, searching for able black talent and developing them, complying with labour law and affirmative action requirements. Policy massively challenges the survival of foreign business; moreover they still need to ensure they please the South African consumer. Acknowledged to be full of potential, the South African market could attract much foreign investment but can be negatively impacted by the perceptions surrounding BEE. Participating in a BEE discussion at an investment conference, a young, black, female assistant to a local government official noted:

> I feel sorry for all these foreign companies. In a way, they are here to help with funds, yet they have to go through clauses after clause, especially since they have

> nothing to do with our past. I know something has to been done in our economy but I don't know whether BEE is 'the way'.

The counterargument was stated by one of the directors from the local government, during a lunch with fellow colleagues:

> There are always clauses for a foreign business to enter into any local market. We are not the only state that has limitations. I heard of worse terms in Eastern Europe in which companies comply without resentment, but accept the context. I don't know what makes the SA situation so resentful for them. The fact that they want to profit in the SA market means they have to accept our socio-economic structure and embrace it.

Given the resistance to transformation, seeing BEE as simply a means to rectifying past inequalities and to level the playing field seems naïve.

From innocent recipients to abusers of the policy, BEE evokes many emotions. BEE policy will persist and live amongst the people, not only on the economical playground but at all levels of the social sphere. Repeated, frequent, negative feedback on BEE, in spite of the policy having been revised (BBBEE), shows that BEE is still misunderstood, misinterpreted and misused. This, coupled with preconceived ideas and strong emotions, further hinders its effective implementation at this point in time. General emotions are quickly adopted as personal and individual. When discourses occur at that level, tension amounts in the workplace.

BEE policy, supposed to be the 'angel of empowerment[41]' is, in many ways, effectually disempowering. Primarily, the emotions and perceptions involved in and around BEE basically dismantle its theory and practice. What's more, companies that have manipulated and abused BEE policies have undermined beneficiaries financially, socially, psychologically and culturally. The third reason for its ineffectiveness proves the proposition that 'information is power. Government failed significantly to communicate BEE's intention and policy and to promote its public and private practice. With its preconceptions firmly ingrained, the private sector is now rendered even less willing to change. Furthermore, freely available information has still been difficult for large and small businesses to find, grasp, interpret, incorporate and implement for themselves. Admittedly, this has partly been due to their unwillingness to change but mostly because of the inefficiency of the state's communication. Beneficiaries and non-beneficiaries, within and outside firms, are also unaware of the opportunities presented to them and regretfully disregard BEE's relevance to their lives. They are uninformed and ignorant as to what the policy is all about, where they can access information and how they can use it to their own advantage. They remain totally disempowered. At this point we will closely examine the impact BEE has on individual lives within a specific business operation.

41 This was the term that was used by one of the BEE consultant during his presentation on BBBEE codes on 13 October 2006 at his firm. He used that term to describe what BEE policy meant to be but failed to do. He emphasised that BBBEE can be an effective tool for the meaningful transformation.

Chapter 6: Life in ITSA[42]

1. Introduction

In the following chapters the second part of the fieldwork, ethnography on ITSA will be presented. ITSA, operating as a local South African company, has acquired BBBEE accreditation within the framework of the latest codes in 2007. I chose to focus on ITSA not only because they were in the middle of implementing BBBEE, but also because they had been nominated for a 'Best Practice' award by their consulting firm partner at that time. Furthermore, by focussing on a specific firm's BBBEE policy and its implementation the study could draw on concrete examples from actual practice, rather than rely on generalizations from trend data. Before examining their BBBEE policy implementation, this chapter will give a brief introduction to ITSA: their organisational structure, culture, and operations, in order to provide the reader with the necessary contextual information. The chapter will then outline and discuss the actual operations of the company.

2. Organisational structure and organisms of ITSA

ITSA is an information technology-related infrastructure distributor in South Africa. They are a warehouse-based agent of IT products which distribute a well-known

42 ITSA is a pseudonym of the company where the field research was conducted and is used in order to protect their privacy.

brand of computers, laptops and related office automation products throughout South Africa. Recently, they introduced self-built computers of their own brand as well.

ITSA was founded in 1989 by the current CEO and has enjoyed healthy growth since its inception. From a small beginning, the company now has a Head Office in Johannesburg with branches in other South African provinces and in neighbouring countries. At the time of writing, the Head Office and other regional offices housed approximately 550 employees and produced an annual turnover of eight billion Rand. The CEO is a white businessman of Irish descent. ITSA was his family business until, after a period of substantial growth, he decided to sell a quarter of its shares to his employees.

Like many other firms in South Africa, employees are generally grouped according to their different business tasks and roles within the company. Their approach is an adaptation of Taylor's 'Scientific Management', as discussed in the literature review. ITSA is divided into several departments, namely: the executive, human resources, marketing sales, finance/accounting, IT, warehouse, and safety and security. Different departments have distinct characteristics and distinct cultures which have been shaped by the type of service they have to deliver. Even though these departments are distinct, they are intertwined and interdependent in their daily operations and execution of their work.

Within the sales department there are sub-teams divided according to customer size, region and the type of sales that they engage in. In order to improve efficiency in meeting the growing market, a restructuring process was deemed necessary by management and executives. My fieldwork took place in the middle of this process. At the time of writing, each team had a middle or junior manager who, in turn, reported to a unit manager and each unit manager was assigned to a senior manager. Every individual

had to report to their assigned manager. Each manager was required to mentor each individual by monitoring their performance and by setting direction and goals. Each team would have a weekly meeting to gauge their performance, update their task list and product knowledge, and the manager would occasionally prepare a motivational talk to encourage and to enhance the morale of the team. The entire sales department holds a monthly meeting during which each team reported on how they had met their targets and those who had exceeded their tasks would be rewarded in the form of acknowledgement. In addition, new employees would be introduced and common issues arising from the various departments would be discussed and addressed in the 'ITSA way'. The underlying thrust of every meeting was on generating revenue and meeting sales targets, an emphasis which is deeply rooted in the principles of capitalism and its maximisation of profit. In one of the morning meetings, Lucky,[43] one of the few black junior managers, came together with his team. Lucky is responsible for a junior sales team who deal with smaller retailers, is in his mid thirties, and is a father of an eight year old child. Before starting at ITSA as a sales person, he worked in a number of different jobs and even tried, unsuccessfully, to buy shares as black consortium. After working at ITSA for a year he received recognition for his attitude and sincerity, and was promoted into managing the junior sales team. Lucky, though having soft looks and gentle mannerism, in the meeting spoke like a militant officer who is about to send his soldiers onto the field:

> We have come to 7.3m thus far, which is 2.1m short of our target. Back order management must be done. Start digging into those back orders and try to cross sell rather than cancelling it. We must make the number. Guys who joined this month, I expect professional sales from you. You know, not just taking the calls but transferring those calls into sales like hungry hyenas who hunt tirelessly. Don't give up. Run the long distance. Don't give false promises. Give attention

43 Note the pseudonym

> to details, folks. Be Vigilant! You are not each other's PA (personal assistant). Take those calls, take ownership. Be polite and professional and don't get caught up with emotions. Stop referring calls but try to solve it yourselves. Gentleman! And ladies… Let's get that 2.1m! Let's break that down and follow up all the details. We have a few days to reach that target! You have done well thus far and I know that we, as a team, can do it!

After this emotive, passionate motivational talk was delivered, his senior manager, Charles[44], who oversees the entire sales team, added:

> What are you and your team doing differently from other teams today in this quarter? The small and little things that you miss today can make a difference in the months to come. What are your specific plans to reach that customer? Which customer target deals are ready to close? If we do not do these sales systematically, there then lies the problem.

At this point Lucky interrupted and said, "Hmm… if this problem is not solved, then you won't get paid." Lucky's reasoning with his team represents the very core of capitalist reasoning, which seeks to promote growth through competition. Skill in this department is determined by how efficiently one can match the right product to the client and then quickly turn a quotation into a deal. Performances are also measured in terms of how much one can secure the client's trust and obtain referrals from them. It is within this chain of subordinating relationships that each individual in the company operates and within which 'empowerment' must be realized. Unfortunately, amongst the majority of capitalist managers there seemed little room for such a notion.

A typical day for the employees begins at eight in the morning and ends at five o'clock in the evening. Paul[45], who travels to work by motorbike in order to 'beat the

44 Note the pseudonym
45 Note the pseudonym

traffic', logs onto the system as soon as he arrives. This confirms his punctuality and registers his current status i.e. whether he is available, or in a meeting. He wades through a long list of enquiry emails that clients had sent through after the office had closed the previous day and replies via e-mail or by telephone. Initially loud music is playing, but this soon gives way to the nearly endless ringing of the telephones. With a big mug of coffee that he just made for himself by his side he puts the headset on and says, "Thank you for calling ITSA. This is Paul speaking, how may I help you?' At approximately one o'clock he change his status to 'on lunch' and he heads for the canteen with his lunch box containing cheese sandwiches. His fellow colleagues packed left over curry from the previous night, others order from the canteen. I joined them for lunch and, as usual, began a discussion concerning BEE and other socio-economic issues in South Africa. Paul, however, is not interested and as a white South African feels ridiculed by this policy. He tries, instead to direct the conversation toward a new series of cars that were recently released. Nonetheless another colleague, Sammy[46], who is in his early twenties and lives in Soweto[47], enjoys voicing himself and engages my inquisitive questions. He shares his thoughts on what empowerment means to him:

> I think I am empowered because I've got the job. There are many other friends of mine who are sitting at home. I am happy for ITSA and the job I can have here.

He was all but oblivious to the macro economic issues which surrounded him, being content with the simple fact that he had a job to go to which provided a living for himself, his girlfriend and his young child.

46 Note the pseudonym

47 Soweto is situated in South of Johannesburg and is the biggest black township that was created under the Apartheid era.

Meanwhile, people in the canteen are socializing in various groupings, being bound together by something they hold in common: a neighbourhood, department, language, gender, or simply a cigarette. Some of the conversations revolve around a common interest or problem the group members are all facing. The racial boundaries and groupings are still very evident with certain departments such as sales and marketing being mainly white while others, such as those relating to physical operations and warehousing, are majority non-white.

Life in the warehouse was described as 'rough and harsh' by warehouse workers and others in the community. People here deal directly with valuable goods hence there are layers of security and a variety of policies supposedly aimed to protect the people and the goods from theft or accusations of theft. Stock control is, by very nature, physical and direct, becoming complex due to the large volumes dealt with on a daily basis. Incoming stock must be managed, as well as those awaiting delivery to various destinations. Returned goods and unsold stock need special attention and are governed by separate management procedures. All of this involves co-ordinating a large number of personnel with various skill levels, greatly adds to the complexity of the operation. Job divisions exist within the warehouse. A picker, once logged into the system, must pick 120 items from one place to another. This is all communicated through a small device that each one carries. Different supervisors manage different teams and different regions to which the stock must be dispatched. There are three layers of management in the hierarchy to whom the supervisors report. All of this activity occurs within tight security parameters, thereby creating a separate world with its own distinct culture and working process. Warehouse employees do not have direct contact with the customers or any other department, apart from lunch time in the canteen and the monthly 'community hour meeting'. The collection team, which presents products to the resellers upon collection, also forms part

of the warehouse. Hundreds of sales are processed in an hour which rationalises its bureaucratic steps. Following the 'system' is vital, as everything is communicated and approved through the system.

The racial composition and distribution within the ITSA organisational structure reflected the racial Fordism of South Africa discussed in the literature review. The top manager in the warehouse and his direct subordinate managers were mostly white as oppose to pickers and collectors, who were majority blacks. Coloureds, Indians and African black people interact in this context, despite their differences in language and cultures. Thabiso[48], who had been working as a picker for a year volunteered to show me around the warehouse. After putting on a helmet, according to the safety regulations of the warehouse, we walked through people who were pushing trolleys full of goods that they had picked. As he was showing me how the system works and what different people do, somebody screamed from upper level towards us "Thabs! #$%#$%^@#$%" in Afrikaans. Since I do not understand the language, I asked Thabiso what his boss was saying to him. He whispered back to me:

> Don't worry, that baas of mine thinks I am lazy. He does not want me to look so chilled. It's not that I have any work assigned to me yet.

He showed me his device where nothing was logged on for him. Orders on the goods were not being confirmed hence it was a rather quiet morning for the pickers. A group of guys were chatting to one side until I interrupted them with a greeting and a request for an informal interview. Vuyo[49], who started his job three months ago, is twenty two years

[48] Note the pseudonym

[49] Note the pseudonym

old, from Pretoria, and is still getting used to the environment. Picking is a temporary job for him which he does not intend to do lifelong, however, it had given him the motivation to study logistic management. He wants to start studying, but he does not know where to start, so he asks my advice. When I mentioned the skills program and the opportunity that one could acquire within the BBBEE policy that ITSA is implementing, Vishalin[50] who is a young Indian man in the logistics says:

> Don't be naive Miss Kim. Those opportunities are for people who have connections, not us. It will never come to our level.

BBBEE opportunities were not even part of their frame of reference, being so 'out there' that they were effectively irrelevant to them. While we were chatting, a 94.7 MHz radio station was playing out loud. When I asked Thabiso whether this is the radio station that they preferred to listen to, he replied:

> Oh no. Definitely not! It's the choice of our baas. It's the white people's favourite station. I like to listen to 'Yfm' or 'Kaya fm'. Well, as you can see, we are working in the white man's country so we have no choice.

It was evident that for many of the people in the warehouse, their perceptions of the black versus white issue were not very different from those of the Apartheid era (Von Holdt, 2003). Despite the freedom that has been officially gained, many were still living, at least in their minds, in a white man's country. As Levy (1996: 172) argues, apart from structural transformation, racial division of labour remains a reality because colonialism

[50] Note the pseudonym

and Apartheid are embedded at a structural level and will therefore continue to self-propagate.

The marketing department deals mainly with procuring goods and setting competitive pricing. It promotes ITSA as a brand as well as working with vendors to promote the various products the company sells. Teams are divided according to which vendor they represent and which brand they procure and are required to communicate with the warehouse. Market research is also an essential part of the job. A specific division of the marketing department organises any events that promote ITSA. Each marketing team has a different target with differing strategies and approaches. Matthew has been working in ITSA for three years now. A luxury sports car was on his computer screen, revealing his love for cars. He gave me a warm greeting and allowed me to conduct an interview at his desk. When he heard that I was doing research into actual empowerment experiences, he suddenly started talking about his domestic worker, complaining to me about 'this people':

> My maid, you see, she has been working for me for two years now. I gave her so much and treated her nicely, only to find out recently that she is letting her boyfriend stay with her on my property without consulting me or my wife. Since then we clash about everything. I don't know what to do. This people… are...

Whether it was my 'neutral-ness,' or being Asian, or the fact that I was an outside researcher that prompted him to convey his story, he certainly had an interesting idea on 'black empowerment' and what it is suppose to be.

Safety and Security oversee security, health and the general quality of the working environment of the company. They manage the working environment, the

maintenance of building, first aid and fire emergency procedures. Their duties also include policing any security threats and ensuring employees adhere to the protocol of the business. Bob[51] has been working in this department as an assistant to the manager for last five years. Whenever conflict developed or a complaint arose amongst the employees, he was always there to assist. After several exchanges, he shared that he would leave out of fear that his job might be taken over:

> I have got no growth opportunity here. But at this stage of our country I am not bold enough to take up the challenge. Although I only earn a couple of grand I know that I should be grateful for the job I have. But it is difficult not being able to go further than where I am.

He broke the silence that many whites kept. White employees in lower level, skilled jobs were at a great disadvantage when it came to securing their place within the company. Hence he must try his best to be 'good' at his work, but also to maintain good working relations with fellow employees and especially with the Human Resource department.

It is the focus of the Human Resource (HR) department to regard every employee as their client and to provide services according to their varying needs. This team assists managers in recruiting new staff, performs helpful studies on staff demographics and turnover rate, and coordinates training needs. They also provide various administrative contract documents and letters of warning and dismissals, manage sick leave, mediate disciplinary actions, perform exit interviews and submit the relevant documentation according to government requirements. HR department administrate the BBBEE scorecard and must ensure the company achieves a high rating. The HR manager was a

51 Note the pseudonym

black woman who had a qualified with a law degree. She was expected to manage all employee conflicts and was thus, at times, even allowed to exercise authority over executives. Managers frequently visited HR, essentially the head of HR, in order to consult and acquire full support for employee related decisions. Recruitment, dismissals, disciplinary procedures, and performance issues are all handled through the HR department.

One day, an accusation of racism towards a white employee was lodged by the sales department. I was not able to access the details due to the confidentiality of the matter, but according to informants from HR, a petty conflict had arisen between a white man and another black man who was not a South African citizen. The White man began addressing the black man using a disrespectful racial name which then developed into a fight. Both men were in the disciplinary hearing, with the HR officer as mediator. Witnesses were called upon in order to obtain a comprehensive understanding of the situation from all sides. This investigation continued for more than a week until the conflict was resolved. Although employees continued with their work as if nothing had happen, a tense atmosphere remained and the underlying hatred, based on stigmatised perceptions (black versus white) seemed to increase. During the break, employees spread gossip about who did not greet them in the morning, how whites still fundamentally undermine blacks, and similar racially oriented topics. Thandi[52], one of the administrative staff who has been working in ITSA for a year now mentioned:

> Whites are arrogant. They only greet when I greet them first. They never greet me in the first place. Some others, they don't even respond to my greeting. I don't think they like us (blacks). I think it is part of their culture… to undermine others. Eish… they don't try…

[52] Note the Pseudonym

She made the accusation of racism as the evidence for her argument and how it demonstrates the basic attitudes of whites which had come out during the conflict. Karabo[53], who is an administrator in the IT department, has been working for ITSA for over three months. She disagrees with Thandi and argues:

> No man. I think that is not true. I think we are basically misunderstanding each other. I mean the cultural gap is obvious between blacks and whites but both are not trying to understand each other. My colleague who is white… shame… she is so sweet but others don't like her because they think she is trying too much to fit in.

Montsi (1993: 51) argues that the Apartheid policies left the legacy of enormous division amongst the people groups, which in turn created ignorance about each other. He adds that for a successful AA policy to be implemented, this cultural aspect must be accounted for. The above account shows a glimpse of this being played out in the actual workplace.

Executives are those who head up a particular department. They are responsible for major decision making and for providing the vision necessary to lead the business forward. They were regarded as the 'boss' or the 'company' even though they are the employees under ITSA themselves. Both the executives and other employees used the terms 'executives' or the 'company,' often interchangeably, when referring to good or bad decisions that had been made. For example, after every quarter the profit is evaluated and if targets are met each division is rewarded accordingly. The executives are the ones who set the targets and declare bonuses. However, during his presentation on company

53 Note the pseudonym

profit, the CEO used the word ‘company’ and ‘community’ interchangeably, conveying the notion that the conditions pertaining to the quarterly bonus had been reached consensually. When the company later did not reach the required targets, the executives were inundated with queries about employee bonuses. E-mails were being sent back and forth indicating a great expectation that bonuses would still be granted and cultural jokes and discourses were being increasingly circulated. Despite being aware of the pre-conditions that were set for bonuses, employees continued to plan vacations, upgrades on their cell phones, parties and purchases as if bonuses would definitely be received. When the company's target shortfall was officially announced at the community meeting, disappointment filled the hall. The next day the COO sent out a corporate email announcing that the ‘company’ had decided to give a bonus despite having missed target. This was decided by the ‘executives’, the ‘company,’ and was a gesture to soothe angry crowd. Although the amount was small, bonuses were ‘given’ and no further discussion was allowed.

These various departments are never rigid and clear cut, but rather adapt to people’s perceptions, behaviour, new employees, market demands and problems that may arise with the combination of all these elements. An adaptable bureaucratic system was necessary in order to manager over five hundred employees. Here, the company’s technical system plays a large role in control through systematic surveillance. Management encourages the New Shift Paradigm of managerial style yet Taylorist and Fordist division of work was prominent at times.

Under each department are various sub-groups and different informal social groups that emerge according to the needs, not only of their business[54], but also of the

54 The people in ITSA use the word ‘business’ very often. They essentially define it as the act of brining in revenue to the company.

community[55] life within. For example, there are mid-managers meetings where all departments participate to make business decisions. Voluntary committees are formed for social responsibility projects and SHEQ (safety health environment and quality) committee members oversee office safety over and above their normal work. In addition, under the different groupings there are multilevel hierarchies that form and dissolve at various points in time. In an interview, the head of the IT department described how each department elevated their own importance within the organisation to the point where conflicts arose between departments:

> Each and every department has politics as well as interdepartmental politics. It is derived from priding themselves in being the most significant department in generating revenue. The sales department, especially, has that mentality because they are the ones who directly interact with customers and use their techniques to persuade and to provide the right product in order for the customer to spend their Rands with them. The marketing department says that without their marketing strategy and the right price setting there would be no sales. The accounts department is the one who is ensuring proper credit control for the actual money to be in the account, the warehouse delivers the stock in time and the human resource department provides all the necessary human resources to do this work. Without the IT department who links all this together in a 'system' there can be none of the above mentioned works because everybody is bound in the system. We brag about ourselves and undermine others while knowing all of this.

There are business protocols that govern the interdepartmental activity and its order, but business processes do not always operate as intended. For instance 'first come first serve' might be the logistics of the warehouse. However, when the COO gives priority to a

55 The people in ITSA like to refer to themselves as a 'community'. The executive group particularly enjoys using this term in referring to employees, in order to lessen and neutralise their ownership and their often authoritarian approach to decision-making.

particular client due to the ‘business imperative,’ then the ‘first come first serve’ principle is waved. “So much for all the rules, policies… all this crap, when *everything* needs to be done when *they* says so!” comments Luthando[56] from the warehouse upon finding himself caught between clients and a manager’s decision with which the COO did not agree. Even though senior management preach and boast a flat structure – a new paradigm system of management - when it comes to daily operations as such, its seemingly equal status instantly builds up to a certain hierarchical system of order.

The above provided a brief window into daily life at ITSA, revealing the organisational structure and the activities around them. It also introduced some discourses that ITSA enjoys using and how they build their company culture around them. The following chapters will discuss how ITSA implemented BBBEE in their organisms and demonstrate how relevant it is to the community.

[56] Note the pseudonym

Chapter 7: Putting BBBEE into Practice in ITSA

1. Introduction

Anthropological analysis proceeds incrementally with the aim of making visible the native practice of clarification, from one domain of experience to another, structure upon structure. Its approach reveal real world lying behind the symbols and beliefs people hold (Gubrim, 1988: 74). The discussion that follows revolves around ITSA's attempt at implementation by analysing how ITSA interpreted the seven pillars and the detailed BBBEE codes in their compliance strategy. Examining the method ITSA made use of in achieving scores within each pillar at both the practical and ideological level, will demonstrate the extent to which BBBEE penetrates and transforms the business organisation. Also it will reveal on what lies beneath the strategy and how people accept or resent its implementation.

2. Direct Empowerment

Direct Empowerment refers to the Ownership Score (OS) pillar and Management Control (MC) pillar as defined within BBBEE policy. It is referred to as such since the prospective beneficiary has been given a direct opportunity for potential financial gain and decision making power.

2.1 Ownership Score

The ownership (OS) pillar requires companies to sell part of their shares to a black individual or entity. A 25% black share-holding attains a score of 20 out of 100[57]. Originally, the normative practice of implementing BEE focused on this ownership element, shares were sold to black individuals or consortia and such a common transaction was readily referred to as a BEE deal. The more recent motivation for this trend toward valid employee ownership has arisen in response to the outcry against the broad-based empowerment philosophy where a few high-profile individuals were understood to have been the exclusive beneficiaries. A verification agency has also been established in order to prevent the fronting practice of borrowing names, such as those of black domestic workers, to use as the shareholders.

In order to fulfil the requirements for the OS pillar, ITSA decided to follow the employee ownership scheme instead of risking a significant shareholding sale to just one individual or consortium. After cautious consideration, the shareholders initiated the sale of shares to permanent employees in 2004, thereafter establishing a receiving body referred to as the Staff Ownership Trust (SOT[58]). According to a promotional pamphlet produced and distributed by the SOT committee, SOT "effectively allows for all ITSA colleagues, through participation in the Trust, to enjoy and exercise the rights of owners and to participate in the growth and financial success of the company" (SOT pamphlet Glossary). This move toward granting employees financial ownership and decision-making rights was part of an executive policy to create a formal organisational culture

[57] See BBBEE codes from www.thedti.gov.za
[58] Note that it is pseudonym.

which would ultimately result in improved performance, enhanced employee commitment and loyalty and reduced staff turnover[59]. Nominated in 2006 for the Best Practice award by a staff ownership promotional agency, SOT's[60] BBBEE strategy has rewarded ITSA with a heightened public profile and improved image.

At commencement, 9% of the company value, amounting to ten million rand (R7.54 per share), was reserved for sale to employees. SOT membership became compulsory (SOT pamphlet p.6) in 2004 after a shareholders' vote and the agreement to purchase shares has subsequently been included in all new permanent employment contracts. Briefed about the shares but not offered a choice in the transaction, employees' responses have varied, a topic for later consideration.

ITSA (Pty) Ltd Share holders Table

Shareholder(s) Detail	% Share	% by Black People
ITSA Technical Services (PTY) Ltd	74.89%	0.00%
ITSA Employment Trust – Individuals	12.03%	7.34%
ITSA Employment Trust – Residual	13.12%	13.12%
Total	100.00%	20.42%

Source: Empowerlogic Scorecard

The original share allotment was increased from 9% to **25.15**% in 2007 after the final BBBEE code declaration and duly named 'Empowerment Shares'. Of the 25.15% pie, a slice of 1,413,281(12.03%) shares was served to SOT. Of this slice, 7.34% was

[59] Turnover refers to frequency of staff replacement. Resignations and recruitments are costly to the company in both time and money. Recruitment fees are pricy and vacancies result in low productivity. Keeping employee turnover at minimum is thus crucial.

[60] Note the Pseudonym.

allocated to black individuals with 2.5% specifically being held by black women. The other slice (13.12%) was used to establish a fund for contributing to the housing and educational needs of those from disadvantaged backgrounds. Thus, the sum of black employee shares (7.34%) and residual shares (13.12%) accounts for the total 20.42% shareholding allocated solely for black people. The remainder is available for whites. According to the final code target which achieves a BBBEE level two recognition, level one being the top score within the OS pillar, ITSA attained an OS score of 17.95 out of 20.

Issued at R11.79 per share in 2007, the share price had increased to R16.37 one year later. The total value of the empowerment shares now stands at just over forty eight million rand (SOT pamphlet p. 3, 6 & 7). From the company's perspective, having both a sizable black workforce and a compulsory employee ownership scheme guaranteed them a high OS score.

Cost of the relevant shares is determined by the current ruling share price and payment is made by means of a 2% salary deduction over a five year period. While the debt is being paid for, interest is levied at the SARS FBT rate (SOT pamphlet p.6). Although early settlement of the outstanding amount is possible, none of the employees make use of this option as nobody is sure when they will leave the company. If an employee leaves before five years of completed service, he/she can claim the original share price only, regardless of any subsequent increase in share value. In addition, the employee will lose the interest that had to be paid whilst purchasing the shares. Only after five years may one sell shares to others within the company and then only 20% of the

shares can be sold. These controls ensure the fund remains within the company which reduces the risk for the equity holders.

The reality of a private shareholding system is that it results in employees being unable to sell their shares because there are no willing buyers. At ITSA, employees were wary of buying more shares than what were originally allocated to them for two main reasons. Firstly, they were suspicious and uncertain of where the company was heading with the 'ownership culture' and whether it would be successful. Secondly, the portion that they have access to was not thought to be sizeable enough to bring them any significant return, especially when compared to other more promising investments. The only immediate and tangible benefit employees could perceive was a possible declaration of dividends. However, a system upgrade had put severe pressure on the company's financial resources and prevented this declaration in previous years.

Employees' perceptions of ITSA's strategy are less than positive. Darren, one of the SOT trustees, experienced much frustration:

> This is a compulsory clause in the contract. You either buy the share and be employed, or you leave. After having this share that cannot be touched I would rather invest that money somewhere else where I know that I can get something out.

Compulsory purchase caused resentment. In addition, he was not impressed by the fact that, in the end, dividing 25.15% of the company amongst 561 people yields a tiny micro-unit to each individual. Each individual is called a constituency and, since it is impractical to have the entire constituency making decisions, there must be a

representative body that aids the process. To this end, each department nominates a 'trustee' to represent their best interests. Trustees serve the constituency by providing further explanations of the concept of shares, buying processes, as well as the benefits and risks of owning shares. They also take share-related issues raised at constituency level to the body of trust. In addition, they administer the financial statements, monitor the growth of shares, audit and report the balances. However, despite this provision, the reaction from most employees has been characterised by a diffident fatalism or a helpless indifference. Failing to grasp the details and significance, they tend to lose interest or, having no confidence in their skills of business decision-making, they leave everything up to the flow of majority, raising hands as others do or signing things that they are asked to sign. This is what it looks like through the eyes of the employees when 'empowerment' is practiced through 'ownership'.

2.2 Management Control Score

The Management Control (MC) pillar requires that 40-50% of a company's executive board and other top management positions be filled by black personnel. Numerous companies have been guilty of manipulating the system through 'fronting' and 'window dressing'[61] in order to obtain tenders. This is done by appointing black managers, especially black women who count for more points on the BBBEE scorecard,

[61] Innes (1993: 15) illustrates window dressing as 'to look good in the eyes of either the international community or black consumers'. In the context of BEE, companies positioned black faces at front of their gateway, an easy way to win the bid from the government without rendering the 'real' economic power to the blacks.

during the tender period. While these token employees may be paid as much as their white counterparts, they are not given the authority to make any managerial decisions. Some refer to it as a 'glorified manager' position. This not only undermines the principle of black empowerment, but it also serves only to reinforce the gap between blacks and whites.

ITSA has a relatively average score for Management Control (MC). ITSA staffs from all levels were very aware of the status of the company's management and executive[62]. At the time of this research, a draft report by a verification agency indicated that ITSA had two white senior top managers, two black top managers (other executive directors[63]) and three white non-directors (with executive decision-making capability). This resulted in a score of 3.5 out of 10, a low level of 8. To improve their score, ITSA included the SOT chairperson, a black woman, on the board. In addition, they tasked the black directors with heading up the improvement of the company's BBBEE status and with managing 'community affairs'. A black sales manager was also nominated as 'community chairperson'. Ultimately, this gave them a level 4 MC score. As much as the BBBEE code is criticised for confusing interpretations and ambiguous standards of legitimate 'empowerment', the BBBEE consultancy advises to use this for the company's strategic advantage. Since the codes' applications can vary and are open to discussion, the consultancy argues that as long as the empowerment activities can be shown, with

[62] This was the primary concern for the executives in granting access to the researcher. They were aware of the lack of black personnel in high profile positions and sensitive to how this weakened their public image.

[63] They are not in operational level. They chaired social and interpersonal affair related position.

supporting evidence, to be providing the beneficiary with access to economical opportunities, the effort must qualify to be transpired into BBBEE score.

Toward the end of the fieldwork, one other MC adjustment occurred. Once the BBBEE status was achieved, the community affairs executive was retrenched and a position for a black, female manager was filled. Effectively, this created a board where two white men dominate two black women. Valid for one year, MC scores can quickly be manipulated or 're-strategised' by appropriate staff changes as the next assessment draws near. Companies' commitment to BBBEE and its transformation often appear shallow and fickle as they become proficient at playing nothing more than numbers game.

3. Human Resources Development

Human resource development literally refers to the development of human capital by way of actively recruiting black personnel and providing them with skills training through financial and direct mentoring efforts. Employment Equity (EE) and Skills Development (SD) pillars of the BBBEE codes fall within this category. By and large, this attempt assures Affirmative Action's appearance on the BBBEE scorecard. The active, successful pursuit of this principle will see an increase in the black working force, both in numbers and in quality. Encouraging certain quotas, but this time without the race sub-categories, BBBEE is targeting a purposeful recruitment of blacks and an upliftment of their skills, monitored by measuring whether money is being invested in the their advancement.

3.1 Employment Equity

The Employment Equity (EE) clause in BBBEE corresponds with the 1998 Employment Equity Act (EE Act). Employees are categorised according to their occupational level i.e. their job description and related responsibilities with the corresponding salary band. Companies can choose from several 'scientific' (i.e. seemingly objective) methods to classify their staff. ITSA uses the Paterson scale:

Semantic Scale	Paterson		Peromnes	Hay
Top Management	F		1++ 1+	
Senior Management	E	E Upper E Lower	1 2 3	1 2
Professionally qualified, Experienced specialists and Mid-management	D	D Upper D Lower	4 5 6	3 4
Skilled technical and academically qualified workers, Junior management Supervisors Foremen Superintendents	C	C Upper C Lower	7 8 9 10 11 12	5 6 6A 7 8
Semi-skilled and discretionary decision making	B	B Upper B Lower	13 14 15 16	9 10 11

Unskilled and defined decision making	A	A	17 18 19	12 13

Unlike the 1998 Act, the EE pillar under the BBBEE code recognises black employment above that of junior management. Furthermore, the appointment of disabled employees qualifies as empowerment and sub-race groups are not separately recognised, but included as being 'black'. BBBEE introduces an adjusted recognition for gender (ARG), translating into more weight being given on the empowerment score for the inclusion of female managers. Target criteria will be adjusted in five years of implementation i.e. the senior management compliance target will increase from 43% to 60% from the sixth year of implementation. Assuming that time and experience will yield greater ability and skills, senior management will increase in number and qualifications during those years.

Concentrated at the junior level of management with a proportion of 60% being black, the percentage of black managers in ITSA decreased at higher levels with 24% of middle management being black and 26% of senior. The majority of black workers remain concentrated at the semi-skilled level. Disability is a controversial topic on its own and, being beyond the scope of this study, it will not be addressed herein. Overall, ITSA acquired 6.32 points out of 15, a score which falls under a level 7 in the BBBEE code.

Employment Equity Table 2007 August

Occupational level	Males					Females					Total
	African	Coloured	Indian	White	Sub-Total	African	Coloured	Indian	White	Sub-Total	
Top Management	2	-	-	5	6	-	-	-	-	-	7
Senior Management	1	-	1	9	11	2	-	1	5	8	19
Professionals, Specialists & Mid-management	1	2	3	22	28	3	1	1	12	17	45
Skilled Workers, Supervisors & Junior Management	48	9	20	39	116	13	11	16	40	80	196
Semi-skilled & Discretionary Decision Making	128	22	14	28	192	52	15	12	18	97	289
Unskilled	2	1	-	-	3	1	1	-	-	2	5
Total Employees	182	34	38	103	357	71	28	30	75	204	561
Disabled	0	0	0	0	0	0	0	0	0	-	-

(Source: Empowerlogic)

Flexibly, in ITSA certain policies and procedures govern the recruitment procedure, although the degree of conformity is affected by the nature of the various departments, managers and applicants. When a post is created or vacant, the direct manager must submit a recruitment request to the HR department. In an attempt to work towards the establishment of a favourable EE pillar, 'Affirmative Action applicants (AA) only' was included in all job advertisement templates. After reviewing its content, HR advertises internally and allows five working days for the internal staff to consider applying for the post. Thereafter, the recruitment officer will advertise externally on the ITSA website and with recruitment agencies, collecting Curricula Vitae (CVs). Screened

by HR, possible candidates are presented to the relevant manager who then schedules interviews. If, after the first interview, the applicant is acceptable in the eyes of the manager and the recruiting officer, they schedule a second follow-up appointment to discuss the salary package and contract terms. Once the contract is finalised, the new recruit undergoes three days of induction whereby they are acquainted with the structure, system, policy and culture of the company. This recruitment procedure, to which all must adhere, is in place to prevent any possible nepotism, to show transparency in the selection process and to provide fair opportunities for every capable individual. However, problems always arise regarding the efficiency of this recruitment procedure and the absence of a permanent recruiting officer has aggravated this problem. Managers criticise the HR division for prolonged, outstanding vacancies and for the inefficiency of the recruiting process, while the HR division accuses managers of by-passing the standard procedures and delaying appointment decisions.

During my time with the company, the 'AA applicants only' clause was removed from vacancy advertisements. This was due to a number of reasons. The EE score had recently been verified and was valid until the following year's assessment. The company critically needed additional sales personnel. A newly established call centre needed to be manned. Posts needed to be filled after various resignations. Distracted by urgency, management neglected their purposeful employment of black people. When questions regarding the EE record and the apparent lack of effort were posed to managers, one replied:

> I don't know, hey. We are under pressure in time and demand so we take whoever comes, if that individual can meet the conditions then we take them. EE

> status… isn‘t that HR’s job? Aren’t they supposed to push that up and help us in the right direction?

HR responded:

> It is the manager’s job. They are the ones who have to mentor, train the staff and work together with them. We just provide assistance when they need it and ask. We are not the ones who make the decisions. We try to communicate that and they know the procedures and codes. They ignore it and that is the problem.

Blame was constantly shifted for responsibility of the breach of practice. Perhaps, as the time for reassessment of their BBBEE status draws nearer, they will re-instate their aggressive practice of offering employment to black individuals.

Noticeably, higher positions within the company were predominantly filled by experienced white applicants. Defensively justified that this has more to do with the scarcity of black managers than a racial bias in the employment process, perceptions discussed in following chapter will shed some light on the predicament.

3.2. Skills Development (SD)

The Skills development (SD) pillar of BBBEE closely follows the Skills Development Act (1998) which aims to build up the skilled workforce. If the training offered, or invested in, by the companies enjoys approval from the bipartite Sector Education and Training authorities (SETAs), companies are permitted to claim back a payroll levy. Together with reforming the educational system, the SD Act hopes to

increase the capacity of the workplace to effect change and to offer opportunities which maximise such changes (Dickinson, 2005: 190). The SD pillar of BBBEE requires that 3% of the payroll be spent on training employees through a learnership programme and that any internal or external training programmes be geared towards disabled and black employees. As with the other pillars, the adjusted recognition for gender (ARG) applies to SD and the score is fully achieved if 75% of the beneficiaries are black.

At the time of ITSA's assessment, there were 43 black people in a learnership programme out of a total of 561 staff. Amounting to R1.6 million i.e. 1.89% of payroll, training expenditure fell short of the 3% target. 81% of all trainees were black with the balance comprising white and non-South African staff. The purpose of the training, both internal and external, is to aid employees in the advancement of skills and to equip them for, and open up, improved employment opportunities. Ultimately, ITSA scored 9.78 points out of 15, meeting the level 4 requirement of the BBBEE code's SD pillar.

Learnership programmes had ceased by the time of my fieldwork. Provided for the manufacturing department, such programmes became obsolete when the department could no longer survive the competition of rival Chinese products and was forced to close. Fortunately, the opportunity arose to meet participants of a managerial training programme during their graduation ceremony. The intensive, year-long course was aimed at candidates considered to be 'manager material'. Paired up with various senior managers, those selected were coached and mentored throughout the year. Due to financial constraints, this programme was being discontinued.

Internally and externally, assortments of skills development programmes were facilitated by the HR department throughout the year. Internal programmes included, inter alia, exclusive product training for the sales team, training on employment relations, conflict management, safety, health and environmental awareness. External training ranged from specific, brief, practical courses (e.g. on computer proficiency, administration skills, stock management techniques) to diplomas and degrees. Identifying skill shortages and granting permission to attend the relevant training, lay primarily in the hands of direct managers. Individual conflicts, inter-department clashes and intra-department politics obscured the process of empowerment through the development of skills.

4. Indirect Empowerment

Indirect Empowerment involves building three pillars namely; Preferential Procurement (PP), Enterprise Development (ED), and Social Economic Development (SED). Theses pillars are substantiated by the logic that the general and indirect benefits of growing the economy of the country as a whole will overflow into the lives of all, including employees. PP encourages businesses, such as ITSA, to deal with BBBEE compliant vendors and, by recognising each cent spent with them as empowerment, it will assist them in achieving their designated score. ED is empowering small or medium black enterprises (SMME) by monetary means and by supporting their business structure, enabling them to function in the competitive world. SED has companies involved,

beyond themselves, in local community development and leads the private sector to contribute indirectly to general poverty alleviation.

4.1 Preferential Procurement (PP)

Preferential Procurement (PP) requires that companies procure products and services from a BBBEE recognised company. The score is dependent upon the amount spent, the status of their BBBEE score, if it is a black owned company and the size of the enterprise. Promoting small industry players, PP attempts to undermine larger oligopolies. Currently, most companies are struggling to comply with PP because they do not fully understand its underlying principles and goals[64]. Hoping that BBBEE will self-destruct and the necessity to comply will simply dissolve, many firms are generally holding back on their transformation processes.

ITSA's PP score, 1.32 points out of 20, rates low enough to be considered non-compliant under the BBBEE code. Because the final BBBEE code was so new and raw, the verification agency originally approved both narrow-based (equity ownership and control) and broad-based BEE status suppliers. From the next assessment however, only broad-based suppliers will qualify.

Waiting for one of their largest, multinational vendors to comply and achieve a reasonable BBBEE score, ITSA is eager for their PP rating to significantly improve. The vendor first submitted a suggested empowerment programme which involved exchanging

[64] www.thedti.gov.za (See under BBBEE progress report)

job creation and skills development for the ownership pillar, but it was rejected by the government. Their second attempt is now awaiting government approval.

Pressurising and mentoring other smaller vendors and suppliers to comply could improve ITSA's own PP rating. Within the procurement department, a few acknowledged this suggestion but no specific efforts or tangible strategies were made during the period of fieldwork. Since the methodology of PP is to boost the transformation of other companies by means of chain reactions, one's own PP score is highly dependent on the effort of others to keep up the score card.

4.2. Enterprise Development (ED)

The Enterprise Development (ED) pillar requires that a company spend 3% of net profit after tax (NPAT) on developing and assisting the establishment of black enterprise. The contribution may take the form of either monetary or human resource investment and is recognised accumulatively. Striving to establish themselves and survive in the competitive capitalist business environment, struggling black businesses are assisted through ED. Achieved by granting loans and assisting with various business functions, a number of options are available for a company to score points. In other words, apart from granting money directly, the company can also lend financial help or impart business skills. Such skills may take the form of setting up financial, administrative or any other managerial system required in establishing and running a small business. So for example, if a skilled manager uses work time to assist black entrepreneurs in making and executing

their business plan, the time can be measured and approved as a valid contribution. Beneficiaries need to rate between level 1 and 6, and must be 25-50% black-owned or 30% women-owned companies. An Exempted Micro Enterprise (EME), earning less than five million rand turnover, automatically acquires a level four status regardless of white or black ownership. EMEs owned by a black entrepreneur attain a level three under the code.

ITSA achieved 15 out of 15 and became a level 1 contributor in this pillar. More than a million rand is invested in assisting their resellers. They set up a Non-Profit Organisation (NPO), the L-programme, and appointed a retired staff member to manage it. The budget breakdown is as follows: 40% is earmarked for the business development of black beneficiary companies, 28% for the development of the skills of the black owners and the balance is used in covering time spent and operational expenses incurred by ITSA staff. When interviewing the head of this programme, he commented:

> ITSA executives already had this thing in mind. They thought that investing in our resellers would yield a greater return. The ED pillar of BBBEE code was announced just in time so it was easier for them to execute this programme as they already had intended, they just had to re-channel that idea towards prioritising a black group first.

Empowering their resellers was thought to be an investment from which they would achieve a greater return. The rationale follows that where 80% of Small-Medium Enterprises (SME) fail to grow, resulting directly in customer losses, it pays to invest in empowering and growing their business capacity in order to secure personal future returns. Strengthening a vendor's business leads to increased sales for them which

translates into increased demand for your products. ITSA is currently enjoying a return on its successful, strategic investment. Challenged by an IT market dominated by white-owned businesses, ITSA initially struggled to find black candidates and had to finally settle on assisting enterprises with less than a 50% black shareholding to secure its very high score.

The L-programme's courses are outsourced and SETA approved with 176 credits. Run over a period of one year, the syllabus covers topics related to setting up a business, entrepreneurial skills and managing business growth. On graduation, representatives from various sizes and types of businesses gather and share information. Thereafter, community alumni meetings are periodically hosted by ITSA for the purpose of further networking.

Applications for the L-programme were invited and companies were short listed according to budget. At the time of the fieldwork, 82 companies were preparing to graduate from the L-programme. Unable to interview any of the ED beneficiaries, I contacted one of the organising personnel that explained:

> Once the companies apply, they have to pay a R5,000 registration fee. This is only 20% of the cost of the training which is rebated at the end of the course anyway. This 'deposit' ensures their commitment as many start but don't pitch until the end of the course.

Committed participants are crucial for the success of the L-programme as the initiative needs to deliver output in proportion to the invested cost. This whole process

yields a 92% success rate, ensuring business growth for the participants and economic return for ITSA, with the added bonus of the achievement of a full ED score.

4.3. Socio-Economic Development (SED)

Socio-Economic Development (SED), otherwise referred to as Corporate Social Investment (CSI), is an important, strategic part of local and international business in the current neo-liberal tradition espoused by advocates such as Alperson (1995). The SED pillar requires 1% of NPAT to be contributed towards a local community, 75% of which must benefit black beneficiaries. As with the ED pillar, non-monetary support can also be quantified and have an accumulative effect. The objective of SED is to give marginalised communities access to the economy.

After several brainstorming sessions, ITSA executives decided to sponsor bicycles for a community. Many children have to walk many kilometres to school each day in the township context of urban South Africa. Arriving late and exhausted, their academic performance is adversely affected for the day. Named the “Q project” and launched in 2005, the initiative aimed at helping the children and, in so doing, uplift the community.

Appointed to head up the project, the black manager’s tasks included conducting research, identifying places in need of such help and developing plans for the effective distribution of the bicycles. Q subsidies 75% of the cost of the bicycles with the recipient communities covering the balance “to encourage a sense of ownership by the

communities and in support of the Q philosophy of providing hand-ups not handouts".[65] Q liaises with other SED organisations that have a proven track record in poverty alleviation among impoverished regions of South Africa. An integral part of the Q project is that it involves the distribution of environmentally sustainable transport in the form of terrain-appropriate bicycles to various SED projects. Assisting communities with building a bicycle garage and training a member of the local community to repair and equip the bikes with subsidiary parts, the project has addressed sustainability. In addition, safety education plays an important role in these hand-ups. ITSA has added an environmental dimension to Q through a tree planting project where children plant trees in exchange for a bicycle.

To date, ITSA's Q project associates, their social responsibility committee (SRC), staff volunteers, NPO organisers and the marketing service department have made several visits to Soweto, Diepsloot, Bronkhorspruit and many other communities to 'hand-up' bicycles. ITSA has used every visit as a marketing exercise, flying their banners and flags and handing out labelled gift bags. Having spent just under R400,000 towards these initiatives with 32% of their efforts consisting of non-monetary support, ITSA achieved 5 out of 5 and became a level 1contributor on the SED pillar according to BBBEE code.

Retrenched during my fieldwork, the black manager's post was filled by the marketing service department responsible for the project. Changes were inevitable. The department launched the Q project in the North West, an hour and a half away from

[65] www.itsa.co.za (Note the pseudonym)

Johannesburg, identifying an orphanage as a beneficiary and liaising with an NGO and a church. According to the Q team, it is always safer and more effective to partner with a local authority or community worker. One staff member noted:

> When we were in other townships last time we consulted with the traditional leaders and chiefs in that location. You know that during apartheid, white people used to give bicycles and took boys for the war in exchange. Thus, distributing bicycles can give mixed messages, so communicating with local leaders is very important.

Liaising with local authorities was essential, not only for ensuring effective and appropriate communication, but also to prevent any abuse of the Q project by the recipients. When an area is identified as suitable for the bicycle scheme, local authorities short-list possible recipients and distribute the bicycles to them.

On one particular Saturday, ITSA staff gathered at the designated location in the North West province and unloaded the bicycles. The man from the bicycle garage came with tools and adjusted the breaks while the rest of the organising body helped remove the plastic coverings. ITSA staff took many photographs to capture the moment. The organising body, ITSA volunteers and NGO staff were more excited than the children were. The children, who arrived one by one, were more interested in me, an exotic Asian, than the bicycles. They giggled and called out, “Chaiy~na! Chai~na girl!” After the safety kits and bicycles were set up, songs of thanks from the community launched the hands up ceremony. Several speeches later, an old white lady from the NGO forced the children to thank ITSA ‘for fulfilling their dreams’. Being aware of the criticism against a ‘top-down’ approach (Nzimande & Sikhosana, 1996: 20), the head of marketing services

explained the difference between a ‘hand-up’ and a ‘hand-out’, which appeared to be beyond the children’s, and other participants’, interest and understanding. During my interviews with them, most children showed no interest in receiving a bicycle that they had not requested:

> Researcher (R): Are you happy today?
>
> Student (S): Yes
>
> R: Where are you going to ride this bike to?
>
> S: Um… to shops?
>
> R: What about to school?
>
> S: I take the school bus.
>
> R: What grade are you in?
>
> S: Um… I am nine, grade nine
>
> R: So… do you understand what this Q project is?
>
> S: No!
>
> R: Why are you getting this bike?
>
> S: [chuckles] ah-eh-eh[66,] I don’t know
>
> R: But you are happy?
>
> S: Yes, am happy.
>
> R: But you don’t know…
>
> S: [nods]

In contrast to the children, the organisers and ITSA staff were very excited about their involvement. An NGO staff member noted that the many meetings and discussions that took place prior to the event had finally paid off. She said that the bicycles would make it

[66] This phonetic sound is a common township saying an English equivalent word for this will be ‘oh boy’.

possible for children to benefit everyday from a local feeding scheme and would facilitate their participation in community events. She emphasised that the links set up between the bicycle scheme and a community gardening project would teach the children a sense of responsibility:

> The children also have to know that they are responsible for the bicycles and so they have to come and work in our garden because this is .. so to say, in a way, thanks for the bicycle. There is nothing for free and they should know that. One day the children will be parents and will have to work for their children so if they start learning now, then they will become great parents.

Following the hand-up ceremony, the community and some staff members raced the bicycles together. Humbled by their participation in the initiative, many ITSA volunteers appeared to gain a strong sense of ownership over the company's commitment to the SED project.

This chapter has given an overview of the way in which ITSA has attempted to implement BBBEE and has charted their score so far. Demonstrating that the BBBEE *score* is achievable, ITSA, and like companies, have yet to show if BBBEE can truly be the cultural catalyst it has been designed to be. The next chapter will examine ITSA's internal perceptions and understandings of the advantages, disadvantages, limitations and implications of this implementation and of BBBEE itself. It would not take long to notice that impressions do not reflect the score that they achieved.

Chapter 8: Perceptions, Perceptions and Perceptions

1. Introduction

Even though statistical data from other research reports are available and can aid in evaluating the impact of BBBEE, numbers are meaningless without context and interpretation. For this reason, the primary intention of this research was to uncover one particular company's real perceptions of BBBEE and its implementation. Prior to this discussion, presenting the broader contextual perception, (gained through experience at a consultancy, exchanges with government officials and interactions with the general public) and providing a bigger picture of the ethnography of ITSA has accounted for most of the content of this paper. Narrowing the focus, the topic will now centre on the value of pursuing BBBEE's seven pillars as seen through the eyes (and hearts) of ITSA's executives, various managers and lower level staff. Laying aside tunnel vision that sees only scores achieved on paper, the relevancy to, and daily experience of, the policy on individuals, will be examined. At best, the findings reflect a fragmented understanding, at worst, a general ignorance.

2. Ownership (OS)

In terms of OS in ITSA, the founder of the company willingly and strategically sold the shares to the Staff Ownership Trust (SOT). The founder began by yielding a relatively small portion of the shareholding until the BBBEE codes were finalised at

25%. It was not an easy gesture, from the family trust point of view, to place a possibly larger slice of the wealth pie in the hands of non-family members. Executives had made positive business and profit forecasts for ITSA, making sharing their portion even more difficult. Standard Bank[67], one of the four major banks of South Africa, had offered only ten percent of their shares to qualifying employees and Makro[68], one of the largest shopping outlets, rendered a mere nine percent. In spite of this, ITSA's founder determined to make the necessary investment and sell a relatively significant portion of ownership to employees, all the while calculating that his act would yield greater and better business returns in a climate that is growing increasingly unsympathetic toward white business. One of the executives overseeing the general operation commented:

> This is the way we have to go forward in South Africa. We [the executives] thought this is a business imperative and if we have to do it, why not transform earlier than our competitors? And since we had decided to sell the shares, we did not go out and find other partners. We thought that was not a profound business strategy. Although we sold our shares below market price, we think our community must benefit and they have the right to, because they are the ones who make up ITSA. We also hope that they will have a sense of ownership.

As mentioned above, part of their strategic thinking was an awareness of the close connection between employee ownership and performance. By imparting a sense of ownership, the executives believed that it would boost employee morale, productivity and ultimately, profits.

[67] http://sustainability.standardbank.com/?page id=15&page=2

[68] http://www.massmart.co.za/about_massmart/pdf/staff_emp_progm.pdf

In reality, the response from employees varied, depending on their position, their knowledge and their perceptions. One manager distinguished ITSA from some of the less positive and more cynical approaches adopted by other companies:

> Companies are prepared to pay the fines. Big companies put aside funds to fund all sorts of malpractices. They'd rather do that than comply. I guess, from that perspective, our company is doing something better.

Unfortunately, his view was not shared by all. Indeed, many employees experienced no sense of empowerment and appeared to be quite sceptical about company policies, particularly SOT. One of the SOT trustees remarked about the ownership scheme:

> A good gesture from the executives? Well, we could say that but I must say that it just was a business strategy and viable option for them and ITSA. The biggest part was to promote a good image and brand accordingly in the new South African business climate. Owning an insignificant unit of shares is not viable at all, in any way, for me. If I had the option to invest that money in some other insurance I might, just might benefit more [smiles].

Regarded by the staff as cosmetic, as political acts of 'good publicity' for the purposes of impressing government, the public and even the staff themselves, policies were not warmly embraced, but eyed-out sceptically despite their consent. ITSA, on the other hand, were excited about the potential prospects of earning business from government institutes, enhancing brand image to the general public and improving trust and commitment from the staff. Contrary to what was anticipated and hoped for, none of the staff interviewed had any intention of remaining in the company because the company's ownership strategy had instilled a deep sense of loyalty. The sole incentive for

long service was the company's quarterly bonus scheme. A warehouse assistant in the export section who has been employed by the company for two years bluntly commented:

> They must not confuse themselves. We cannot be a community. This is a company, not a community. This is business. They must not deceive themselves into believing that they can truly establish an ITSA community here. We come from all different parts of the country, with differing educational, cultural, and economic backgrounds. We are here to do the job for a living, not to have a social club. Just because we own a tiny share of the company doesn't suddenly make us a 'community'.

'They', being the executives and upper level managers who (from this employee's perspective), preach the ownership mindset and often refer to the employees as a 'community', do so simply for the purposes of convenient control and management. Clearly, the usage of 'them' and 'us' points to a gulf between staff levels that is not easily going to be bridged and to a failure on the part of senior managers to earn their employees' trust (Gambetta, 1998).

A warehouse picker expressed the cynicism many felt towards the executive initiative:

> Common? I don't buy that. Ownership? Don't be naive. They want to lock us in and make us work harder under the name of 'owner'. I don't own the company. We are mere workers that exist until the company thinks they don't need us anymore. It's one of those things that look good on the outside but in real terms, it is not at all like that. You know?

The way in which employees, such as this picker, make use of the term 'company', is very revealing. From their vantage point, 'company' comprises the executives along with

managers who have a direct influence on them. Failing to realise that the company cannot exist without the individuals who make it up, there remains a persistent distance between their actual place and who they perceive themselves to be.

Interestingly, a noticeable shift in the attitude of the newcomers toward ownership became predictable. Inductees initially welcomed the idea of ownership with great enthusiasm but this eroded as they gained familiarity with existing staff and company affairs. Increasingly aware of the gaps between the intention of the policies and their actual practice, of the gaps between the executive and lower orders, disillusionment slowly crept in. It did not take long for fresh recruits to hear and believe the dominant disappointment regularly expressed amongst the employees. It is impossible to have the same expectations of those holding a few hundred units as those with a million, a discouragement to any big or small capitalist who is playing the game. They will differ on all accounts – in behaviour, mindset, objective, outlook and prospects.

3. Management Control (MC)

Disturbed by the predominantly white composition of the executive and senior management, the staff could not see beyond that prevailing factor when passing judgement on the success of ITSA's BEE compliance. Luke[69], a warehouse supervisor, bitterly commented over lunch one day in the canteen:

69 Note the pseudonym

> BEE? What BEE? Look at the face of the people up there! They are lily white. Nothing is researchable here lady. We are not stupid; it's not like we don't know what's going on. I'll tell you what your conclusion should be: we are still controlled by whites and still enslaved.

Luke's definition of BEE equates it to a principal black presence in management. Since the major players in the company remained white, he was resentful that the black status still seemed to be subject to white power. Frustrated, he commented on how good he thought ITSA is at disguising themselves, at acting as if everything is all right and how the powerless tend to just go with the flow. With little regard for formal procedures, he insisted that black empowerment demands a black face in power. Agreeing with criticisms levied against 'window dressing', 'black diamond', and job hopping practices, he still held his ground in maintaining that, somehow, whites must step down. While most employees are reluctant to voice their 'whites must go' convictions for fear of being considered 'racist', he unashamedly argued that whites had enjoyed enough at the cost of black people's oppression and that the situation needed to be reversed, with immediate effect. Trying to make sense of the breaches between every-day realities and the ideology of 'black advancement'; between the continued domination of whites in leadership positions and the urgency for transformation; between the awareness that something desperate needs to be done and not being able to articulate exactly what, easily leads to despair, perhaps even to anger. Employees are acutely aware that they continue to experience a form of a socio-political struggle and impasse, despite their supposed emancipation. The BBBEE score of ITSA did little to elevate their perceptions or experiential position.

In an attempt to explain the emergence of small, wealthy black elite, employees attribute the success of those black entrepreneurs to their willingness to take risks and their willingness to exploit the situation for their own advantage. Derogatory terminology such as 'coconuts' or 'oreos' are applied to this elite and is intended to communicate the concept of some being black on the outside, but white on the inside. Typically, such wealthy black people live in formerly white-only areas (e.g. Johannesburg's northern suburbs), play golf like whites do, eat like whites do and most of all, they think like whites do. They are seen as 'selling' themselves, trading their 'blackness' for white wealth. In contrast, the vast majority of the black population continue to feel victimised and trapped in their never improving, seemingly hopeless, economic situations. This was exactly what BEE was meant to address; to give hope, advancement and opportunities to those very people struggling on the periphery. In defence, a black, middle manager from the sales department involved in the empowerment program, argued that imagined black identity must be liberated:

> Who says blacks must not be playing golf? Is there any rule to say golf is for whites only? Both blacks and whites must liberate their perception on what it means to be black and white. We must get away from our mental apartheid. We are trapping ourselves in our ways and if this mindset toward our fellow South Africans does not change, I don't see the way forward.

The senior black manager who was on the executive board for championing the cause of BEE was retrenched shortly after I started my fieldwork in ITSA. During his last interview he noted:

> We are caught in a bit of dilemma, there are prominent perspectives in ITSA being a white-driven company by fellow black workers. Exco [the executive

> committee] is being pressured but it is not viable for directors just to change them at once. This is partly because they have been in their seats for a very long time and one of the difficulties with human nature is that if you are in one place for a long time, you get into a comfort zone. But, in addition, compromising skill for colour just does not make any business sense. Nobody can force this unless they step down by their own will. But where will they go afterwards? They established this company and have been here for many years. They are at the top of the company after all. These things are difficult.

With further reference to white 'comfort zones', he added that it will be difficult for them to understand the struggle of blacks. Their acknowledgement does not amount to much as it does not change anything; active engagement is what is needed. However, he understood the dilemma because a cosmetic change and enforcement of colour quotas is neither right nor effective.

On the other hand, some staff members did express some sympathy towards the efforts that were being taken to employ blacks in senior management positions:

> Our executives did try. I feel for them sometimes. I think they are giving up but I kind of understand… they did try hard. Yennah… this black people… eish.
>
> .

In her private capacity, the IT department personnel member admitted that she had witnessed the numerous attempts made in the past to employ black managers, yet all of them left within a short space of time. From what she saw, their coming and going resulted in the company's investments yielding losses. However, she would not express this view publically among fellow black colleagues for fear of being perceived as not standing up for her 'own black fellow'. The HR manager also commented:

> Accept that you can never chain anyone down. Job hoppers are Y-generation, they've got all the means to change jobs and travel between the markets. Our political and social conditions allow that and they know how to play the game, not only in South Africa, it is a global phenomenon but South Africa happens to have a stronger racial element to it.

Only after several negotiations did one of the new black personnel, who had been 'head hunted', settle his contract. His senior manager confided that tensions arose during those negotiations and doubt has been cast on his loyalty and on the risk of human capital investment that ITSA is taking in his employment. Finding themselves in a corner, ITSA felt it was strategically imperative for them to take on this black product manager.

No obvious examples of 'fronting' or 'window dressing' were practiced within ITSA, but that is not to say that employees were quiet in expressing their views regarding the matter:

> Let's face it. The black managers, including women in our company, despite being capable individuals, don't really make any business decisions, not as the other white executives do. The fact that they are regarded as senior level on paper for the government is part of the so called 'fronting' practice. It can be regarded so to a lesser degree, but I think it is still at least 'window dressing'. They are positioned there as human capital, not necessarily as an economic asset.

Analysing the trend of black personnel being found at board level, but largely in non-executive capacities, this manager suggested that it was merely another form of fronting. He repeatedly observed that the black members formed that part of the board of directors who oversee community affairs and people relations, as opposed to those involved in business decision making. As such, their role is regarded as being inherently inferior. A

‘pretty black face’ is useful at the gate level, yet when it comes to deciding the ‘business way forward’ they are considered either incapable, ignorant or as lacking the necessary knowledge. Alternatively, their contributions are simply not acknowledged nor are they invited to participate. This practice has a historical parallel of when, during apartheid, black personnel were set up for failure by being given a position on staff without the necessary training and resources to succeed.

The importance of the development of human resources in ITSA had been emphasised and given its due, only during the time of BBBEE scoring. Subsequently, the momentum has waned. The market brings certain pressures to bear which create a dilemma of having to choose between people and capital. Without capital gain, people cannot be supported. Without people, there can never be capital gain. Although interlinked and inter-dependent, these two players are perceived by the community as being mutually exclusive, seemingly unable to co-exist, types of polar opposites as it were.

4. Employment Equity (EE)

According to the Employment Equity report that was submitted to the Department of Labour, the total sum of earnings for the 68% black workforce was less than that for the 32% of whites.

> Well, the statistics are not surprising because when you look you'll see it's lily white upstairs and dark chocolate behind the doors. Surely BEE is not working for this company, don't you think?

When this informant referred to 'upstairs' he meant the executive, sales and marketing departments which operate on the upper floor, front side of the company and who are in direct contact with clients. The two upstairs levels are nearly as lily white as mentioned, with only a handful of black staff adding colour. 'Behind the doors' refers to the largest department, the warehouse, which is found on the back side of the company and it can be described as being the exact opposite to 'upstairs'. There is a general difference in salary from R5, 000 per month, and upwards, between different levels of staff.

Many of the warehouse personnel hold second jobs in addition to their full-time source of income. They either run, or are in the process of launching, a side-line business in order to supplement their income. One of the most popular options is to get involved in the taxi[70] industry. Herein, employees purchase one or more 'kombis' which they operate, offering transport, in different parts of the township. Other business ventures may include running a telephone booth, a craft market, an internet café, a cleaning service, a catering service, a clothing shop, in-home sales (e,g. Tupperware) or the setting up of small BEE companies. In one form or another, the majority of lower-income employees hold a double career to meet the needs of their extended families.

[70] In the context of South Africa, 'taxi' refers to a nine to thirteen seat vehicle. The industry began informally in the townships as a means of addressing the lack of public transport. Currently, it is a primary source of income and locals are heavily dependent on it for commuting.

Conflicting views surrounded the EE result. Reluctant to speak, one of the IT personnel whispered:

> Whites must voluntarily step down if they don't want the situation to go like Zimbabwe. They still dominate and ensure that they do… I think it's the white thing all over the world. There is no space for us blacks to squeeze in. They are tight!!!

Conveying the perception of white hegemony and the unseen social power that whites retain in the economy, the majority of blacks are consequently seen as helpless, hopeless victims who do not have access to the economic arena, and never will. Although legal access is acknowledged, it is argued that they do not yet possess the necessary tools for making their access to empowerment meaningful and effective for upliftment. Described as a game of 'musical chairs', this situation of economic access is considered meaningless.

One of the executives explained the situation in cultural terms:

> You know… like your [referring me as a Korean] culture… when we [whites] are around the table to eat, during our family time we talk about work, jobs, and learn different values and behaviours. Instructions are given within the family. When I observe fellow black friends and their families, to an extent, they are different. They talk about ancestors, political issues, difficulties, funerals…very cultural stuff, and instructions are given only in schools. Instructions are a cultural thing within the white society which I don't see in black cultures. Thus, both blacks and whites come out of school with the same certificate but the qualities are so different. It will take time for people raised in traditional black homes to get used to this work culture and be effective in it.

Viewing culture as fixed and, to an extent, imagined, his generalisations will alienate him from the blacks and hinder understanding. Even subtle stereotypes and attitudes of supremacy erect barriers to interactions with, to the managing of and appreciation for, the so-called 'other group'. The economic culture is, in the end, white culture and so one that is extremely alienating to blacks. He continued:

> If we come back to 'this' people issue, it will take the next generation to get it right. Considering that this is the first generation that is working, it's a bit too late to try and train these guys, they just don't get it. I think we tried our best. With all due respect, they are a bit old to change any of their ways now. Thus, hopefully, the new generation will get it.

A programme was developed whereby workers with potential were chosen for training in management skills with the intention to promote them into higher positions. The training was run over a period of one year and each candidate was assigned a senior manager to act as their mentor. The company's intention was to cover the cost of running such a programme with returns from improved managerial skills, retaining talents, increasing employees' levels of commitment and from improving company morale by increasing the number of black managers. As a result, several staff were promoted to the managerial level. The outcome of the project met with a mixed response. Executives were disappointed:

> The opportunity has been given but they just did not make it. They are very capable within their jobs, either as a sales person or managing the product alone. However, when positioned at the managerial level, even when a mere junior level was assigned, they just could not cope.

Towards the end of the fieldwork, a year after the training had been completed, the majority of the graduates had left or were in the process of leaving the company, some having been offered better positions elsewhere, and others having been retrenched. Interestingly, employees attributed the retrenchments to 'politics', while the executives blamed 'poor performance'. When I suggested 'poor performance' as an explanation, one of the black sales ladies responded:

> Ah… rubbish. It was mainly politics… which might have affected the performance, but the pressure was too much for me.

Starting her career as an Internal Sales Consult (ISA) in February 2005, she held that position until her recent promotion to Senior Sales Consultant whereafter she began reporting to a white, female manager, Mary. She decided to resign just three months after she started working for Mary. In her exit interview she gave some of the reasons for her decision:

> I am burned out. I really need a break. I enjoy ITSA as a whole, the training I received, working conditions and mostly the customers. I also grew a lot too. However, I had a personality clash with Mary. Besides, Mary and her team were not supportive. She is that sort of person who is willing to give you all… and when I mean 'all', I mean 'all'! She dresses so cool, acts all business-like and professional, but to get that deal she is willing to go really low and I cannot support that working style. It's too much and I would rather walk out than do that. Also, her team did not accommodate me culturally…

In response to this scenario, one of her white colleagues commented:

> We must throw the word ‘culture’ out of business and concentrate on work alone. Ain’t got time to socialise with people here and people should know that. We are here to work.

He denied that there is such a thing as ‘culture’ within business.

The executive’s perception of the current black generation lacking instruction in the home would be his explanation for the black manager’s inability to cope at the managing level. Commonly stated is the impression that blacks are ‘softies’ when it comes to work, in contrast to whites. In another words, when it came to making tough decisions as managers, such as whether to subordinate staff or clients, they were not firm. They were also not considered ‘pushy’ enough in managing their own staff. They are ‘people’s people’, as opposed to being goal- or task- oriented. The ‘masculine’ managerial style (Kanter, 1977) that dominates the white business culture perceives the ‘feminine’ trait as being inferior.

One black middle manager who manages a sales team of seven seemed to espouse the white business ethos:

> Business is not a playground. It needs to be strict and the capability of managing pressures from all sides is the key to success.

Despite his admission, his own approach was seen as ‘feminine’ according to a junior staff member on his team, Tim[71], a white employee who had been failing to enrol in medical school for last few years due to quota restrictions and inevitably had to look for

[71] Note the pseudonym

employment. After a sales team meeting, Tim shared his perspective on the issue of his manager's relaxed and easy-going style:

> I wish he could be a bit more pushy. Isn't that what a manager is supposed to do? Work with me and enhance my performance to the best of my ability? Don't get me wrong, I have the greatest respect for him and he is really a great guy. But there is that bit lacking. Uh… sometimes it is frustrating knowing the low standards and expectations.

He expressed that his manager was more of a people's person and that he values his 'popularity' more than the task itself. His black manager responded:

> Hey, he is a grown man. Nobody pushes you to do work. I cannot believe that was a response from a fellow colleague. That is his problem. We are not in school, we are grown-ups. I should not tell him what to do… he must take it up like a 'man', you know?

His comment was very interesting considering that, to an extent, the workplace reflected the organisation of a school. The ITSA manager and staff relationship was that of a teacher to student; checking scores, rebuking and complimenting performance, addressing weak points and educating. The one marked difference would be the fact that each was being paid to play their respective roles of teacher and student. But this black manager did not believe that to be while he himself was reporting to his manager like that of a student and a teacher his assignment to be checked.

Some characterise this situation as an example of what they call 'African management'. A middle-level, coloured manager commented:

> I don't believe in the white management styles. They treat you as number and tick off different performance scores as they go along. They don't see you as a human but rather a task force. I will never do that to my team. I'll work with them, respect their dignity, walk alongside them, instead of pulling their heads and browbeating them to achieve excellence. It might be slow at times but I prefer this way of engaging.

Without offering a precise definition, white members of staff tended to agree that such a thing as 'African management' style does exist. While black managers acknowledged their style to be different, they still equated its value to the traditional 'white' and 'masculine' approach. However, white managers consider the African style to be inferior, 'laid back', 'wishy washy' and even incompatible with the current economic wave in South Africa. Sibongile, a black manager in the HR department objected:

> You mean the ubuntu thing? It can't exist. It's just talk, arising from wanting to make sense of identity. There is no such thing as African or white management. It's a notion that people like to cling to, to justify their differences. That's just immaturity. Maybe they are talking more about African culture. There are sometimes clashes between the African culture and the workplace system, I will agree with that. For instance, it is important for the black community to attend the funerals of extended relatives but the traditional workplace culture only accommodates those of immediate family, unless the manager understands and permits for more. Thus, the fact that blacks go for many funerals is perceived by the white culture as just being excuses, but, for us, it is important to respect the family.

Denying the validity of any cultural differences[72] when it comes to 'management' in the capitalist workplace setting, he argues that to categorise style and rank it as 'good' and

[72] Hamada & Sibley (1994) hold the view that business organisation itself is very cultural as oppose to the view of this manager in ITSA.

‘bad’ along racial lines is to create yet another political means of establishing power. Certainly, many opinions of correct or poor management styles were expressed, but one became apparent; as ‘black managers’ came on board and things were handled somewhat ‘differently’ from what white males used to do, misconceptions and cultural boundaries between the different styles built up and were reinforced through their own discourses.

Backing up slightly to the discussion on training, those who believed they could most benefit from the programme put themselves forward as candidates. The draw cards included: increased responsibility, a larger remuneration package (and with it, greater accountability) as well as an improved career record. One of the beneficiaries from the warehouse who was promoted to supervisory level stated:

> It wasn’t my colour. I proved myself to be capable, thus I was chosen from among fellow black and white colleagues. I am young so I had to go the extra mile and work for it. This is what it is all about, whether you know what you are doing and how best you can do it. I think ITSA stands in good terms in empowering and granting opportunities.

Accusing him of being political, fellow colleagues in the warehouse started addressing him as ‘Pitt’s boy’, after his mentor, and regarding him with suspicion:

> Oh that one? He is Pitt’s boy. We don’t like him. We stop talking when he is around because we don’t know what he will do with the information. We keep quiet.

These reactions are extremely evocative. The promoted worker is effectively being called a ‘bass boy’. Under apartheid, ‘baas boys’ were a means of co-opting black labour and extending white power and control as the black men elevated to this position spied on

their fellow workers (see Von Holdt, 2005: 51). Colleagues denied that their reactions sprang from jealousy or rivalry, stating that the supervisor had taken some dubious disciplinary measures and spent an inordinate amount of time with Mr. Pitt. The supervisor defended his standing:

> I would like to believe I have the respect of my fellow colleagues. We are professionals. We engage with each other in the workplace as colleagues. People might have opinions about me but I am confident in what I do and what I strive for.

One executive responded, with a sigh:

> What do they expect them to do? If their fellow colleague advances, they point fingers and say phrases such as 'sold outs', and if they don't advance they will forever be in the warehouse position! I really don't know what to make of this. I don't know what else to try.

Black politics and tensions are rife in ITSA. One black administrative staff member from the HR department commented on the retrenchment of a black colleague and their succession by a white candidate:

> You know … we blacks, we lack integrity you know… We fail in this game mostly because we don't stand together. She was retrenched because the manager felt threatened. The manager has no legitimate reason and hasn't given us one as to why she was retrenched.

Implicit in this comment is the impression of solidarity that whites persist in power because blacks 'fight' against each other instead of co-operating to support each other. In the current political atmosphere, whites need not do anything more than occupy the seats

of the blacks that were ‘taken out’ by other blacks. It is not the whites, but the blacks, who pull each other down. In addition, regardless of the efforts that came from the company’s side, the staff generally remained unconvinced of their intentions. One staff member grumbled:

> I don’t understand why we always have to look for people from the outside as opposed to training up existing staff. Existing staff are more aware of the systems, culture and people and I would assume that it will cost less to train them instead of expending it on external guys whose length of stay we cannot guarantee.

Understandably, during the course of fieldwork, managerial and higher vacancies were mostly filled by white candidates. It follows that an increase of white faces in the higher salary band only added fuel to the fire of discontent. The community continued to justify complaints, yet there appears to be little evidence to defend their grievances. For instance, a warehouse assistant who has worked in exports for the past two tears commented:

> Do you know why we have community meetings and why we are paid extra hours lately? The executives were clever and they saw the union coming. They made the move before we did. All this BEE thing, which clearly is not working, is just an act of them dispersing us, which hinders us from uniting and becoming powerful.

During the community hour, he tried to convince me argued that I must not be fooled by this ‘lovely act’ on the side of the company, but see it instead as a clever way of exploiting them. He failed to argue his viewpoint logically and yet firmly held to it. This

perception of suspicion and mistrust was further highlighted by the employees' response to the closing down of the manufacturing division. From the executives' point of view it was a business decision. CEO mentioned that the company just couldn't compete with the volumes that the Chinese produce. A tall black staff member, dressed in a white gown and synthetic cloth shoes (to lessen the friction on the floor) took me on a tour of the machines that produce chips. Having graduated from the learners program, he was employed as a technician. In response to the business need to close down the manufacturing division, he stated:

> That too, but there is more to what you see. They want to get rid of us. You must see that.

Incorporated into other departments, no one was retrenched due to the cessation of manufacturing activities. Despite this, the warehouse staff held fast to their own interpretation and perception of the 'well-intentioned initiatives' of the executives.

The more perceptions regarding various groups and positions were considered, the more difficult it became to evaluate skills and colour. Much disagreement exists over the level of skills and the quality of personnel required for different positions. This further complicates the implementation of employment equity and the achievement of its goals. The CEO summed it up:

> This [transformation process] must not be done in a musical chair fashion, rather we must grow into it. Government says all these things but they are reluctant to actually do anything. They talk loudly but show little action. They have theory after theory but they are unable to implement what they are talking about. I think they must just leave this up to the market and let it flow out of it. Levelling out

> the playing field and good intentions are simply just not working in the workplace.

Interestingly, note how the same idea can be manipulated in two opposite directions. The very concept of 'musical chairs' has been used against BBBEE and other governmental initiatives, whereas agents of government use it to *support* BBBEE and its principles. In other words, BBBEE was introduced for the very purpose of eradicating the practice of 'musical chairs', but the implementing company perceives it as further entrenching the habit. As a result, growth is hindered, not facilitated. This executive was adamant that the solution lay in allowing the market the freedom to correct the situation. He thought that chaining businesses to clause after clause is ineffective as peoples' perceptions, as well as the reality at ground level, are not as innocent, nor neutral, as policies assume.

This CEO's advice involves simply dropping BEE and allowing the best person to get the job. While he understands the in iniquities of the situation and is supportive of transformation's social objectives, in his opinion, from a pragmatic point of view, the current approach is just not working. He added:

> My child is 11 years old and she performs well academically. When she did not get first place in her Zulu class she was very disappointed and told me that she tried so hard but she just couldn't beat one of her classmates. I asked what his name was and she told me his name is 'Dumisani' [chuckles while shrugging his shoulders]. I had to comfort her and told her that's because Zulu is most probably his first language. I mean, that girl didn't enter the world of politics until she had to be cast out of her 3rd place position in swimming just because the first three runners up were all white. They had to place one of the black students, who came in eighth, in third place just to make the race politically correct. I mean… [shakes his head with a sigh]. It was good in so far as it made her work harder, but I don't think we should allow these conflicts to affect our children so.

The more transformation policies are being regarded as fuelling antagonism towards ‘other social groups’, the more people are beginning to feel resentful. Tim is one of the newly recruited staff members in the sales team that is responsible for exports in West Africa. Bluntly, he told me:

> I was rejected by WITS medical school five times. I was told it is because I am white. Thus I had to be content with the BSC degree and it is hard not to get emotional.

The poor EE level of ITSA reflects the broader context of South Africa. An observation of where the majority of black people have found employment (and empowerment) reveals it is in the middle or lower level positions within companies. Only a small, elite, ‘cream-of-the-crop’ group of black people have made it to top positions, either by talent or political means, not that they are mutually exclusive. The aim of Affirmative Action has never been to discriminate *against* somebody but rather to give preference *to* a black candidate. Where A and B have the same qualification, the intention is that A be chosen on the basis of their blackness. Most of the times in ITSA however, responsibility was negated by constantly shifting it between HR and management. Even though segments of management understand and rightly employ the policy, in most cases, perception influences practice and undermines the doctrine of AA. The rendering and reinforcing of the EE score as meaningless is not so much due to racial differences as to the persistent social gap of misconceptions and irreconcilable perceptions, e.g. blacks versus white,

skilled versus non-skilled, culture versus no culture and this reflects the distance from 'culture' to 'corporate culture' as the business literature suggested.

4. Skills Development

As previously discussed regarding the EE pillar, the concept of 'skill' has a vast range of meanings and viewpoints. In identifying skilled and non-skilled employees, the criteria went beyond performance alone to include a person's character. The tasks to be accomplished, as well as the skills required for doing so, are meant to be discussed between the employee and their managers. But, according to staff, that was not the reality. Subordinates are merely 'told' what to do and how to do it, to the exclusion of mutual interaction. Candace[73], from the junior sales division explains:

> You don't say 'no' to your manager. You don't exactly negotiate your job task. If your boss says make 1 million this month, you either make it and get full commission or you don't make it and receive the basic peanut salary. We have to get that commission.

On the other side of the coin, managers deemed discussion to be futile from the point of view that such decisions require a certain body of knowledge and position of authority to be informed and effective. Although the policy and procedure are present in 'theory' within the framework of the new management paradigm, the top-down approach is essentially practiced within the framework of capitalism's 'efficiency'.

[73] Note the pseudonym

Determined and decided by management, certain staff members are granted the opportunity to receive training from the various programmes facilitated by the HR department throughout the year. Perceptions varied, but an abiding undercurrent of staff politics and favouritism brewed a sense of general mistrust over management's decisions. Truth is shaded by the indistinguishable link between perception and experience. To illustrate; those who benefited from training (such as those who participated in the managerial training programme) perceived ITSA as a company that encourages staff to grow and develop their talents. Others, however, feeling trapped and stale in their positions, came to the conclusion that ITSA is not an ideal company to work for if you are seeking growth and challenge in the workplace. The same company is seen through completely different lenses. A coloured sales team manager from Eldorado Park[74], working in that position for over a year, commented that:

> Our sales team is structured in a way that a few of the top performers dominate and the rest of the staff barely follow. Different managerial styles come into play. I personally prefer empowering lower and middle level performers while working on closing the gap. At the same time, some of my colleagues choose to look after the top performers only and that's how they achieve their task… by relying on the top sales person only.

Most top performers are white and have white managers relying primarily on them for the success of the team. In contrast, this manager believes in concentrating on the lower level performers, who happen to be black and bridging the gap between the best and worst performers.

[74] Known as 'coloured township' situated in South West part of Johannesburg

Perceived by whites as being overconfident despite the dubious quality of their qualifications, black employees and their certificates came to be regarded with suspicion in the light of their underperformance in the workplace and inability to accomplish tasks within set deadlines. It is this very gap between qualifications on paper and actual performance, aggravated by the irregular quality of the qualifications themselves, which jeopardise the securing of employment for blacks in the first place. Ingraining the white perception of black employees as being arrogant, BEE can give the impression of allowing black personnel, regardless of their qualifications and performance, to dictate to white companies. The head of the IT division, a white female, expressed the following:

> As a manager I am aware of BEE and empowerment. However in our daily job situation it is very difficult to fit the model. I remember once wanting to recruit a black candidate newly out of varsity. She had just finished her degree so we had to offer the necessary skill training and opportunity for experience. In the interview she was very picky about the terms of the package. It was her attitude that killed me. She was very rude and disrespectful, displaying a 'take it or leave it' kind of attitude. I am not against hiring blacks. It's just when it comes to that kind of scenario I wish we could hire somebody that is suitable for the job and who is passionate about it, regardless of colour or age.

During my time at the company, one of the black IT personnel resigned. Well qualified and singled out for further training and development, this member of staff left only a year of employment. His resignation was debated amongst his colleagues as to whether it was due to gender politics, between him and his female superior, or because of discrepancies in working styles and expectations between races. They only comment he made to me was:

> This place makes you over work. It's just too much. I mean the pressure is too much…

Believing that he was overworked and underpaid, he could not keep up the pace his manager demanded, preferring to attempt running his own business selling software programmes for funeral homes. His manager, the IT division head saw things differently:

> He never achieved his task in time. Overwork was due to his lack of performance and it was inevitable. Why would he need to work more if he applied himself in his job? Training was given which he never finished. He never spoke of his problem and nor asked me for help.

Her impression of this employee was that he had great potential but lacked the motivation and work ethic to realise it. According to another member of staff, though not from within the IT division:

> She was too cold. The manager is simply not approachable to talk about problems. He had no option but to leave the company.

This case highlights several gaps and differences – gaps and differences which are marked in terms of race. Beyond the more general question of the role of managers in the lives of the staff, principal tensions were exposed, tensions between definitions of professionalism and the degree of expected sensitivity to the realities and pressures of people's private lives. Emphasising professionalism[75], whites tended to view expressions of personal pressures as being *un*professional. For blacks, the workplace is dominated by

[75] Fournier (1999: 281) argues that professionalism is a strategic mechanism to place 'control' in the workplace.

a foreign ethos of individualism, one that is unfriendly and unaccommodating to their culture. Consequently, the conflict between the employee and manager in this case was interpreted as being a 'black and white thing'. From the perspective of having a high view of the business side of the workplace, comes this comment:

> We are not here to baby sit. We are here to work. Thus, that employee must go if he cannot perform. It's sad that he felt unaccommodated, but there are limits to it.

From this paradigm, the employee emerges as immature and attention -seeking. Esteeming performance above all, 'culture' in the workplace is deemed insignificant and no excuses poor or non-performance are entertained. The only valid standard of measuring success is the objective 'either you have done the job or you have not'. Impatient with 'cultural' or 'social' arguments, they are quickly disregarded as being a veneer covering laziness, irresponsibility and childishness. Within this context, BEE compromises professionalism, it lowers the standards through peoples' less stringent attitude towards their work.

By adding extra factors, BEE makes it extremely difficult, not only to assess an employee's skills, qualifications and performance within this model, but also to assess the assessment itself. It is required that skills be measured beyond the 'scientific' ability to perform the task. Political power tensions, together with cultural and situational perceptions, complicate the goal. This obscurity is revealed in the low BBBEE score that ITSA achieved. Also, claims of scientific management are contested when skills are determined by politics and subjectivity.

6. Preferential Procurement

PP mainly affects the relationship between the purchasing team and their external suppliers. Because PP was designed to ignite a chain reaction amongst the private business sector, its impact was barely felt within the ITSA community itself. In order for ITSA to keep the PP score up, the procuring team in the marketing division needed to know each vendor's BBBEE status and size. Ascertaining the size, necessarily involves ascertaining the turnover of the company. In South Africa's current business climate, posing such a question is very offensive. A frustrated member of staff commented:

> It's very difficult because they irritably question back over the phone, "why do you need to know how much we make?!"

Expressing hopelessness toward ever achieving an acceptable PP score, employees saw the task as so daunting and near to impossible that they often despairingly felt like lone rangers. One of the procurement personnel whose job it was to establish the BBBEE status of vendors complained:

> Multinational companies and big firms have money. They will not bend to any of government's pressure. They'll use money to deal with everything. Instead of trying to comply with this BBBEE thing for which they have no regard whatsoever, they will rather pay a once off penalty and disregard the whole headache. Whenever I make a call for their BBBEE status, they are quick to hang up or give false promises. It is really frustrating to do this PP thing and if feels like we are on board, all by ourselves.

While the department could understand the rationale behind the PP pillar it was just viewed as practically impossible. White-dominated and multinational-based, the IT field meets up against great obstacles in achieving a high score on this pillar. ITSA is compromised by the attitudes of external suppliers who tend to feel threatened by, and are uncooperative toward BEE. Assessing the validity of perceptions towards the elements of the culture surrounding PP proved difficult since it involved, and essentially depended on, external companies. Whether PP sincerely accomplishes its rationale and objective is beyond my fieldwork but it is insightful to notice how sceptical and helpless the relevant ITSA staffs were made to feel.

7. Enterprise Development

The Enterprise Development pillar, as discussed prior chapters, is implemented outside the company under the auspices of the L[76]- program. Promoting and empowering small and medium black businesses in the midst of an oligopolistic, neo-liberal business context is the primary goal of ED. It aims to do this by deconstructing powerful capitalist connections and to widening the assets (including the 'know how') and strategies of smaller organisations. Supporting any small or medium black business, in either human capital or monetary form, is recognised as contributing to the empowerment score.

Because of the external nature of this pillar, employees were relatively unacquainted with it. Some had heard about the L-programme and had seen its

[76] Note the pseudonym

advertisements on the notice boards and website, but they showed little interest. Being unable to interview the L-programme's beneficiaries, I can include neither their story nor their perception towards 'empowerment'. ITSA executives were positive about this initiative and seemed satisfied with its results, fulfilling the aims of both BBBEE empowerment and company growth in returns.

During his interview, Thabo, the warehouse supervisor, expressed surprise at the existence of this initiative within the company. Confusing me for one of the HR department staff, he excitedly inquired:

> Wow… Miss Kim! Then what should I do to receive that know-how, to establish a small company of my own? Tell me more.

After sharing the little information I had, he was excited to put it into immediate practice. That short interaction highlighted, once again, the vulnerability of the communication process between the executive and lower-level staff. Much of the miscommunication comes from not understanding the situation each finds him/herself in. Top managers are consumed with the needs of the company and employees as a whole, while individuals at the bottom cannot see beyond the urgency of their immediate situation and daily bread. These interactions, with vastly different agendas, put weight on the information being communicated, potentially having either a positive or adverse impact on empowerment.

8. Social Economic Development

Only one of two responses was evoked from the ITSA community with regard to its Q project: indifference or pride. Initially, the intention was for all staff to voluntarily invest some time in the community work. This was never fully realised in practice and many staff even remained completely ignorant of this opportunity. For those in the know, Q project was a source of pride, going so far as to inspire positive perceptions of the executive. Karabo, a small black lady employed as an assistant in the marketing division, participated in a Q project outing and noted:

> Our CEO is very passionate about this project. We can see he is wholehearted when it comes to Q project, not just showing off.

At first glance, capitalism and community upliftment appear mutually exclusive. However, motivation for social concern in a capitalistic world can come from a number of sources. Guilt can prompt the urge for community investment. Profits can even be made. It is an effective marketing strategy to build a brand through a 'good publicity act', directly and indirectly affecting buyer's choices. 'Social investment' is an apt and descriptive term. Not surprisingly, the marketing division oversees this project. All who volunteered on the day, the marketing staff, committee members elected from each division and other helpers enjoyed a sense of pride and fulfilment, moved by their distribution of the bicycles to the needy. However, their perceptions of how grateful an impoverished community would be and the depth of the benefit was partially romanticised. When I raised some of the community's less than excited responses, Karabo simply stated:

> They didn't know why we were there? Hmm… well, as long as the money is spent properly and we know some of the money is going out, we literally hand it over directly to the beneficiaries. I am sure it will not go in vain?

Rewarded with seeing the seemingly impoverished receive material blessings, volunteers experienced a deep sense of pride and self-fulfilment. Their morale was uplifted.

Those that displayed an attitude of indifference toward the project simply could not find an answer to 'what's in it for me?' Their attitude contrasted sharply to how they re-acted to their entitlements on the bonus scheme. Viewed as the 'company's thing', Q project lacked ownership at the employee level. Observable from this interaction is the construction of individual identities as they relate to the corporation. When a transaction is positively relevant to them in a capital sense, the individual assumes the identity of shareholder. However, should it be perceived as irrelevant or possibly negative, he/she renders him/herself a 'victim' of the capitalist hierarchy. As an exception, this initiative left employees, at worst, unthreatened and it provoked neither a negative reaction nor criticism, not even against the possible superficiality of the action.

9. Where is the Empowerment? - The Truth is somewhere in Between

Determined by the position held within the company staff hierarchy, perceptions of BBBEE tended to be polarised. For most managers, complying with the policy was

purely a matter of strategy and survival. The senior sales manager remarked with some distress:

> Are you joking? We have to do this if we want to be a standing business in South Africa! It's law and without applying it, it will be impossible to do business in this country. We had to abide and get into a quick position to comply. Where were you? It's a known fact now for every business.

At the other end of the scale, to the majority of lower level employees BBBEE seemed something far removed from their every-day reality, even though the company had achieved its set score.

On the question of 'empowerment', the majority of the staff made a direct connection between the redistribution of wealth and 'blackness'. When I asked if they felt empowered, most employees answered negatively. However, on further probing, many people admitted that the sheer fact of having a job at all was a form of empowerment.

During his interview, the CEO shared his perspective regarding his motivation toward BBBEE initiatives:

> Our business is not really directly linked with public tenders. Maybe only about 10-15% of our business requires BBBEE status, thus it's not so relevant. We could carry on without its certified scored. However, what prompted me to comply with BBBEE policy, even before it had been finalised, is to drive social change. I was hoping to lift the morale of our community.

Somewhat frustrated at his employees' perceptions of a gap between the intention and realisation of the BBBEE initiatives, he re-affirmed his best efforts and expressed discouragement at not knowing what more he could do:

> You know… the truth is somewhere in between, in between the reality and perception… We put a black woman in an executive position; the community labels her a 'sold out'[77]. If we don't, then they will come up with some other reason to accuse. Meeting all the different parties' perceptions is not possible. You've got to do the best you can, I think.

During a business evaluation for the quarterly bonus period, the CEO stated his vision of a possible ITSA culture:

> We must create a dominant culture and talk with one another, not at one another. We must create a dominant culture and each spirit must stand up and take initiative and promote that continually. I would like to encourage that, as part of the community, we all have to work at something so that everybody can be entitled to a bonus.

His statement reflected how discourse shapes and reinforces culture and perception. In desperation, this executive was voicing management's best intentions to, and best efforts at, providing the best business environment. This was not at all what interested the workers. Whether or not they were receiving a bonus was their major concern. Fundamentally, emphasis on a bonus characterises the capitalist ambition at all levels. From management's perspective, it is useful tool for keeping the crowd satisfied while at the same time, it legitimises their demand for employees' loyalty and commitment to the company. For the recipients, an incentive scheme is the motivation to arrive at work each day while at the same time; it can be used as a weapon for pressurising the executive to give in to their demands. These twin domains - material reward and its ensuing authority

[77] Sold out is an expression used to describe a person who has left a certain stereotype of belonging to one group for another and no longer acts as though they belong to that certain stereotyped group. In this case, the black women left the 'blackness' and joined the 'whiteness' in work and power.

- mark not only the manoeuvre of BBBEE into the workplace but also of social transformation in South Africa in general. Monetary reward then is the hub around which 'true empowerment' revolves.

As demonstrated time and again in the ITSA culture, BBBEE policy was a key concern at the executive and top managerial levels which did not effectively make its way down the hierarchy into the reality of the beneficiaries and remained relevant only to those who enjoyed direct material or positional rewards. Adopting the research method of life history, what follows is a study on Lesego[78], which may help illustrate the uneasy conclusion of 'empowerment'.

Lesego is of medium height, a rather conservatively dressed black man. He speaks quietly but with a passion to be heard. Behind his spectacles, his face is mainly hidden, except when he chuckles deeply while sharing his story. His childhood was spent in the place of his birth, Brits near Rustenburg where he went on to matriculate. Setswana is his mother tongue and he remembers being in a 'toi-toi'[79] back in 1990 during his school days, purely because everybody was back then. Working in a furniture factory, his parents lost their jobs after the labour movement of 1995 resulted in most of the British companies closing down in that region. In 1997 he began his studies at Shoshanguve Technikon, taking six years to obtain a diploma in commercial practice marketing due to having to periodically go and work for fees. Thereafter he accepted any available employment; working a part-time job in SETA's transport section, as an electrician under white people, everything except the field he had studied for. Even though he was black

[78] Note the pseudonym
[79] South African colloquial term for demonstration or strike.

and qualified, he was simply unable to get a job. Called by his recruiting agent regarding the position in the ITSA warehouse as receiver of goods, he had no option but to accept it. After one year he was promoted to be a collector, a position which deals directly with customers at the entrance ‘upstairs’. An internal vacancy advertisement was posted for a sales administration position for which he applied. Lesego waited anxiously to hear after two interviews and a direct reference from his current superior. Finally, he was asked by the manager to come for training. Putting all jealousy and rivalry behind him, accepting compliments and encouragement, he has been in the sales position for several months. He believes that he is performing well and is confident that he can climb the ladder.

He argues that BBBEE is not a form of reversal discrimination but an important tool in levelling the playing fields. Just as the Afrikaners were empowered in 1948, so the majority of population needs to be empowered today. Prior to these mere 14 years of black rule, South Africa had been under a white regime for three hundred years. It is a process, perhaps even a slow one, for blacks to catch up. Both blacks and whites need to be patient. He advises that South Africa stop evaluating by white standards or by comparison with the English way. Unable to clearly articulate them, he did note that there are definite differences between African and white politics. Urging blacks to take full advantage of all opportunities offered them, he was very aware that he stands a much better chance than Michael, his fellow white worker, at advancing in his career in the company.

Perceptions and discourses around Lesego's case varied. Thandi[80] from the HR department, a training co-ordinator spoke warmly of him:

> Have you interviewed him yet? I am so happy for him. He is a great example of empowerment that we [ITSA] are trying to promote. I am so proud of him. I am sure he'll do well because he is a hard worker. He is a great example for many.

To the contrary, his superior cast some doubts on his abilities:

> We promoted him because he had potential. Instead of hiring an external staff member we took the risk of taking him on. He is ok but a bit slow. Others cover him a lot.

For him, Lesego does not perform as much as expected. Tsolofelo[81], the recruiting officer counter-argues:

> Then that manager is setting him up for failure. I have no doubts about him, unless he gets caught in between politics. But this kind of case, we would like to see more happening…

Mo[82], a software technician from IT, made a general statement on black recruitment:

> When the whites say there is not enough black talent… that is just an excuse. I know of more than enough capable, executive material among my friends, but they cannot get into jobs because they don't have the right connections.

According to him, black recruitment is more than simple empowerment but about playing a political game. He adds:

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80 Note the pseudonym
81 Note the pseudonym
82 Note the pseudonym

> I think there are many who are capable of doing the job after being here for some time and understand what and how things happen. It's just which political game you are willing to play that determines your future career. I am glad for Lesego, that he got promoted. But the company wants to give hope to black people and keep them, because they can't run the company without our workforce. It is not just to genuinely empower blacks as they lay out in their mission statement, etc. Lesego happened to be the smart one who took that opportunity.

Despite the fact that Lesego went through the bureaucratic and legitimate procedure of ITSA policy and ethos, the politics of being 'black', and the resounding discourses, overshadowed reality for many. Cultural reality is shaped and re-shaped as the rationale is argued and counter-argued. Empowerment means so many things and perceptions create, and mar, truth. On another occasion, Eskom, a state-owned enterprise which supplies national electricity, was at the centre a heated debate. South Africa was undergoing a power crisis with resultant load shedding. Different discourses were rife in offering interpretations for why the crisis in the country exists. Sharon[83], a white female temporarily hired as a recruiting officer commented:

> I think we are ok. Considering other African countries where transformation of the country happens in the form of civil war, this power crisis is very bearable. We just have to work as a nation to overcome.

Lena[84], who sat next to Sharon, blatantly replied:

> No… you are being too polite Sharon. The black government, full of nepotism, is showing its course and we have to live with its consequences. We are suffering because of that stupid affirmation action that took place. They just changed the white face to a black who does not know anything. They should have done it slowly, with skills transfer.

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83 Note the pseudonym

84 Note the pseudonym

Sitting around the lunch table one day; Thandi, the training officer, Veshni[85], an Indian female from the finance office and Thato from IT were discussing the issue of Eskom. Thandi argued: "those stingy whites did not want to give blacks the skills". Veshni emphasised that the Eskom problem must be understood within the context.

> V: Eskom can be a BEE problem. But we must understand that the infrastructure we are using today was primarily built for minor whites only. Suddenly everybody has access to it and government cannot keep up with the rush. It was a foreseen phenomenon.
>
> Thato: But… it must be hard from their side too… All the years they have accumulated their skills…
>
> Thandi: [she interrupts] On the expense of our oppression…
>
> Thato: [gives a look on Thandi] Imagine that you have to report to the superior who does not know a thing. Also if you do teach them [blacks] the skills, you'll be dismissed because you are no longer useful. That's why they get stingy…
>
> Thandi: Also, we can't afford to lose them because we need them.
>
> Thandi: No, let them leave, we can do it on our own. We'll show them.

The discussion continued in circles. People choose to believe what they perceive to be true and set that in the stone of their reality. The irreconcilable perceptions between race and within race, served to concurrently both legitimise and nullify BEE. As the CEO of ITSA concluded, the truth is somewhere between those perceptions and people continuously struggle to establish their political ideology. BBBEE has to bear with this context of reality.

[85] Note the pseudonym

Chapter 9: Conclusion

Summary

South Africa has been living in a transition period, a remnant of the legacy of apartheid. Moving out of that epitome of systematic exclusion, into democracy and towards social and economic inclusion, has been challenging and exciting. Forcefully moulded by colour prejudices, what ensued from that past is a unique society with extreme economic imbalances that pervade at every level. Now, our country is attempting to create a new socio-economic climate that promotes successful economic growth, for all. Within a neo-capitalistic context, achievement of this goal will be facilitated through numerous Acts and policies which seek to revolutionise the social structure and eradicate the deep economic disparity between people groups and regions. Black Economic Empowerment (BEE), a policy aligned with the African National Congress (ANC)'s core mission of redress, was commissioned in the earlier phase of democracy. It has been one of the most debated state intervention policies amongst academics, policy makers, the media, the beneficiaries and even the public at large. Considered to be inevitable, it is a policy that finds itself in predicaments for which there are no easy answers. One of its greatest challenges is achieving the ambitious aim of simultaneous growth and distribution. Prior to this, these two 'big' concepts were considered polar opposites (at least in the eyes of the subjects studied in this paper), with the success of one coming only at the expense of the other. Complicating BEE further, the promotion of a culture of 'empowerment' does not find its place in the current neo-liberal economic state which ensures the economy remains dictated by market hegemony, nor among the capitalist

determination which dominates the business culture of all level participants. BEE thus finds itself being pushed aside into a pile of bureaucracy and degenerating into a mere score keeping game. Trying to show engagement with ‘empowerment’, discourses on human capital value have been insightful and probing, yet faith therein is weak and it is still outweighed by monetary capital gain.

Black Economic Empowerment urges and enables both public and private companies to ‘empower’ historically disadvantaged individuals (HDIs). It incites firms to transfer wealth, skills and employment opportunities to black individuals or groups who were previously denied economic access. Some of the prescribed activities promoting compliance include; selling a designated portion of shares, offering preferential recruitment for positions and subsidising skills training. Criticised since its inception, BEE has stirred resentment and faced accusations of being mere reverse racism and the product of Marxist ideology in disguise. These deductions have been given credence through the exploitive practice of the policy whereby a small number of black bourgeois and a tight political circle have benefited. Furthermore, companies seeking state business or licenses have been quick to practice ‘fronting’ or ‘window dressing’, i.e. the employment of ‘glorified’ black managers placed at the frontline, giving the correct impressions in order to secure the business rights. It has also become an instrument of mere tokenism in practice. The general perspective of the policy is that just as feudalism was replaced by bourgeois structures in the capitalist setting, so the black bourgeoisie merely replace white capitalists in the absence of a real social revolution. This impression has provoked philosophical, moral, political and judicial debates across the country, all surrounding the validity of the policy. A consensus arose that BEE Policy was

ambiguous, undefined and ideological. In an attempt to address the notoriety of BEE, the Department of Trade and Industry drafted a new set of codes with accompanying definitions, interpretations and guidelines for company's fully integrative compliance. The policy was re-named, Broad-based BEE.

Finalised in 2007, Broad-based Black Economic Empowerment (BBBEE) codes adopted a scorecard system wherein companies are evaluated on the basis of seven different pillars. Increasingly, businesses are being measured in accordance with their empowerment level and applied efforts in transforming their ownership, management control, employment equity, skills development, preferential procurement, enterprise development and social economic development. Public statements on codes of good practice narrow conditions to what can be easily recognised as empowerment. They include definitions, such as what the term 'black' actually refers to, specify clauses and appropriate categories. As much as this revolutionary wheel of proper practice has served to clarify the issue, criticism persists. The codes remain largely generic in spite of vastly different types of sectors with conditions of varying specificity. Furthermore, a cursory attempt at clarification appears not sufficiently convincing to change the hearts, minds and wills of executives in leadership positions across the board, as has been demonstrated from an ethnographic perspective. Moreover, the policy is incomplete in the sense that it does not evaluate empowerment qualitatively.

The inefficiency of government's ability to restructure itself, together with poor communication between departments and with private entities have been large hindrances in awareness and implementation. Reproducing misconceptions of the policy, resentful

attitudes among inexperienced agents within private entities have aggravated and delayed successful implementation. Capitalism's urge for economic growth continues to clash with the ideology of distribution. The uneasy logic of BBBEE remains to be an unreachable dream, leaving gaps. A specific case study in ITSA revealed those gaps. In addition, the agents of culture, employees and employers alike, frequently expressed scepticism at the political and capitalistic ideology of BBBEE, at most times feeling manipulated by the policy.

Within the scope of the fieldwork, the views held by the general public can only be partially differentiated from the ones held within the ITSA community. Due to their successful achievement of BBBEE score, ITSA was chosen for the empirical study. ITSA, a private entity, has transferred 25.15% of its shares to employees, of which 68% are black, complying with BBBEE code. Their L-program, Q-project initiative and beneficiary training programs contributed to a level 4 BBBEE. Recognising level four as an empowered company, the state will qualify ITSA for obtaining certain business rights and opportunities on their application. At face value, ITSA might bureaucratically be described as being BBBEE compliant but the realities of perception and cultural wars nullified this score. This paper has sought to explore the reality and social implications that lie behind the numbers, expressed by members of the community themselves. There arose diverse views, discourses and interpretations that seemed to be irreconcilable with almost every aspect of the implemented BBBEE elements. As one of the informants summarised, the truth of the matter lies somewhere in between these perceptions which become an agent in the cultural construct of empowerment and disempowerment. As various participants consent to play a political game in the economic arena, differing

interests interplay and demand answers to such questions as ‘What employment?’, ‘What sharing?’, ‘What Profit?’, questions which are too frequently raised rhetorically. At times, due to the nature of business organisations being organised under the demands of capitalism, BBBEE can harshly be considered irrelevant to both business operations and the community that the empowerment initiative is designed to address. Because of the myriad of classifications, sub-categories, sub-classes and regional politics, the impact and perceived relevance of the empowerment process to beneficiaries becomes diluted and weak. The practice of empowerment became relevant only to the scorekeeper of the company. If it were possible to obediently follow the policy to the last line, the problems would be ironed out and it would prove to be near-perfect. The obstacle, however, is that this ideology needs to be implemented by very finite, very biased, very different, fragmented humans. This results in the irony of the very people who are meant to benefit from the empowerment process being the ones who hinder and distort it. And this is the cultural ‘now’ of BBBEE ideology and practice. To this end, the policy of BBBEE is not achieving its goal. One can only hope some initiatives, some funds given to beneficiaries and some empowerment scheme will build the society, somehow.

Concluding Remarks

This paper has not been intended as a grand mission to evaluate, criticise and provide alternatives to current BBBEE policy itself. It is a young policy, only recently legislated and one that is still in progress. In addition, no significant quantitative data has

been collected for this manuscript. Instead, this project is based on an empirical study, partly of the general public's perception of the policy, mostly of a specific organisation that has taken the initiative to implement BBBEE policy with considerable success. In essence, an attempt was made to present a holistic view of the BBBEE policy and its surroundings by probing the constructed reality of the affected parties, as communicated directly and indirectly by them, at a specific point of time. Debates on policy are one thing, how it is applied is another, and then there are the resultant clashes on perceptions as well as different discourses on the floor, all to be heard and analysed. This ethnographic account of BBBEE yields a great deal of understanding in the current socio-economic climate and its dilemma of which individuals and organisations in South Africa are constructing and reconstructing.

Nonetheless, this paper wishes to acknowledge the limits of the scope of this study as part of a reflexive exercise. Social issues such as a disproportionate educational system, the high prevalence of HIV/AIDS, the marked imbalance of rural and urban development, a shortage of skills, gender and disability politics and poor economic and cultural infrastructures were critical factors that, while they could be identified in business operations and briefly discussed, could not have been dealt with in sufficient depth and detail. These social imbalances, and subsequent cultural differences, are further fields of study; research of which is vital to fully exploring the limits of BBBEE policy and its ideological implementation. They are important elements that drastically shape people's perceptions and influence their behaviour accordingly.

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