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How South African Businesses Design and Execute Transformation Initiatives: Implications for Coaching

A Research Report submitted by

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ABSTRACT

The body of knowledge on transformation is growing and previous researchers have set a foundation by focusing on different aspects of B-BBEE and legislative redress. Scientific research on coaching as a tool to facilitate legislative redress is emerging. The objective of the research was to add to the emerging body of knowledge and uncover how South African businesses approach transformation, what processes and resources they use and what best practices are applied and if opportunities existed to introduce new concepts and frameworks, such as Coaching.

The study used qualitative research methodology. Semi-structured interviews were conducted with two employees in four different organisations, four technical signatories in two verification agencies and four B-BBEE consultants. The organisations who participated in the research qualified as level, one, two and three contributors to B-BBEE. It was assumed that the B-BBEE level would indicate the extent of transformation in the organisations.

Transformation in South Africa remains a contentious issue for business and employee responses to redress range from positive to negative. Organisations have been slow to respond to the people aspects of transformation. From the research, it was evident that organisations, verification agencies and consultants interchanged B-BBEE and transformation, implying that in South Africa, the concepts were similar, if not the same. Organisations' responses to B-BBEE were still very reactive and at the time of the interviews, the respondents all expressed varying levels of concern to the gazetting of the amended B-BBEE Codes of Good Practice. The view held, was that the amended codes would require organisations to take a more strategic view of transformation. Only one of the four organisations interviewed confirmed that they had a transformation strategy. As for the other organisations, the strategies could be described as emerging

Best practice is beginning to emerge and on some elements of the scorecard, improvements can be seen as organisations adapt approaches to yield a return on investment. Coaching as a resource to facilitate transformation was approached with caution even though the respondents recognised that third party interventions were necessary. The research builds a case for coaching as a tool to embed learning and

development as organisations shift from a tactical response to B-BBEE to a more progressive or authentic goal.

Keywords: Coaching, Transformation, Broad-based Black Economic Empowerment, B-BBEE, Employment Equity, Transformation Strategy, Legislation, Policies and Procedures, Culture and Diversity, Organizational Development

DECLARATION

I, Heather Prinsloo, declare that this research report is my own work except as indicated in the references and acknowledgments. It is submitted in partial fulfilment of the requirements for the degree of Master of Management (Business and Executive Coaching) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

_____

Heather Prinsloo

Signed at _____

On the _____ day of _____ 2017

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1 CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to determine how organisations design and execute transformation initiatives that result in sustainable organisational change. Organisational transformation is defined by Newman (2000) as an intra-organisational change that leaves an organisation better able to compete in its competitive milieu. Transformation is regulated and measured in South Africa through the application of legislation. The study aims to understand the strategies, execution processes and resources organisations may or may not use to achieve transformation objectives.

The study aims to explore how South African organisations and subject matter experts experience the implementation of transformation initiatives aligned to the objectives of Broad Based Black Economic Empowerment. The study looks at current best practice (strengths), possible weaknesses and opportunities to introduce new concepts, models and resources to facilitate the process. The study aims to link the contribution coaching can make to successful transformation.

1.2 Context of the study

27 April 1994 is a significant date in the history of South Africa; a date that heralded the end of Apartheid and the dawning of a Democracy. With the dawning of our Democracy came significant change, not just on a personal level, but also in the way business was conducted in the country, the mantra being, transformation as referred to in the BEE Act 2003. De Vos (2010) describes transformation as the complete transformation of the legal system as well as a dismantling of the structures which still help to perpetuate the racial and gender inequality in our society and continues to subjugate the majority of South Africans – both economically and socially. Ntim (2015) refers to the B-BBEE act as focusing on transforming the South African economy by de-racialising organisational ownership and management by increasing black ownership and increasing the participation of qualified black people in executive and senior management in organisations. He describes the Employment Equity Act as

seeking to identify and eliminate unfair and discriminatory practices and work to achieve an equitable balance between non-white and white employees.

To facilitate the economic transformation of our country, legislation was introduced. The purpose of some of the legislation was to regulate and measure transformation in the workplace, particularly the participation and integration of black people into all levels in the workplace and into business, in general. See table 1.1 for a list of legislation that facilitates transformation.

Table 1.1: Legislation that facilitates Transformation

Year	Act	Purpose
1998 Amended 2013	The Employment Equity Act 55 of 1998	Seeks to redress the past. Applies to all employers and employees and protects employees and job seekers from unfair discrimination, and also provides a framework for implementing affirmative action
1998 Amended 2013	Skills Development Act 97 of 1998	Aims to develop and improve the skills of the South African workforce.
2000	Preferential Procurement Policy Framework Act 97 of 2000 (PPPFA)	The purpose of the act is to provide a framework for the implementation of the procurement policy. (This legislation applies to all Government Departments and State Owned Enterprises.
2003 Amended 2014	Broad-Based Black Economic Empowerment Act 2003 (B-BBEE)	The purpose is to promote the achievement of the constitutional right to equality, increase broad-based and effective participation of black people in the economy and promote a higher growth rate, increased employment and more equitable income distribution;
2007 Amended 2015	Codes of Good Practice (Generic Scorecard)	Provide the framework for the measure of B-BBEE

The legislation illustrated above compels organisations to transform, and as a result, there seems to be resistance. It seems as if many organisations have taken a stance of minimum compliance. As a result, the response to transformation in SA has been tactical and focused on having acceptable scorecards. Compliance with Employment Equity and Skills Legislation is mandatory when measuring B-BBEE performance.

While an organisation might display a quantitative level of transformation based on a scorecard, the qualitative measures have been addressed at a very superficial level. There is no conclusive evidence of the correlation between a quantitative scorecard level and qualitative transformation in organisations.

1.3 Problem statement

1.3.1 Main problem

To identify what strategies, and associated executions, are used by organisations to effect transformation.

1.3.2 Sub-problems

The first sub-problem is to identify what strategies, if any, organisations employ to effect transformation.
The second sub-problem is to identify how organisations execute strategies to effect transformation.
The third sub-problem is to explore to what extent coaching can be used to facilitate transformation in organisations.

1.4 Significance of the study

Given our legacy, it is important that transformation initiatives are given priority. There are huge inequalities that exist between the different demographics in South Africa. In 2014, Statistics South Africa released a Poverty Trends Report; one of the findings was that while poverty levels have declined from 2006 to 2011, inequality in our society however, remains a problem. These inequalities have a direct impact on economic growth and stability and as a result, may have a direct or indirect impact on the success and competitive advantage of organisations. Compliance with transformation legislation is mandatory, especially when doing business with State Owned Enterprises, Government, or applying for a licence, such as mining or petroleum, for example, where compliance with legislation is enforced through the Preferential

Procurement Policy Framework Act. One of the key indicators in the PPPFA is the vendor's B-BBEE level.

Current solutions to transformation have not fully addressed; challenges and the topic has not been extensively researched. Booysen (2001), in her article, argues that there are differences in how whites and blacks manage. She also argues that if we are to understand each other, organisations will need to "South Africanise". If organisations are to transform holistically, they will have to address the mind-sets into which employees have been socialised. It is argued that legislation, government action and intermediary bodies influence economies and management's interpretation of these have a significant impact on employees' involvement and participation Marchington (2015).

Transformation related legislation, that is, B-BBEE and EE, was amended in 2014. The amendments demand organisations review their transformation strategies as a tactical response to the changes will not yield the same results as in the previous legislation. The changes call for strategic changes in how organisations operate their businesses, implement transformation objectives, as well as the extent of integration and promotion of diversity.

Horwitz and Jain (2011), in their article on the assessment of employment equity and black economic empowerment developments in South Africa, argue that the pace of representation and diversity at organisational levels in South Africa is incremental rather than transformative. Horwitz and Jain (2011) go further and identify that a qualitative study is needed to identify effective processes to assist managers to lead and institutionalise the more rigorous and difficult process of transformation.
The study provides guidance to businesses in South Africa who have to comply with transformation legislation, Transformation and Human Resource Practitioners and Government.

1.5 Delimitations of the study

The study includes results from Transformation Champions, that is, individuals who are employed in an organisation to implement and manage transformation initiatives, subject matter experts, for example, Transformation/ B-BBEE Consultants and Verification agencies. The study specifically looks at transformation initiatives linked to Black Economic Empowerment and Employment Equity, including strategies, processes and resources employed.

The manner in which South Africa addresses transformation is unique and as a result, literature on transformation is limited and just beginning to emerge. Krüger (2014) supports this statement in his own research by stating that B-BBEE is uniquely South African, and this limits academic research and does not provide a solid enough foundation to anchor research. A further challenge is finding organisations that use coaching as a tool to facilitate transformation. This is further supported by Feldman (2005), who cites that there is insufficient evidence to evaluate the impact of coaching in various settings.

1.6 Definition of terms

- Broad-based Black Economic Empowerment (B-BBEE) refers to the B-BBEE Act of 2003 and the amended Act of 2014; the purpose of the Act is to promote the achievement of the constitutional right to equality, increase broad-based and effective participation of black people in the economy and promote a higher growth rate, increased employment and more equitable income distribution.
- Commission for Employment Equity Report (CEE) refers to the annual report published by the Department of Labour profiling the South African workforce.
- Diversity is described by Roberson (2006) as the unique differences and similarities that employees, customers, suppliers and communities bring to our

work environment. These differences and similarities could include race, gender, culture, religion, perspectives, values, beliefs and other.

- Employment Equity (EE) refers to the Employment Equity Act of 1998 and the amended Act of 2013.
- Economically Active Population (EAP) refers to South Africans who are between the ages of fifteen and sixty-four who are employed, unemployed or seeking work.
- Inclusion is defined by Roberson (2006), as understanding, respecting the ways we differ by seeking out and using the knowledge and experience of diverse employees, as a competitive business advantage.
- Transformation is defined by Dreachslin and Saunders (1999) as fundamental change in organisational practices, resulting in a culture and climate where racial and ethnic diversity is valued.

Addendum 1 provides a reference for the acronyms used.

1.7 Assumptions

It was assumed that companies, consultants, and verification agencies would participate and be willing to share their learning and best practices. It was also assumed that the respondents trusted the process and provided open and honest responses.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The literature review explores academic research on transformation in South Africa, in order to get a broader and critical understanding of the current context. Organisational transformation/ change theory/ organisational development provides insight into best practice and change models that have been empirically tested and based on sound academic research.

The literature review includes a review of business strategies. It further provides insight into approaches to coaching with a focus on executive coaching.
The current body of knowledge is expanding daily as the topics introduced in this review are current. The literature review flows as follows:

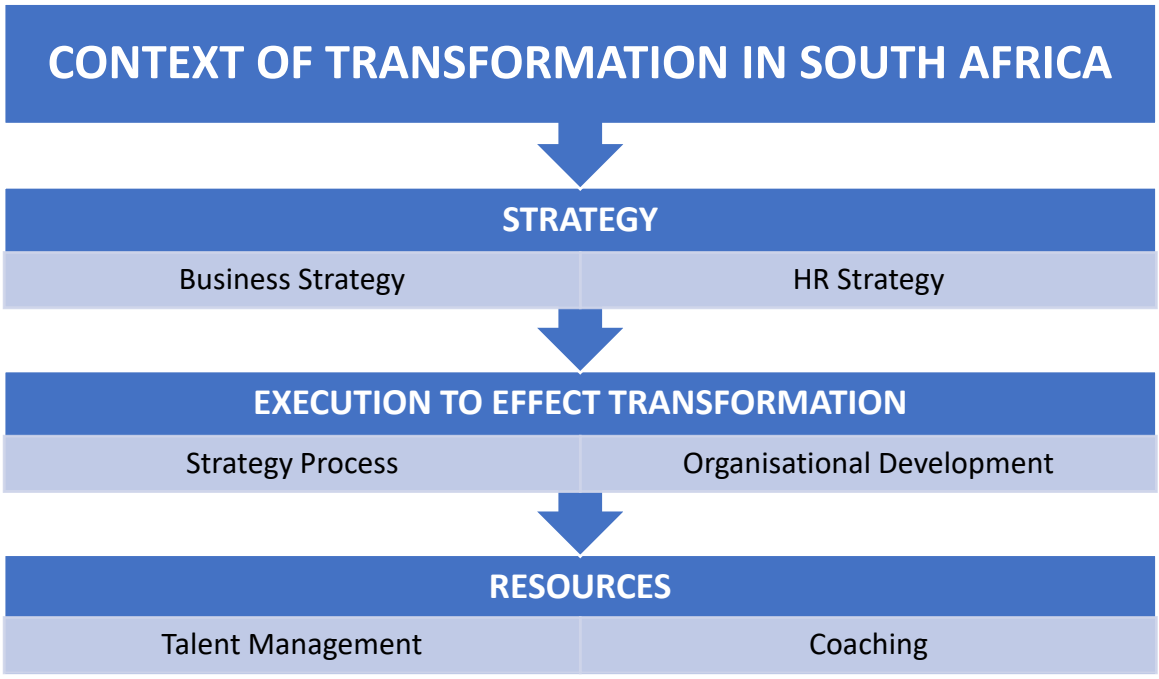


Figure 2.1: Flow of literature review

2.2 Context of Transformation in South Africa.

Transformation in South Africa can be deemed regulated through compliance with Broad-based Black Economic Empowerment (B-BBEE) and Employment Equity (EE). B-BBEE and Transformation are used interchangeably and can sometimes cause confusion. Cook (2013) and Maloa (2015) agree that transformation in South Africa is associated with B-BBEE. The compliance with employment equity legislation is mandatory and compliance with B-BBEE is voluntary, however non-compliance with B-BBEE precludes an organisation from doing business with Government and possibly other businesses in the private sector. Often organisations have to demonstrate compliance with both pieces of legislation and they further have to demonstrate the integration of blacks i.e. Africans, Coloured and Indians, into all occupational levels in the organisations (Horn, 2014; Mebratie and Bedi, 2013; Ntim, 2015; Ntim and Soobaroyen, 2013). They also further have to demonstrate the extent to which they are supporting black-owned enterprises through procurement and enterprise and supplier development. With reference to the B-BBEE Codes of Good Practice, the tables below indicate a brief purpose of the elements of B-BBEE scorecard as well as the measurement metric for both the 2007 codes, and the 2013 amended codes.

Table 2.1: Elements and Purpose of Generic Codes of Good Practice (2007)

B-BBEE Element	Brief Purpose
Ownership	Ownership measures effective ownership of the enterprise by black people
Management Control	Management Control measures the representation of black People who have effective control of enterprises. It measures non-executive and executive management
Employment Equity	Employment Equity measures the representation of black People and Senior, Middle and Junior Management in the organisation.
Skills Development	Skills Development measures the initiatives implemented to develop and grow the skills of black employees
Preferential Procurement	Preferential Procurement measures the extent to which organisations procure goods and services from empowered suppliers. Empowered suppliers mean suppliers who have a B-BBEE Scorecard.
Enterprise Development	Enterprise Development measure the extent to which organisations implement initiatives to assist and develop qualifying beneficiaries, beneficiaries being black owned small to medium enterprises
Socio-Economic Development	SED measures the contributions made to qualifying SED beneficiaries, beneficiaries being black South Africans

B-BBEE and EE legislation has recently been amended and these amendments demand from organisations to step back and critically review their contribution to economic and social transformation. The table below shows the elements and weighting of the amended B-BBEE scorecard, contrasted with the 2007 code.

Table 2.2: Comparative Elements of the B-BBEE Scorecard

Codes of Good Practice (2007)		**Revised Codes of Good Practice (2013)**	
ELEMENT	**WEIGHTING**	**ELEMENT**	**WEIGHTING**
Ownership	20.00	Ownership	25.00
Management Control	10.00	Management Control	19.00
Employment Equity	15.00		
Skills Development	15.00	Skills Development	20.00
Preferential Procurement	20.00	Enterprise and Supplier Development	40.00
Enterprise Development	15.00		
Socio-Economic Development	5.00	Socio-Economic Development	5.00
TOTAL	**100.00**	**TOTAL**	**109.00**

Entities are measured on the elements, allocated points and the total points result in a B-BBEE level. The table below contrasts the qualifying criteria in the 2007 and 2013 Code.

Table 2.3: B-BBEE Level Qualifying Criteria

2007 Codes of Good Practice			*2013 Codes of Good Practice*		BEE Recognition Level
B-BBEE status	Qualification		Qualification	B-BBEE status	
Level One Contributor	≥100 points on the Generic Scorecard		≥100 points on the Generic Scorecard	Level One Contributor	135%
Level Two Contributor	≥85 but <100 points on the Generic Scorecard		≥95 but <100 points on the Generic Scorecard	Level Two Contributor	125%
Level Three Contributor	≥75 but <85 on the Generic Scorecard		≥90 but <95 on the Generic Scorecard	Level Three Contributor	110%
Level Four Contributor	≥65 but <75 on the Generic Scorecard		≥80 but <90 on the Generic Scorecard	Level Four Contributor	100%
Level Five Contributor	≥55 but <65 on the Generic Scorecard		≥75 but <80 on the Generic Scorecard	Level Five Contributor	80%
Level Six Contributor	≥45 but <55 on the Generic Scorecard		≥70 but <75 on the Generic Scorecard	Level Six Contributor	60%
Level Seven Contributor	≥40 but <45 on the Generic Scorecard		≥55 but <70 on the Generic Scorecard	Level Seven Contributor	50%
Level Eight Contributor	≥30 but <40 on the Generic Scorecard		≥40 but <55 on the Generic Scorecard	Level Eight Contributor	10%
Non-Compliant Contributor	<30 on the Generic Scorecard		<40 on the Generic Scorecard	Non-Compliant Contributor	0%

B-BBEE scorecards are issued by accredited verification agencies who have to comply with regulatory standards as proposed by South African National Accreditation System (SANAS) as referenced by Pillay (2016) and Seate, Pooe, and Chinomona, (2016). Goldberg (2015) and Gomez and Premdas (2012) on the other hand, pointed out, that as soon as the Codes had been gazetted, the difficulties with implementation and interpretation became apparent. This they attributed to an absence of common standards and criteria for assessing B-BBEE. In November 2015, the Department of Trade and Industry (DTI) published the Amended Verification Guide for public comment. The Verification Guide sets out standards and principles against which audits will be conducted. The DTI believes that the Verification Guide addresses issues regarding interpretation.

Seate et al. (2016) cited that verification agency practitioners had to navigate a broad spectrum of clients and audits and thus specific skills sets are required. In their research to determine the managerial competencies by verification agency practitioners, they noted that there could very well be a lack of attention given to the ethical and professional values of honesty, integrity, objectivity, due care and commitment to public interest, before one's own. No literature could be found on the role of consultants in the transformation space. Iyalla (2014), in his research mentions that management shapes their own solutions with the support of external consultants. He goes on to say that organisations employ consultants purely to give advice on how best they can meet legislative requirements. The role of consultants, he says, is to empower line managers to shape their own solutions. In the absence of literature, we could assume that the same could ring true for B-BBEE Consultants.

2.2.1 Broad-Based Black Economic Empowerment (B-BBEE)

There is no clear definition of B-BBEE. The Strategy for B-BBEE published by the Department of Trade and Industry, identifies the following four key principles of B-BBEE;

(i) The B-BBEE process aims to deracialise the South African economy and increase the number of historically marginalised people participating in economic activity.

(ii) It is an inclusive process with an output that would benefit all South Africans

(iii) One of the key tenets is good corporate governance

(iv) It is part of a growth strategy

Transformation in South Africa remains a sensitive topic and discussion on the topic is almost always met with caution. As our democracy begins to mature, transformation is topical and relevant, however, academic literature remains limited. This premise is supported by Krüger (2014), who argued that B-BBEE specifically was uniquely South African and as a result, limited the availability of academic literature.

Transformation in South Africa is strongly associated with B-BBEE. Maloa (2015) shares the same sentiment. Cook (2013) and Maloa (2015) attribute transformation's failure to bad press, the legacy of past imbalances and inadequate implementation support. Lipton (2014) and Maloa (2015) agree that transformation objectives as determined by the South African government were not realised, resulting in a revision of transformation targets. The amended Codes of Good Practice came into effect in May 2015. The Code now measures five elements, namely ownership, management control, skills development, enterprise and supplier development and lastly, socio-economic development. The three focus areas or priority elements of the codes are, ownership, skills development and enterprise and supplier development. There is a significant emphasis on the human resource elements of the scorecard, that being employment equity and skills development where the measurement is based on the economically active population. It could be argued that this is a shift to ensure diversity in organisations. Enterprise and supplier development focuses on the procurement from and the development of small to medium businesses which are 51% black owned. Ownership is focused on ensuring that black partners or shareholders derive net value from the investments.

South Africa has experienced enormous change while transitioning from an apartheid state to a democracy. Some would cite the change as rapid and others as slow. However, change remains the constant, twenty-one years later. It is felt that the pace of transformation has been slow and this has resulted in the amendments of transformation related legislation i.e. Employment Equity Amendment Act and the Broad Based Black Economic Empowerment Amendment Act. The legislation is also largely viewed as being more onerous and the general response has been mostly

negative. Krüger (2011), in his research on the impact of BEE on South African business, found that the adoption of BEE practices appears to have little credibility and receive little support from managers of companies in South Africa. Irene (2017) on the other hand, suggests that there is a void in the B-BBEE programme and recommends that consideration be given to personal development and capacity building as an essential part of the B-BBEE.

There is a growing sentiment that change is imposed on South African businesses and that the costs of transformation is high. Research by Kleynhans and Kruger (2014) indicate that one of the shortcomings of B-BBEE is the associated costs and this might discourage foreign investment. Cook (2013) and Mebratie and Bedi (2013) agree, that the cost of B-BBEE is higher for South African businesses than for foreign businesses. Later in their research, Kleynhans and Kruger (2014), when discussing the results of measuring the correlation between high BEE levels and increased profitability, found that the empirical results indicate that a positive relationship exists between the different BEE scores and the variables of operating profit, turnover and investment. In their conclusion, they find that the effect of B-BBEE in companies has been positive and propose that these measures be applied in the future. They also propose that corrective procedures should be implemented in order to ensure that change is sustainable and results in economic growth.

2.2.2 Reaction toward redress

The change experienced in South Africa has resulted in economic and social change and has also impacted the social identities of South Africans. Korostelina (2003) argues that, in times of profound social change and transformation, and in unstable societies where group boundaries and experiences frequently alter, changes also occur in how individuals perceive their group affiliation. This could relate to how South Africans are feeling and reconsidering their affiliations to the Country and the organisations for which they work. Habib and Bentley (2008) argue that the implementation of redress has both positive and unintended consequences and may have also reified racial identities. Durrheim (2010)'s studies found that groups who had more to benefit from redress were more supportive of the policies than those who had

more to lose. The finding of their research indicates clear division in attitudes toward redress policies amongst the different demographic groups.

This is also evident in the dynamic responses of South Africans to transformation legislation. Nkomo and Kriek (2011) argue that during time of change in South Africa, leaders are faced with recreating their organisation with respect to core values, culture, strategy, structure, systems, processes and people.

Booysen (2007b) in the article *Societal Powershifts and Changing Social Identities: Workplace Implications*, examines the responses of employees to employment equity and B-BBE and argues that group membership is now based on self-perceptions and self-classification and not on legal definition as in the past. Booysen (2007b) found in her research, that the most common form of social identity in the workplace was race, followed by gender. In her article, she records that social identities spill over into the workplace and as a result, we have people being classified as in-groups and out-groups. We all understand that members of the out-group are often marginalised, discriminated against and prejudiced. This can then inadvertently impact how people from the two groups engage within the organisation. There is a general sense that transformation related policies are exclusive and benefit a particular race and it is often said that some people feel entitled as a result, and others feel that their livelihoods are threatened.

Booysen and Nkomo (2010) cite that our identities are shaped, reshaped and reinforced over an individual's lifetime by social structures and institutions and by our personal experiences. Booysen and Nkomo (2010) conclude their study by saying that South Africans need to un-think old groupings and begin to build new social identities rooted in factors other than race, that is, professional identities, work identities, socio-economic identities. The research unfortunately does not address how South Africans will construct these new identities.

A number of academics (Booysen, 2007b; Krüger, 2014; Op't Hoog, Siebers, and Linde, 2010; Seekings, 2008) are in agreement that the salience of race is deep-rooted in South Africa and that while attempts are being made to transcend race, debates

around affirmative action, employment equity and B-BBEE and others are subliminal reminders that our society is still deeply entrenched in race.

Seekings (2008) argues that there is a strong correlation between race and trust. From daily interactions, it is clear and normal for people to interact with people who are like them in terms of demographics and other social norms. This rings true for the workplace. Seekings (2008) found that, as people from non-designated groups interacted more and more with colleagues from the designated groups, they were less likely to agree with statements linked to prejudice or wariness of people from non-designated groups; they were also able to build stronger trust relationship.

Booysen (2007b), however, argued that some may feel strongly the need to belong to the in-group and could possibly fear marginalisation should they be empathetic and/or understanding of the plight of people in the out-group. This then could possibly result in a barrier to successful integration. Seekings (2008) on the other hand, points out that the workplace is the most important place for inter-racial interaction. He further states that there is insufficient published research on the reality of inter-racial interactions in the post-apartheid workplace. Based on this comment, it is unclear as to how individuals in the workplace or how organisations respond to the call for transformation.

We all recognise the richness of diversity in South Africa. It then seems obvious that this richness should spill over into the workplace and be appreciated for the value it brings. However, this does not always seem to be true as we have become accustomed to the use of generalisations and stereotypes. Booysen and Nkomo (2010) argue that South Africa's political and social history could possibly raise distinct differences in management stereotypes across race and gender. Oosthuizen and Naidoo (2010) maintain that leadership attitudes towards transformation legislation, influences subordinate responses. Oosthuizen and Naidoo (2010) further state that both beneficiaries and non-beneficiaries respond adversely to the labels attached. Beneficiaries, they say, may fear tokenism and marginalisation or be possible victims of white marginalisation. Non-beneficiaries, on the other hand, may fear retribution, career limitations, and may even question the competency and standards of non-beneficiaries. Donaldson, Mehlomakhulu, Darkey, Dyssel, and Siyongwana (2013)

agree and in their research on the so-called Black Diamonds in South Africa, argue that black beneficiaries detest labels and the perception that only a select few blacks have benefitted from redress legislation. Irene (2017)'s research also references the perception that only a select few benefit from B-BBEE.

Horwitz and Jain (2011) caution that we have to be conscious of the role of white fear of displacement and how this might impact employee engagement. This could possibly further entrench stereotypes as proposed by Booysen and Nkomo (2010). Research conducted by Hideg and Ferris (2014) discusses the notion of self-enhancement and the associated threats. They argue that beneficiaries and non-beneficiaries react negatively to EE policies because it presents a potential threat to self-image. They point out that for beneficiaries, these policies could suggest that their accomplishments are due to external factors, such as correcting a system that previously favoured whites. For non-beneficiaries, the policy may be perceived as the non-beneficiaries success is in part not due to any characteristics inherent in the individual, but rather due to belonging to a privileged group. Hideg and Ferris (2014) suggest that one of the ways to remove the stigma associated with EE policies was to present them as promoting diversity and not as redressing the past.

Oosthuizen and Naidoo (2010) found that in order to manage a diverse workforce, it was necessary to address the attitudes of employees. They further reflect that South African organisations face many challenges with implementing transformation legislation, such as employment equity, effectively. They also question whether organisations navigate the waves of change and how they will effectively manage communication that supports transformation. Oosthuizen and Naidoo (2010) concur with other researchers that further studies need to be concluded on how organisations implement legislation, such as employment equity.

As discussed earlier, the challenge for most organisations is how to move from compliance based transformation to authentic transformation. Horwitz and Jain (2011) maintain that transformation seems to be stuck on compliance rather than on organisational culture transformation. They further state that the focus on compliance limits the transformation agenda. Horwitz and Jain (2011) support the notion that further research needs to be conducted to identify processes that would assist

managers to lead and implement transformational organisational cultures. They further argue that a more engaging and transformative leadership culture would be required of senior executives and for them to be more visible and supportive of organisational change.

2.2.3 Employment Equity and Diversity

Diversity in the workplace in South Africa is monitored and measured through the implementation of the Employment Equity and B-BBEE Acts. The Employment Equity Act is aimed at redressing inequality in the workplace. It is also regarded as an enabler of diversity (Durrheim, 2010; Durrheim, Greener, and Whitehead, 2015; Govinder, Zondo, and Makgoba, 2013; Leonard and Grobler, 2006; Reuben and Bobat, 2014).

As mentioned earlier, compliance with the EE Act is mandatory and organisations report to the Department of Labour on an annual basis. From the submissions, the Department of Labour produces the Commission for Employment Equity Report (CEE). The CEE provides an overview of the profile of the South African business. The 2016 CEE report shows an improvement in the representation of blacks in the various occupational levels, however white males continued to be over-represented in executive and senior levels. White males also continue to be the most mobile as per the report. The report also publishes the Economically Active Population Statistics that are used to measure EE in B-BBEE.

Horwitz, Bowmaker-Falconer, and Searll (1996), argued that a mature corporate culture of people development did not exist in most organisations in South Africa. They further cited that effective individual and organisational change are most likely to occur when human resource development and diversity management approaches are adopted simultaneously. Horwitz et al. (1996) contended that the tasks facing the new South Africa was to find creative solutions for integrating economic growth and development in parallel with the deeply entrenched discriminatory practices and social division. They further point out that South African society is diverse and organisations are multicultural in their workforce composition. Managing such diversity, they say, requires skilful informed and extensive managerial training in interpersonal skills, appropriate systems and an understanding of both ethnic and corporate cultures.

Horwitz et al. (1996) point out that valuing diversity extends beyond understanding and co-operation and should, as an end-to-end goal, seek to improve organisational effectiveness.

Human (1996) argued that the expectations of South Africans were that the government of national unity would facilitate the effective management of diversity and the redistribution of power and opportunities. Human (1996) cited that South Africa has no choice but to manage workforce diversity effectively as the future prosperity and stability of the country depended on it. She goes on to argue that there have been few committed efforts to managing diversity and few have incorporated diversity management into their strategic planning process or reward systems. Human (1996) further argued that many organisations are paying lip service to diversity management and others are playing a numbers game and are underestimating the extent to which effective diversity management requires fundamental changes to organisational culture and the way in which people are managed. Thomas and Jain (2004) argued that one of the challenges faced by South Africa is that of ensuring that the new workforce in South Africa is demographically changed through the implementation of employment equity legislation toward the achievement of the global competitiveness of the country.

From the above review, it is evident that empirical research on how organisations implement transformation initiatives is limited and does not provide clear insight into whether transformation is sustainable and holistic.

2.3 Organisational Strategy

The first sub-problem is to explore and understand current literature on strategy. In the absence of a deluge of literature on organisational strategies specific to South Africa, mostly Western perspectives are reviewed, and where possible, the uniquely South African perspective is included.

2.3.1 Corporate Strategy

The word “strategy” can sometimes be perceived as intimidating and shrouded in secrecy. Mintzberg and Waters (1985) defined strategy as a pattern in a stream of decision. They elaborate further and say that strategies are achieved in work, conducted by organisational members in coherence with each other and over time. Mintzberg and Waters (1985) distinguish between emerging and deliberate strategies. They believed that for a strategy to be emergent, there must be some consistency in practice over time. A deliberate strategy, they say, results from emerging strategies. Mintzberg and Waters (1985) point out that for deliberate strategies to form as intended, three conditions need to be met. These conditions are precise intention, buy-in from stakeholders, and a predictable environment that is under the control of the organisation.

Kornberger and Clegg (2011) argue that the notion of an organisational strategy could imply a totalitarian form of management which disrupts the sense of the organisation as a community. Mantere (2013) points out that it is not clear how strategies become shared amongst organisational members even though the nature of the process bears crucial implications for theory and practice. He adds that strategy formation can act as a process where organisational communities discover their shared purpose and which allow community members to find meaning or even hope in their work. This research aims to establish if members of organisations are aware of their organisational strategies and how they engage these strategies.

It is also argued that strategy is supposed to lead an organisation through changes and shifts to secure its future growth and sustainable success, and that it has become the master concept with which to address CEOs of contemporary organisations and their senior managers (Carter, Clegg, and Kornberger, 2008). Whittington (2004) proposed that strategy be treated as an important social practice, something that organisational members do. Jarzabkowski and Whittington (2008) argued that strategy has traditionally been seen as something an organisation has, for example, a diversification strategy or a transformation strategy – for strategy as practice researchers, they say, strategy is something that people do. Strategy is a kind of work, not just a property of organisations. This re-conception of strategy immediately opens

up aspects of strategy that the academic discipline, both content and process, have been reluctant to address. Given this view of strategy, we do not yet know how organisations in South Africa view and understand a strategy, that is, do they see it as a plan or a set of actions.

Teece (2010) brings to the fore the concept of business model and business strategy. He defines a business model as embodying nothing less than the organisational and financial architecture of a business. He also points out that the concept of a business model has no established theoretical grounding in economics or business studies. Teece (2010) points out that a business model is about the benefit the enterprise will deliver to customers, how it will organise to do so, and how it will capture a portion of the value that it delivers. He goes on to say, that in practice, successful business models very often become, to some degree, 'shared' by multiple competitors. Teece (2010) goes on to say that coupling strategy analysis with business model analysis is necessary in order to protect whatever competitive advantage results from the design and implementation of new business models. Selecting a business strategy, he says, is a more granular exercise than designing a business model. Given this extract from Teece (2010)'s work, we do not understand how granular transformation strategies are, if they exist, and how they are implemented. We also do not know how similar or dissimilar transformation strategies may be and therefore we cannot classify them as business models or strategies.

2.3.2 Human Resource Management Strategy

Bamberger, Biron, and Meshoulam (2014) posit that since the mid 1980's, human resource researchers were calling for human resource management to take a more strategic stance. They go on to cite the Harvard approach to strategic human resource as aligning the interests of employees and management to improve organisational effectiveness, as well as individual and societal well-being.

A strategic approach to human resource management, Bamberger et al. (2014) say, should place an emphasis on the synergy of the various human resource practices and on ensuring that practices are aligned to the needs of the business. They argue that strategic human resource management should be part of the formulation of

business strategy. Armstrong and Taylor (2014) suggested that in order for a HR strategy to be effective, it must be based on sound analysis not just on wishful thinking. Armstrong and Taylor (2014) go further and say that a good HR strategy will make employees feel valued, create awareness and a common vision about the organisation. It also provides valuable input as to how people will be developed, grow and be rewarded in the organisation.

Human Resources are the custodian of the organisation's policies, processes and procedures. Armstrong and Taylor (2014) say that HR policies and procedures are guidelines to the approach the organisation will adopt to manage employees. Policies and processes shape the values, culture and philosophies of the organisation. They point out that policies should be separated from procedures. Armstrong and Taylor (2014) believe that policies are guidelines to an approach adopted by an organisation, while a procedure spells out the action to be taken in line with the policy.

Research done by Janssens and Zanoni (2014) found that policies and practices such as recruitment, team work, job classification and development fostered ethnic equality at work. Horwitz (2013) believes that strategies often emerge in uncertain times. He further points out that human resource research is still emerging in South Africa. The professionalisation of HR in South Africa is still relatively young. In 2014, the South African Board of People Practices released a National Human Resource Standard. The standard was developed to improve the quality of HR and to reduce inconsistencies in the profession. The South African Board of People Practices (2014) point out in their HR Management Standard for South Africa that an HR strategy cannot be formulated in the absence of a clear, openly communicated organisation strategy.

2.4 Execution to Effect Transformation

The second sub-problem is to identify how organisations execute strategies to effect transformation. Current literature on organisational processes employed to facilitate transformation was reviewed. In the absence of literature on organisational change in South Africa, we reviewed mostly Western perspectives and where possible, included the uniquely South African perspective.

2.4.1 Strategy Processes

As discussed above, Mantere (2013) points out that it is not clear how strategies become shared amongst organisational members even though the nature of the process bears crucial implications for theory and practice. What is clear, is that people drive strategy (Brundin and Melin, 2006; Jarzabkowski and Whittington, 2008; Kiefer, 2005; Maitlis and Christianson, 2014). Barsade (2002) argued that the emotional displays of members can have powerful effects on group dynamics and on processes such as decision making. It then seems fair to say the successful implementation of a strategy would be determined by how employees engage the process.

Liu and Maitlis (2014) examine the relationship between the unfolding emotional display patterns of top management team members and the way that they propose, discuss, and evaluate strategic issues, and take or postpone decisions about them. They argue that to study the process of strategising without taking into account its emotional content is therefore quite limiting. Brundin and Melin (2006) describe strategising as the talking, thinking and acting relating to strategic issues occurring in micro-processes. Brundin and Melin (2006) found that a persistent discrepancy between displayed emotions and emotional experiences creates a low level of emotional energy in the strategist, and in those around him or her, thus making a contradictory impact on the strategic intent of the strategising.

For most organisations, the dynamic process of adjusting to environmental change and uncertainty while managing internal interdependencies is enormously complex, encompassing myriad decisions and behaviours at several organisation levels, but the complexity of the adjustment process can be penetrated: by searching for patterns in the behaviour of organisations, one can describe and even predict the process of organisational adaptation says Miles, Snow, Meyer, and Coleman (1978).

Mintzberg and Lampel (1999) contended that strategy is pushed along by the sheer creativity of managers, because they explore new ways of doing things. They also contend that various approaches to strategy will each require their own processes. They acknowledge that this is overwhelming but argue that when developing processes, we need to ask better questions and generate fewer hypotheses in order

to allow ourselves to be pulled by real-life concerns rather than reified concepts. They also say we need better practices, not neater theory. Mintzberg and Lampel (1999) further add that we must concern ourselves with process and content, statistics and dynamics, constraint and inspiration, the cognitive and the collective, the planned and the learned, the economic and the political to strategy formation.

As we do not know if South African organisations have transformation strategies, we do not have the requisite evidence on how these strategies are implemented and what processes are being followed.

2.4.2 Organisational Development and Change

An organisation is made up of the sum of its people. Senge (2014) describes organisations as products of the ways that people in them think and act. Weick and Quinn (1999) describe change as a phenomenon over time. Organisational change they say, occurs as a result of failure of some sorts. They argue that organisational change aims to enhance individual development and improve organisational performance through the alteration of organisational members' on-the-job behaviours. Weick and Quinn (1999) quote Porras and Robertson (1992)'s definition of organisational change as a set of behavioural science-based theories, values strategies aimed at planned change of the organisational work setting for the purpose of enhancing individual development and improving organisational performance. Cheung-Judge and Holbeche (2015)'s definition is similar and states that organisational development is a guide to the development of organisational effectiveness, especially during change.

Weick and Quinn (1999) go further and distinguish episodic change and continuous change. Episodic change, they say, tends to be infrequent because of its wide scope and less complete because it is seldom fully implemented. This, they say, is more disruptive because programmes are replaced rather than altered and initiated at higher levels in organisations. Continuous change, Weick and Quinn (1999) explain, are changes that tend to be on-going, evolving and cumulative. They say a key quality of the continuous change is the idea that small continuous adjustments created simultaneously across units can accumulate and create substantial change.

It is commonly understood that change occurs on a continuum over time and this often allows organisations to determine the directions and pace of change. However, given South Africa's history, transformation could be described as intentional and even radical. Boyatzis and Boyatzis (2006) describe the change process as non-linear and discontinuous, appearing or being experienced as a set of discoveries of epiphanies.

Kurt Lewin is referred to as the founder of change theory, having introduced the three-step change process. This is supported by Kritsonis (2005) who points out that change models all seem to have elements of Lewin's model of unfreezing, changing and refreezing. Another popular change model is that of Kotter. Kotter (1995)'s change model includes the following eight steps;

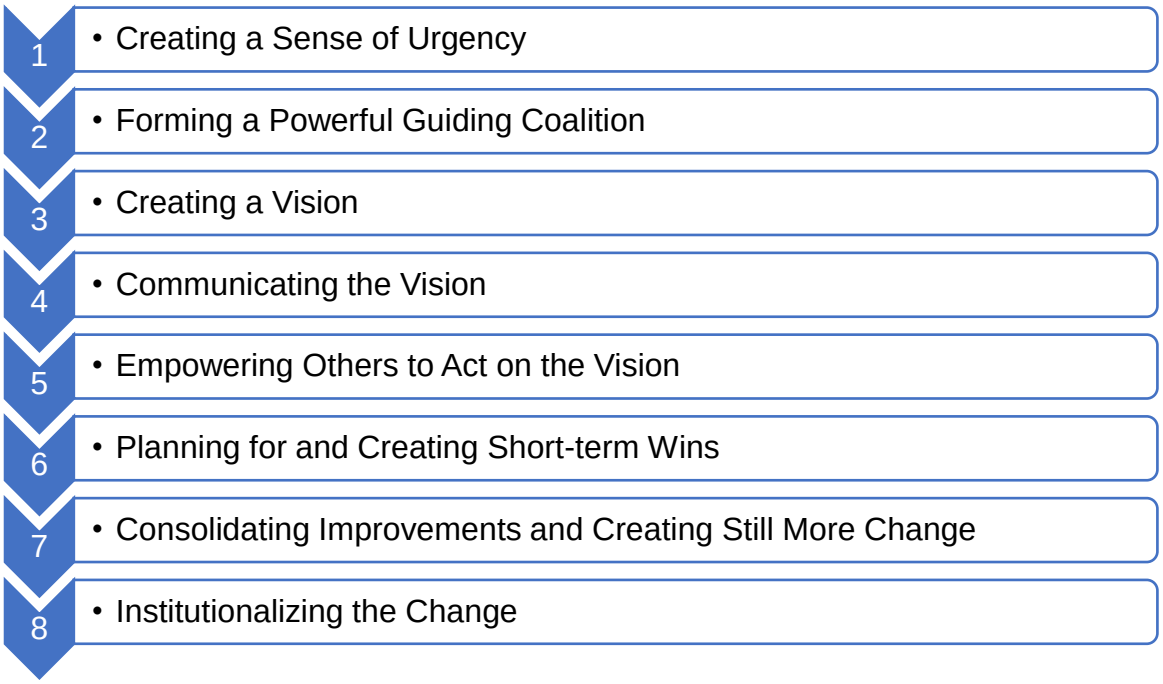


Figure 2.2: Kotter's Change Model (Kotter, 1995)

Kotter (1995)'s premise is that many transformation efforts have not been successful. He attributes the failures to not following the steps as proposed in the model above. While the model above has been lauded, Appelbaum, Habashy, Malo, and Shafiq (2012) argue that while Kotter's model is popular, it has no sound scientific basis. Appelbaum et al. (2012) subsequently tested the model and adopted the framework as applicable in certain types of change. They concur that while the model is a good

starting point for managers implementing change, it should not be seen as a process that would guarantee success. They cited the following limitations on Kotter's model; the approach is rigid; some of the steps are not relevant in some contexts; it does not address dealing with difficulties during change management; there were difficulties of studying change management projects as change happens over time.

Another popular change model is that of Senge. Senge (2014) identifies three phases of change, namely, initiating the change, sustaining the momentum and redesigning the organisation. Within these phases, Senge (2014) identified that people are central to change.

Hiatt and Creasey (2003) also believe that people are at the centre of all change management processes. They developed the ADKAR model for change. This process entails creating awareness around the need to change, desire to change, the knowledge on how to change, ability to learn new skills and behaviours and then the reinforcement. The ADKAR is people focused.

Kritsonis (2005)'s comparison of change theory recognised that Lewin's model is very rational, goal and plan orientated and makes rational sense, but when implemented, the lack of considering human feelings and experiences can have negative consequences. She points out that while there is no right and no wrong way to change management, it is important that we must continually review and consider how our changing society and culture will require fresh insight on the appropriate change process. Weick and Quinn (1999) believe that to understand organisation change we need to understand organisation inertia, its content, tenacity and interdependencies.

In order to understand an organisation's inertia, content and interdependencies, an organisational diagnosis needs to be conducted. Cummings and Worley (2014) describe organisation diagnosis as the process of understanding a system's current functioning. It involves the collection and analysis of data, drawing conclusions for potential change and improvement. Organisation development initiatives derive from an organisational diagnosis. Cummings and Worley (2014) defined OD interventions as a sequence of activities, action and events intended to help an organisation improve its performance and effectiveness. They propose four key types of OD interventions

namely, Human Process Intervention, Structural Intervention, Human Resource Management and Strategic Interventions.

Change models or Organisation or Development Interventions will have to be adapted to suit the South African context. Organisational change in South Africa was propelled by radical political changes. Nkomo and Kriek (2011) say that following the National level change, South African strategic leaders were faced with recreating their organisations with respect to core values, culture, strategy, systems, processes and people. They cite that while there is an abundance of literature on types of change, there is very little that provide insight into how leaders should lead during times of change in various contexts and those that do exist are prescriptive

2.5 Resources to Effect Transformation

A recent article by McKinsey's, Bucy, Hall and Yakola (2016) states that it takes an enormous amount of time and energy to realise required changes. In order to realise these changes, they argue that organisations manage the change through a transformation office. The role of the Chief Transformation Officer should be to reinforce executive decisions, change employee and managerial mind-sets and embed new cultures that would sustain the transformation. They go further and state that the Chief Transformation Officer must identify the organisation's full potential, collaborate with senior managers in the business and be empowered to make decisions.

2.5.1 Talent Management

Talent management is often identified as a strategic HRM function. While the definition of talent management is not definitive, one of the definitions cited by Lewis and Heckman (2006), is that it is a collection of typical human resource department practices, functions and activities such as recruiting, development and career and succession management. Collings and Mellahi (2009), on the other hand, define strategic talent management as activities and processes that involve the systemic identification of key positions, developing people to fill the roles and ensuring their continued commitment to the organisation. Vaiman, Scullion and Collings (2012), ague

that while there is no definitive definition of talent management, it involves attracting, selecting, developing and retaining the best employees. Armstrong and Taylor (2014) defined talent management as the use of an integrated set of activities to ensure that the organisation attracts, retains, motivates and develops the talented people it needs for the future. Armstrong and Taylor (2014) believed that the elements of talent management started with the business strategy and included resourcing, reward, development, career and succession planning to name but a few and within all of these would be sub-strategies. Cummings and Worley (2014) identified the following important HRM interventions that are integral to talent management. These are coaching and mentoring, career planning and development and management and leadership development.

2.5.2 Culture and Diversity Management

Diversity management should be an integral part of strategic human resource management, argued Shen, Chanda, D'Netto, and Monga (2009). They argued that effective human resource strategies focus on improving and increasing organisational learning, flexibility, knowledge creation and development of a work environment which is conducive to diversity management. Shen et al. (2009) further argued that diversity management has a place in human resource management and should be at the heart of human resource practices and policies.

Diversity in the workplace is often seen as the recruitment and retention of employees from underrepresented groups (Thomas and Ely, 1996). Thomas and Ely (1996) pointed out that organisations often took one of two approaches to diversity in the workplace. The first, they said, was in the name of equality and fairness, where organisations encouraged and expected people of colour and women to blend in. The second approach they said was to appoint people of colour and women to jobs that relate specifically to their demographics and background. They also highlighted an emerging paradigm: connecting diversity to work perspectives that links diversity to organisational strategy, markets, processes and culture. They further pointed out that diverse employee perspectives and approaches should be incorporated into business processes to leverage the benefits of diversity to enhance organisational learning and growth. Cox and Blake (1991) argued that organisations that fail to make changes to

use and keep employees from different backgrounds could expect to suffer a significant competitive disadvantage to those that do. The results of Ntim (2015)'s research on board diversity and organisational value show that ethnic and gender diversity enhanced board independence, executive monitoring and decision making and further enhanced the link between the organisation and its external environment. This, he found, facilitated securing critical resources and as a result, improved market-valuation. Leonard and Grobler (2006) and Hideg and Ferris (2014) believe that employees will respond more positively to diversity management than EE legislation.

Culture is defined by Cummings and Worley (2014) as the pattern of artefacts, norms, values and basic assumptions about how to solve problems that works well enough to be taught to others. They say that culture is a process of social learning and is the outcome of prior choices about and experiences with strategy and organisational design. Culture, they believe, can either facilitate or hinder organisational transformation. Schein (2010)'s definition of culture differs ever so slightly from that of Cummings and Worley (2014). Schein (2010) argues that culture is the intrinsic social fabric through which organisations operate, consciously and unconsciously, intentionally and unintentionally. He points out that culture provides the code that allows human beings to predict behaviour, maintain relationships and find meaning and purpose. (Armstrong and Taylor, 2014; Schneider, Ehrhart, and Macey, 2013) argue that an organisation's culture is embedded in it policies and procedure. Armstrong and Taylor (2014) suggest that an organisation's policies are an expression of an organisation's values or beliefs on how people should be treated. They add to this and say that policies define how an organisation meets its social responsibilities for its employees and sets out its attitude toward them. Schneider et al. (2013) link policies to organisational climate and point out that inconsistent policies and procedures result in weak organisational climates. They describe organisational climate as emerging through a social information process that concerns the meaning employees attach to the policies and procedures. Kahn (2014) believes that leadership plays an important role in influencing and shaping the behaviours and values of others, thereby creating the condition for culture formation.

Human (1996) suggests that meaningful and effective intercultural, inter-gender, inter-ethnic situations require the management of diversity in the broadest sense. Human

(1996) proposes that managing diversity skills programmes should include awareness of the negative impact of stereotypes, self-awareness and communication skills to minimise the use of negative stereotypes and to reinforce processes by which the development of more accurate stereotypes occurs. Painter-Morland (2016) suggests that we are still caught up in the otherness of the apartheid regime. She argues that many professionals that were raised in a western capital culture are still functioning within an impoverished moral culture. The solution, she argues, is having unapologetic dialogue. Unapologetic dialogue, Painter-Morland (2016) describes as being witness of a person's own religious, cultural, political values without making any excuses for one's beliefs and view-points. She believes that we should not be pitting our emotional and rational powers against another set of values. She argues that unapologetic dialogue promotes inter-subjectivity and brings to the fore the rich interdependence, that is not readily acknowledged. Gbadamosi (2003) argued that in order to prepare South Africa's future leaders to be successful in a dynamic environment, current business leaders must serve as role models. This involves the active coaching and mentoring of top talent, ensuring that they have a belief in organisational change and have an appreciation of the advantages of workplace diversity.

2.5.3 Talent and Skills Development

Literature on talent development is sparse. This view is supported by Garavan et al. (2012). They go on to define talent development as focusing on the planning, selection and implementation of development strategies for the organisation to meet current and future supply of talent to meet organisational objectives. They see talent development activities being aligned to talent management processes. Ross (2013) explains that talent means different things to different people and, as a result, there is no definitive definition. Ross (2013) went further and said if success is the desired manifestation of talent, then organisations need to enable people to achieve personal success in order to retain it within the organisation. Kraak and Press (2015) say that there is no consensus on what categories of work constitute high and intermediate skills levels. Artisanal and technical skills, they say, is often considered as intermediate, whereas graduates, such as engineers, are regarded as highly skilled workers. There is no clear evidence to suggest that there is a differentiator between talent and skills development.

Horwitz (2013) suggests that there is a perception that graduate qualifications are superior to artisanal and technical qualifications. This, he says, is due to poor knowledge and education about the opportunities for technical training. He goes further to state that skill shortages are not a uniquely South African phenomenon. Staying with perceptions, Govinder et al. (2013) in their research on demographic transformation of universities in South Africa, found that whenever equity was raised, conversations around compromise of quality and standards arose. Competence has been termed a fuzzy concept because it means different things to different people. Le Deist and Winterton (2005) believe that competence is a combination of knowledge, skills and social competences that are necessary for particular roles. They go further and explain that the competence of an occupation includes both conceptual and operational competencies as well as meta competencies. van Klink and Boon (2003) point out that competence bridges that gap between education and job requirements. Reuben and Bobat (2014) refer to an illegitimate belief that white people are intellectually and otherwise superior to non-white people. This belief they say, was entrenched by apartheid. Reuben and Bobat (2014) went further and said that there was an immediate assumption that black people were unqualified or incompetent because they got jobs on the basis of their skin colour. They say this kind of narrative neglects the possibility that black people can be skilled, competent and black at the same time. These perceptions on the other hand, lead to employee retention challenges. Mohan, Muthaly, and Annakis (2015) found that one of the most important contributors to employee retention is employee training and career development. Besides agreeing with Mohan et al. (2015) and Reuben and Bobat (2014), Horwitz (2013) contends that poor human resource practices and budgetary constraints result in the under-utilisation of existing staff and the unintended consequences of redress have made the retention of scarce skills difficult. Another challenge, he highlighted, was that the Sector Training Authorities (SETA's) has not succeeded in addressing scarce skills in certain sectors. Horwitz (2013) cites evidence of weaknesses in the operation of certain SETA's. He goes on to say that it is believed that the Department of Labour is addressing the SETA challenges. Government, he says, increasingly recognises that training has to become a national imperative to address skills shortages but requires a more integrated and coordinated planning process.

Despite these challenges, Garavan et al. (2012) point out that there is a view that employees are responsible for managing their own development and for preparing themselves for the future. They posit that there is insufficient evidence to support this view. Current evidence, they say, point to a requirement that organisations develop a talent pipe-line for now and the future. Mohan et al. (2015) quotes Davies and Davies (2010) as saying that in talent development, learning and skills development are significant factors for talent focused organisations. They then go on to quote Evans, Pucik, and Barsoux (2002) and Ibeh and Debrah (2011) who hold the view that talent development involves developing leaders through processes such as coaching, feedback, mentoring and challenging employees.

2.5.4 Mentoring and Communities of Practice

It is not uncommon for coaching and mentoring to be confused (Jenkins, 2013). Mentoring is broadly defined as a knowledge and skills exchange between a novice and an expert (Crutcher and Naseem, 2016; Holtbrügge and Ambrosius, 2015; Masalimova and Nigmatov, 2015). Crutcher and Naseem (2016) in their research, found that there was insufficient evidence and differing views on mentoring and mentoring practices. Holtbrügge and Ambrosius (2015) argue that mentoring is a valuable tool for human resource development. They list a number of advantages of mentoring, including higher motivation, improved performance, retention, succession, as well as improving the number of minorities in leadership. Masalimova and Nigmatov (2015) add that mentoring improves competencies and prepares mentees and mentors for change. Kim, Egan, Kim, and Kim (2013) point out the difference between coaching and mentoring, terminologies that are often confused. Coaching, they say is short-term whereas mentoring is long term and the mentor is most likely a subject matter expert in a specific field.

Another method of ensuring transfer of knowledge is Communities of Practice (CoP). Cordery, Cripps, Gibson, Soo, and Kirkman (2015) advise that more and more organisations are using CoP's as a way of exchanging knowledge and expertise as well as the sharing of best practice. They argue that CoP's are seen as collaborative structures aimed at facilitating the improvement of organisational performance. CoP's are defined by Cordery et al. (2015) as a group of people who share a common

concern, problem or passion about a topic, who through their interaction, deepen their expertise and knowledge. Shams (2013) refers to CoP's as a collaborative learning approach with the aim to foster growth.

2.6 The potential for Coaching as a Resource to Facilitate Transformation

The third sub-problem explores to what extent coaching can be used to facilitate transformation. Coaching is a relatively new discipline in South Africa and it is argued that there is limited research (Cilliers, 2005; Stevens, 2013). Jones, Woods, and Guillaume (2015) say that in the context of Human Resource Management, coaching represents an approach to employee learning, training and development. Various proponents of organisational change have also advocated the use of external change agents to assist in facilitating change process. How then can an external coach contribute to change? Theeboom, Beersma, and van Vianen (2014) contend that over the past two decades there has been a significant increase in the use of coaching methodologies as a means of enhancing performance and development in organisations.

While there are varying definitions of coaching, a common theme runs through them. This theme is a professional helping relationship aimed at achieving defined goals. Theeboom, Beersma, and Vianen (2014) define coaching as a results-orientated systemic process in which the coach facilitates the enhancement of life experience and goal attainment in the personal and/or professional lives of normal non-clinical clients. Berg and Karlsen (2012) include the following definition "the art of facilitating performance. Learning and development of another." Coaching is unlocking people's potential to maximise their own performance. It is helping them to learn rather than teaching them.

The most widely cited definition is that of Kilburg. Kilburg (1996) defines executive coaching as a contracted helping relationship between a client who has managerial authority and responsibility in an organisation and a consultant who uses a wide

variety of behavioural techniques and methods to help the client achieve a mutually identified set of goals to improve his/her professional performance, personal satisfaction and results in improved effectiveness in the organisation. Kim et al. (2013) concur with the definitions above.

Grant, Curtayne, and Burton (2009) agree that there is limited evidence on the effectiveness of coaching as it is still an emerging field of study. Theeboom, Beersma, and van Vianen (2014) refer to coaching research as lagging behind even though it is a popular management development tool. Jones, Woods, and Guillaume (2016), concerned with the scarcity of research of the effective of coaching, conducted research to this effect. Their meta-analysis concluded that there was a lack of scientific evidence. However, they found that coaching yielded positive results in performance and learning outcomes. Grant et al. (2009), Jones et al. (2016) and Theeboom, Beersma, and van Vianen (2014) agree that executive coaching yields positive results and can improve both business results and personal development. While MacKie (2014) agrees with the researchers on the lack of scientific evidence, his research found that through coaching, clients can learn transformational leadership. He further cited that coaching methodology was a critical success factor.

Grant et al. (2009) argue that in the presence of a supportive relationship, confidentiality, setting of goals and dealing with setbacks in a coaching relationship, the client/ coachee will experience a greater sense of self-confidence, job satisfaction and well-being as well as being better positioned to deal with change.

As discussed previously, we live and work in ever changing environments (Berg and Karlsen, 2012). They also say that research has shown that in a coaching relationship, the managers will create new insight, develop new knowledge and capabilities to achieve desired results. Bennett and Bush (2013) concur by saying that a coaching relationship can serve as a helpful resource in navigating uncertainty and stimulating learning. Stelter (2009) suggests that one of the key tenets of coaching is to strengthen the coachee's ability to reflect. The reflective space he says, allows for an evaluation of values, meaning, narratives, purpose and goals. Cummings and Worley (2014) see coaching as an important resource in organisational development. They contend that coaching assists executives to more effectively execute transition and help the

coachee understand how their behaviours are contributing to the organisation achieving their objectives. Cummings and Worley (2014) believe that transformational change requires much learning and innovation and behavioural change. Doing business in the 21st Century requires leaders that are courageous, that understand their environment and are able to harness the value of a diverse workforce. This means that leaders have to be increasingly more agile and fit for change. Horney, Pasmore, and O'Shea (2010) describe agile leadership as leaders being able make continuous shifts in people, processes, technology and structure. Leaders they believe, need to adapt to changes in the business environment in a focused, fast and flexible manner. Aiken and Keller (2007) suggested that CEO's need to make transformation meaningful, they also need to role-model the desired behaviour and mind-sets. Leaders, they say, must build a strong and committed top management, and they must relentlessly pursue impact and outcome. Cummings and Worley (2014) posit that leadership plays a key role in any transformation process as they are responsible for the strategic direction and operation of the organisation. Leaders, they say, decide when to initiate change and what processes will be followed and implemented. Walumbwa, Wang, Wang, Schaubroeck, and Avolio (2010) argued that followers emulated the leader's behaviour. They further argued that authentic leader behaviour supported an environment that was conducive to employees being more willing to engage behaviours that would help the organisation even when it is not their specific role. Cummings and Worley (2014) further add that during the change, employees must learn qualitatively different ways of perceiving, thinking and behaving, the learning process will be extensive and will involve a lot of unlearning. Kahn (2014) argues that a business executive coach's job is to simultaneously helps the individual/ coachee and organisation achieve greater success, where the value they receive from each other is maximised and transformed.

Goleman (2000) believes that coaching skills are a vital part of every leader's toolkit, even though the necessary skills come naturally to only a few. Hagemann and Stroope (2013) agree and add that thinking skills are imperative for future leaders as they will be expected to lead teams, build talent, develop business meeting and handle conflict. They add that at an executive level, the most commonly used development strategy is executive coaching. Pulakos, Hanson, Arad, and Moye (2015) advise that one of Google's eight habits of highly efficient working is coaching and helping employees to

develop. They point out that Google experienced a 75% improvement in their least effective managers through teaching the eight habits. They argue that coaching behaviours ask the right questions and model the behaviours that employees can emulate. This, they say, is more productive than traditional “tell me” feedback. McNamara et al. (2014) did a study to determine the effect of coaching as a parallel support to leadership development. McNamara et al. (2014) evidenced that the action and learning orientated functions of coaching helped practitioners in the study generate solutions as well as means of developing managers for their roles. Bond and Seneque (2012) did research on conceptualising coaching as an approach to management and organisational development. The results from their study suggest that coaching adopts a holistic approach to management and organisational development and when used as part of an organisation-wide strategy can offer a framework for human resource development that is grounded in the here and now and assists with balancing individual team and organisational development needs

Grant (2006), Grant et al. (2009) and Grant and Hartley (2013) say, that coaching initiatives in organisations often fail, despite organisations investing considerable time and money into developing the coaching skills in the workplace. This they attribute to lack of support and clear consistent messages about the importance of the programme from respected voices in the organisation. They say that good coaching enhances goal attainment and increases well-being and contributes positively toward driving change in an organisation. The research conducted by Jones et al. (2015) concluded that coaching resulted in a number of key positives for learning and performance outcomes.

Debates on the efficacy of coaching persist and many cite that there is insufficient evidence to prove that coaching is a worthwhile resource (Passmore and Fillery-Travis, 2011). They argue that there are two schools of thought around coaching. Some believe that empirical research is required to prove its efficacy and others believe that knowing coaching works is enough to prove its efficacy. Passmore and Fillery-Travis (2011) argue that as coaching is evolving and developing, there is huge potential to grow the knowledge base and to enhance the coaching performance of current coaches. They explain that the approaches to coaching have grown and now also include narrative approaches, gestalt, existential, NLP, solution focused and

integrative and motivational interviewing. The approaches identified by Passmore and Fillery-Travis (2011) allow for flexibility in adopting approaches suited to the context. Theeboom, Beersma, and van Vianen (2014) asked the question “Does Coaching Work?” The results of their study indicate that coaching has significant positive effects on performance and skills, well-being, coping, work attitudes and goal directed self-regulation. Cummings and Worley (2014) see coaching as a key process in an OD intervention. They see coaching as an intervention that helped managers and executives to clarify their goals, deal with stumbling blocks and improve their performance to achieve organisational results and more effective leadership skills. Once again, there is no substantial evidence to prove that coaching will assist in the transformation process.

2.7 Conclusion of Literature Review

The body of knowledge on B-BBEE and transformation in South Africa is growing. However, it is evident that there is no conclusive evidence as to how organisations in South Africa are approaching transformation. There is no conclusive evidence or empirically tested guidelines on best practices used to facilitate transformation in South Africa. Horwitz and Jain (2011) posit that research is needed to identify effective processes to assist managers to lead and institutionalise the more rigorous and difficult process of transforming organisational culture from a traditional, largely male one, to a more inclusive and representative culture is a large challenge.

It is important to note that the literature does however bring insight into how employees are responding to transformation. The responses range from negativity to ambivalence, to resignation and to acceptance. The literature also lacks evidence in terms of how employees are being assisted through the transformation process. These limitations provide an opportunity to assess strategies, execution processes and resources currently being used to implement transformation. The research also allows for an opportunity to explore if coaching could possibly be used to effect transformation.

The organisational design and change models explored are based on Western constructs and do not fully address the uniquely South African dynamic. The change

models discussed do address variables that may manifest in the change process. Human interaction is fluid and cannot be predicted. Therefore, a rigid change process will not necessarily yield the result sought. In the context of the South African paradigm, personal narratives play an important role as our way of being and how we make sense of change. As coaching is an evolving and emerging practice in South Africa, it is not yet clear if it is being used to facilitate transformation.

In summary, from the above reviews, it is evident that empirical research on how organisations implement transformation initiatives is limited. It is also not clear what strategies, processes and resources are being used or allocated to address the leader and employee responses to transformation. The research may provide insight into why organisations are still grappling with transformation. It also seems that we need to pay closer attention to personal constructs and stories and how in the absence of clear guidelines and tested best practices, we are trying to make meaning of the constant and evolving change in South Africa.

3 CHAPTER 3: RESEARCH METHODOLOGY

This section describes the methodology followed to address the research questions. The research methodology is outlined, followed by a description of the research design, a discussion of the population and sample, the research instruments used, and the procedures for data collection and methods of data analysis and interpretation.

3.1 Research paradigm

An interpretivist/ constructivist qualitative research paradigm was adopted for the proposed study. Wertz (2005) proposed that the Interpretivist/ Constructivist paradigm use mostly qualitative research methods using data collection tools such as interviews, observations, document reviews and visual data analysis. Ponterotto (2002) argues that qualitative research places the researcher in close proximity and contact with the participants being interviewed. It also describes the lived experience of the participants in their own words, rather than attempting to categorise and quantify experiences on pre-established quantitative scales. Ponterotto (2002) points out that qualitative research focuses on hypotheses and theory generation, rather than on hypothesis testing and theory verification as in quantitative studies.

A qualitative interpretivist paradigm is appropriate for this research as we aim to contribute to the body of knowledge around how South African organisations implement transformation initiatives.

3.2 Research Design

The research design helped the researcher map the research journey to its conclusion. The researcher aimed to conduct the research as a qualitative case study. Yin (2013) defined a case study research as comprising an all-encompassing method, covering the logic of design, data collection techniques and specific approaches to data collection. The researcher executed this research as multiple mini case studies. Yin (2013) suggests that a multiple case study allows the researcher to explore differences within and between cases. The goal, he said, was to replicate findings across cases. Yin (2013) argues that the evidence from multiple cases is often more compelling and

the study is therefore regarded as being more robust. Baxter (2008) explained that case studies allowed the researcher to gather data from multiple sources and converge in the analysis. Baxter and Jack (2008) described the data sources as pieces of a puzzle, with each piece contributing to the researcher's understanding of the phenomenon.

3.2.1 Data Collection

The data collection processes included sourcing B-BBEE certificates from the Organisations websites and scorecard databases. Qualitative data was collected from an identified sample using semi-structured interviews. Semi-structured interviews were more flexible and allowed for questions to be answered in the respondents' own way. It also allowed for the introduction of new knowledge that arose spontaneously.

Polit and Beck (2013) define an interview as: "A method of data collection in which one person (an interviewer) asks questions of another person (a respondent): interviews are conducted face-to-face". DiCicco-Bloom and Crabtree (2006) point out that semi-structured interviews are generally organised around a set of predetermined open-ended questions, with other questions emerging from the dialogue between interviewer and respondent.

Semi-structured interviews are consistent with the qualitative research conducted. The data collected was triangulated using B-BBEE Certificates. Flick (2009) points out that triangulation was first conceptualised as a strategy for validating results obtained with the individual methods. He goes further, to say that the focus of triangulation has shifted increasingly towards further enriching and completing knowledge and towards transgressing the epistemological potentials of the individual method.

The advantage of this approach is that the approach lends itself to triangulation of data, giving the research more depth. A disadvantage of the research design would be the amount of time required to complete data collection.

3.3 Population and sample

3.3.1 Population

The population for this research was transformed organisations that demonstrated exemplary B-BBEE credentials. The researcher used the 2015 Mail and Guardian, Empowerdex listing of transformed organisations as a point of reference in identifying the organisations.

3.3.2 Sample and sampling method

Purposive sampling was used as the researcher was aiming to answer the research questions. Teddlie and Yu (2007) assert that purposive sampling techniques are primarily used in qualitative studies and may be defined as selecting units for examples, individuals, groups of individuals, institutions based on specific purposes associated with answering a research study's questions. Table 3.1 provides a listing of the profile of the respondents. This type of sampling serves the nature of this research.

The sample size was influenced by the work of Guest, Bunce, and Johnson (2006) who posit that for most research, a sample size of twelve interviews aimed at understanding common perceptions and experiences should suffice to achieve saturation. For the purpose of this research, a total of sixteen interviews were conducted. These took the form of mini case studies where four companies were identified with B-BBEE certificates of between a level one and four on the B-BBEE scorecard. The researcher requested the participation of the transformation executive or managers, HR executive or managers and/or any other employee person responsible for and involved in transformation in the organisation.

Most organisations use consultants to assist with the development and implementation of transformation strategies, therefore consultants formed an integral part of the sample. Verification agencies are appointed to verify and audit an organisation's B-BBEE credentials and it was believed that they would bring valuable insight into how transformation initiatives are measured. The table below profiles the sample.

Table 3.1: Profile of respondents

Business Sector	Organisation	Organisation Representative	Number of Respondents	B-BBEE Level
Global Consulting	Case Study 1	Principal/ Executive	1	1
		Transformation Manager	1	
Information, Communication and Technology	Case Study 2	Transformation Manager	1	2
		Change Manager	1	
Environmental	Case Study 3	Human Resources Executive	1	3
		BEE Officer	1	
State Owned Enterprise	Case Study 4	Human Resources Executive	1	2
		Financial Manager	1	
Verification Agencies	Two B-BBEE Verification Agency	Technical Signatories	4	Not applicable
Consulting	Four Transformation/ B-BBEE Advisory Firms	Consultants	4	Not applicable

3.4 The research instrument

The research was conducted using semi-structured interviews to collect qualitative data from the respondents. The researcher developed three questionnaires aligned to the research questions and the specific audience (see Addendum 2). The advantage of using semi-structured interviews was that it allowed the researcher to explore interesting insights should they arise.

The researcher used the B-BBEE scorecard of organisations that participated to triangulate the data. The risk or disadvantage would be the reluctance of respondents to disclose information they regard as confidential.

3.5 Procedure for data collection

Introductory letters were sent to the respondents. On approval of the researcher's request, interviews were scheduled at the respondent's offices. It was important for the interviews to be conducted at the respondent's office as it gave the respondent a sense of control and it would also allow the researcher to observe the respondents in their natural environment and pick up on environmental nuances.

The researcher requested permission to record the interview through a voice recorder and by taking notes during the interview. The researcher noted environmental nuances as well as the respondent's overt reactions/ responses to the interview questions.

3.6 Data analysis and interpretation

The analytic strategy most suited for the proposed research is working with the data from the ground up as the study's goal is to understand how organisations implement transformation initiatives. Yin (2013) cites that this allows for key concepts to emerge by closely examining the data not from a theoretical proposition.

Content analysis was key in the data analysis process. Hsieh and Shannon (2005) define content analysis as a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns. As discussed earlier, the interviews were recorded with a voice recorder and the researcher also took notes, including notes of her observations. The voice recordings were transcribed and the data analysis process followed the procedure, as proposed by Creswell, Plano Clark, Gutmann, and Hanson (2003). They proposed that to quantify qualitative data, the data should be coded by assigning numbers to codes and then recoding the number of times a code appears as numeric data.

The researcher used an inductive approach to coding of the interview data. Thomas (2006) cited that the primary purpose of the inductive approach is to allow research findings to emerge from the frequent, dominant, or significant themes inherent in raw data, without the restraints imposed by structured methodologies. Thomas (2006)

went on to explain that the purpose of an inductive approach is to condense extensive and varied raw text data into a brief, summary format; to establish clear links between the research objectives and the summary findings derived from the raw data and to ensure that these links are both transparent and defensible. This, he said, was used to develop a model or theory about the underlying structure of experiences or processes that are evident in the text data. This form of data analysis bodes well for the research problem as the researcher is testing to see whether a model or framework exists for the implementation of transformation initiatives in organisations.

3.7 Limitations of the study

This study was dependent on the willingness and availability of the respondents to participate in the research. The following limitations were identified.

- The willingness of the participants to share information perceived to be confidential such as organisational best practice, policies and processes as well as strategy.
- Access to employees responsible for transformation
- Cancellation and rescheduling of meetings by the respondents delayed timelines.
- Absence of an absolute scientific framework for research.

3.8 Validity and reliability

This section addresses the verification strategies for this research. Morse, Barrett, Mayan, Olson, and Spiers (2002) describe verification in qualitative research as the mechanism used during the process of research to incrementally contribute to ensuring reliability and validity and to the accuracy of the study.

Validity is concerned with the degree to which the research is accurate and/or truthful and reliability is concerned with the ability of different researchers being able to make the same observations using the same methodology (Golafshani, 2003). Maxwell (1992) saw validity as a relationship between an account and something outside of that account.

3.8.1 External validity

Validity can be described as the truthfulness of the findings (Whittemore, Chase, and Mandle, 2001). The external validity of this study as drawn from Graneheim and Lundman (2004) include measures for achieving trustworthiness. When measuring trustworthiness, they considered the following;

Credibility refers to the selection of the respondents and to the approach to gathering data. The researcher had identified subject matter experts in the field of transformation. These subject matter experts included people employed at organisations to manage transformation, consultants who advise organisations on matters relating to transformation and verification agencies who are accredited to measure B-BBEE compliance.

Dependability refers to the extent to which data changes over time. In the instance of the proposed research, the researcher interviewed organisations who have demonstrated compliance with transformation initiatives such as B-BBEE. One of the main concerns in this regard was how quickly saturation point would be achieved with regards to strategies employed to implement transformation.

Transferability refers to the extent to which finding can be transferred to other groups. The research aims to build a theoretical framework for the implementation of transformation in South African organisations and therefore was triangulating data with quantitative measures such as B-BBEE scorecards i.e. are these consistent with the outcomes of the semi-structured interviews and are they consistent with the view of the consultants and verification agencies.

3.8.2 Internal validity

Internal validity was ensured by reproducing the interview structure and applying the same semi-structured interview questions. The interviews were recorded and transcribed ensuring further validity. Triangulation further contributed to internal validation.

3.8.3 Reliability

Morse et al. (2002) argued that there had to be congruence between the research question and components of the method. They also say that the sample must be appropriate, consisting of participants who have knowledge of the research topic. Further, collecting and analysing data concurrently forms a mutual interaction between what is known and what one needs to know. In order to ensure reliability, the researcher ran two pilot interviews.

3.8.4 Ethics

Qualitative research often allows for the researcher to enter the world of the participants in an intimate way. As a result, ethical considerations are key. Corbin and Morse (2003) in their research, discuss Lipson (1994)'s ethical issues relating to qualitative research. Key considerations are;

(i) Informed consent
(ii) Researcher responsibility to informants, sponsors and colleagues
(iii) Risk versus benefits of the research
(iv) Reciprocity and intervention.

The researcher has attached copies of the letter of request and consent in addendum 3. The research also commits to ensuring that all participants receive copies of the completed research.

4 CHAPTER 4 PRESENTATION OF RESULTS

4.1 Introduction

The qualitative results from this mini case study research is presented in this chapter. The data gathered from the semi-structured interviews were recorded, transcribed and analysed using Atlas ti CAQDAS software. The data was coded and is presented according to the predominant themes that emerged from the results. This section highlights the key themes presented per case.

Table 4.1 shows respondents and the role they play in the implementation and management of transformation in their respective organisations. It is also important to note that the names of the respondents have been changed as per our confidentiality agreement.

Table 4.1: Profiles of Sample

Case Study	Representative	Transformation Role	Codes	Codes Family
Case Study 1	Principal/ Executive	Executive sponsor for Transformation.	167	10
	Transformation Manager	Responsible for the management and implementation of the organisation's transformation objectives.		
Case Study 3	Transformation Manager	Responsible for transformation strategy facilitation and implementation.	175	13
	Change Manager	Responsible for the management and facilitation of change in the organisation.		
Case Study 2	Human Resources Executive	Responsible for the development and implementation of HR and Transformation strategy.	96	14
	BEE Officer	Responsible for monitoring the implementation of the transformation objectives.		
Case Study 4	Human Resources Executive	Responsible of the development and implementation of the organisation's HR strategy which includes the employment equity and skills development transformation strategy	112	13
	Financial Manager	Responsible for implementation of transformation strategy in the department		
B-BBEE Verification Agency	Technical Signatories	Technical Signatories evaluates, verifies and signs-off B-BBEE audits before certificates are issued.	223	15
Transformation/ B-BBEE Advisory Firms	Consultants	Provide B-BBEE advisory, development and implementation of transformation strategies.	98	14

The code families were further analysed and consolidated and the following key themes emerged:

Table 4.2: Key Themes

Theme	Case Study 1	Case Study 2	Case Study 3	Case Study 4	Verification Agencies	Consultants
Transformation Strategy	√	√	√	√	√	√
Legislation, Policies and Processes	√	√	√	√	√	√
Talent Management in Transformation	√	√	√	√	√	√
Culture and Diversity	√	√	√	√	√	√
Change Management	X	√	√	√	√	√
View on Transformation	√	√	√	√	√	√

The table above represents the key themes emerging from the research. All of the respondents emphasised the need for a transformation strategy. Concerns and thoughts were shared on the role of legislation, policies and processes and how it influenced transformation. People issues were key to the findings as the respondents focused on talent management and culture and diversity in organisations. Only one of the four organisations interviewed did not consider change management as playing a role in the transformation journey. The respondent's views on transformation provided the context for their approach.

4.2 Case Study 1:

This section looks at the key themes emerging from this case study.

4.2.1 Transformation Strategy

There were conflicting views on the organisation's transformation strategy. The transformation manager advised that there was no documented strategy and that transformation has evolved over time. The executive sponsor pointed out that his role was to ensure that there was a clear strategy and it was being executed.

In the absence of a documented strategy, the organisation has established a transformation taskforce to monitor the implementation of transformation initiatives. The organisation also has a dedicated resource that monitors and ensures that transformation initiatives are implemented. When asked about the organisation's overall strategy and the integration of transformation into that strategy, the executive sponsor said their main purpose was to grow a stronger and more successful business in South Africa and therefore their global strategy will trump any local initiatives. The organisation initially used the services of a consultant to provide assistance with a response to B-BBEE.

The strategy was initially very tactical in order to get the necessary points for a scorecard. Over time the focus shifted from being tactical to implementing B-BBEE objectives that were more sustainable and made business sense. The executive sponsor pointed out that their strategy was not B-BBEE/ Transformation, but focused on how they could become a stronger firm. The organisation pointed out that they were under increasing pressure from their clients to present a B-BBEE scorecard. They further advised that clients were pleasantly surprised when they were issued with a level one scorecard. The respondents were vague in their response questions when asked about a transformation strategy. This is also evident in the contradictory statements by the executive sponsor and the transformation manager. However, there was an inference that there is a transformation plan with set goals.

"strategy was initially tactical to get the points and over the long term looked at a more sustainable strategy. So, the strategy was let's look at the lower hanging fruit and see what we can do and, as I mentioned, long term the strategy developed to let's make sure that our initiatives make business sense."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:86 [So the strategy was let's look...] (10:10)

"I think over the past couple of years it's really been made clear by our clients how important our BEE status is and given that it's kind of forced our leadership group appreciate BEE and participate and make necessary decisions in that direction."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:10 [So that's just an example of [..] (8:8)

4.2.2 Legislation, Policies and Processes

4.2.2.1 Legislation

It was pointed out that legislation will not compel global companies to comply if it does not align with business objectives. The Organisation's B-BBEE performance implies that there has been some alignment between the legislation and business objectives. It was further argued that legislation is inwardly focused and not respectful of global processes. The amended codes have been deemed onerous, with the organisation not being able to maintain their current B-BBEE levels. It was also pointed out that the legislation lacked clarity and was open to different interpretations. When asked if it was necessary to have transformation legislation in South Africa, the response was, yes. The respondents believed that the organisation would not have done as much as it did, if it were not for the legislation. It was also felt that the organisation could have achieved much more if it has responded to legislation sooner.

"So, if the BEE codes require or suggest something and we don't believe that that's right for our business we obviously can't do it. I think so far we've been able to find phenomenal alignment between what we want to achieve in South Africa and what the codes ask."

P 2: Case Study 1 Naynesh 2016.01.13_09.07_01.docx - 2:109 [So if the BEE codes require or...] (44:44)

"I honestly don't believe our organisation would have done as much as it has done on the transformation space if it didn't mean so much to our clients and I know that sounds terrible but it's…it affected our bottom line, not by a legal fine by DTI but our clients would only do business with us if we had a good BEE rating."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:58 [I definitely think it supports...] (82:82)

4.2.2.2 Policies and Processes

The only policy mentioned was a recruitment policy.

4.2.3 Talent Management in Transformation

4.2.3.1 The role of leadership

The respondents agreed that leadership played a critical role in the success of the organisation's transformation objectives. However, it was pointed out that leaders at a global level were not sensitive to the transformation agenda in South Africa and often prioritised operational needs. It was further added that the leaders in the organisation were well acquainted with transformation, with some being more passionate about it than others and therefore looked at transformation purely from a compliance perspective. The leader's in this organisation were held accountable for transformation through their client relationships. Client relations are a Key Performance Indicator (KPI) in the leadership performance measures.

"I guess in terms of challenges leadership buy-in is always a big thing but I think over the years our entire leadership group has a really good understanding of transformation, of BEE. Some of them are passionate about it, other of them just do it purely for compliance because they understand that it's good for the clients"

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:10 [So that's just an example of [..] (8:8)

4.2.3.2 Employment Equity

One of the key success factors of this organisation is to be locally relevant and representative. An almost contradictory statement was made by the transformation manager who has advised that she was mandated to recruit top calibre candidates regardless of demographics.

The respondents continued stressing that employment equity was beyond their control given the nature of their business. They have resorted to maximising performance on the other elements of the scorecard as a mandate has been received that only the best would be recruited. They pointed out that aligning the workforce to EAP would be a challenge particularly as there is a cap on Indian males. The organisation has not experienced black people progressing to the next level in the organisation and success was regarded as marginal.

"Even though we have very strict recruiting policies we also have a policy to recruit the best of the best. So, if the best of the best is a white male we're still gonna hire the white male and they come to board with that and the message to me is focus on everything else"

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:44 [Even though we have very strict...] (54:54)

"I think it's very, very difficult and again for us when we brought that to the attention of our leadership group they said, to focus on everything else. This we're just not gonna be able to do."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:55 [I think it's very, very difficult...] (74:74)

4.2.3.3 Recruitment and Retention

The respondents pointed that it is difficult to recruit high calibre black candidates. They argued that there is a high demand for these employees and as a result, this presents a challenge with retention. The high attrition rates were attributed to the fact that black

employees do not see the value in working for a global organisation. It was also pointed out that the growth trajectory was not evident from the outside of the organisation. It was felt that blacks are easily swayed by financial reward and not the prestige of working for a global organisation. The business is not demographically represented at senior management level and this is a result of the apprenticeship model the organisation has adopted. Given the transformation pressure, the business is starting to adjust to recruiting at more senior levels. The organisation has also been compromised through its tactical response to the B-BBEE. This response included recruiting black people living with disability and putting them on a learnership. These black learners were not all suited to be absorbed into the business. This strategy has now been changed to a focus on black graduates.

> *"I think the challenge for us is always attracting that talent. We work very hard hours. This is a high-performance organisation. It's very easy for the profile that we're looking for to do very well in any other organisation with half the effort."*
>
> P 2: Case Study 1 Karin 2016.01.13_09.07_01.docx - 2:88 [I think the challenge for us i...] (26:26)

> *"Initially we hired disabled learners with a matric qualification as the minimum and obviously trained them for the year or two. What we found is through that recruitment process we weren't really getting the calibre that we're looking for and we trained these individuals for a year, maximum two years, and we're never able to keep them permanently."*
>
> P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:6 [Initially we hired disabled le..] (8:8)

4.2.3.4 Talent Development

Employees follow a very specific career path in the organisation, that is, an up or out policy. It is believed that if employees are not promoted within a two-year period, they will leave. Talent management programmes are geared at positioning employee to work globally. One of their development and retention strategies is to send talented black employees to Ivy League Universities overseas. This, they argued, also helped black employees integrate into a global culture.

"With Case Study 1 however given that it's an apprenticeship model and you only come in at the bottom and work your way up it was very different for us to bring people in at the top but I think gradually people are getting more used to it."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:31 [I think other organisations you...] (34:34)

"If we are happy with their performance, we will send to an IVY MBA. So, Harvard, Stanford, Columbia, Kellogg, or to London Business School or Oxford or whatever but we'll send them to an Ivy League school. We pay for that. So, that's the first step into saying this is a big international world"

P 2: Case Study 1 Naynesh 2016.01.13_09.07_01.docx - 2:28 [Our business analyst programme...] (18:18)

4.2.3.5 Skills Development

Skills development has been identified as a priority element. The organisation had invested heavily in developing staff. Global programmes will be adversely affected by the new codes as these training programmes are not accredited and one of the key objectives was to get training accredited in South Africa. They anticipate that this will be a long process. Given that global training is not accredited in South Africa, the organisation will focus on learnerships to get the required subminimum points. Graduates entering the workplace will be put on learnerships or internships. This, the organisation argues, is more beneficial for the organisation in that they recruit a better calibre black candidate. The change from learnerships for people living with disability, to placing black graduates on internships made better business sense as the absorption rate was higher.

> *"So, we changed the model where we're now looking for graduates, so learners that have some sort of a qualification whether it's a three-year diploma or a degree, some with disabilities, some without, so we're not necessarily focusing on the disability element, and we found at least in the last year and this year as well we've got a really great calibre of individuals coming in that we undoubtedly will be able to extend fulltime offers to when they completed the learnership."*

P 1 Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:8 [So, yes, we were getting the points...] (8:8)

4.2.3.6 Coaching

The organisation had appointed a manager to assist black employees integrate into the global culture through coaching. It is believed that coaching will enhance the performance of the black employees. The scope of this position has been increased to include general training.

4.2.4 Culture and Diversity

The organisation supports diversity and was described as having a unique global and diverse culture. It was emphasised that diverse culture spoke more to nationality than race. It was pointed out that progressive companies such as theirs, harness the best talent by promoting equality, diversity, inclusion and transformation. Employees are encouraged to embrace difference. The organisation acknowledges that black people find it difficult to adapt to a global culture and this has resulted in difficulty in retaining black employees. It was pointed out that there was a perception that the organisation was Anglo-Saxon and could not integrate into a South African culture. The respondents believed that black South Africans are too sensitive and conscious of skin colour. He felt that South Africans needed to become more self-aware and confident in who they are. It is believed that putting your skin colour first creates a perception of someone who has a low self-esteem. The respondent felt that black South Africans should be putting their qualifications ahead of their race. He further added that Case Study 1 saw black South Africans as under-rating themselves due to the fragility of the country. It was further stated that having a South African focused view was very narrow. They added to the narrow world view perception that South Africans were sensitive and immature in dealing with prejudice and bias. Case Study 1's broad strategy is to have a workforce representative of the country in which they exist. It also recognises that clients want to see a more diverse and relevant workforce. To address perceptions around the demographics of the organisation, it has considered a number of solutions. These solutions included, sending black employees oversees to help them overcome issues regarding their skin colour. The organisation had also appointed an African executive as part of a goal to be more representative. It was

found that black South Africans did not identify with the executive as he was not South African. Initially, a diversity manager was appointed to coach black employees. This role has evolved to include training and focuses less on coaching and diversity. Evidence also emerged that white employees often felt that a recruitment strategy focused on black employees was unfair and in effect, marginalised whites. This has resulted in some tension in the workplace.

> *"we have every culture on Earth, we're not just the white Anglo Saxon organisation, and the reality is that every other culture manages to integrate just fine so why not black South Africans? There's nothing wrong with black South Africans. They should be able to integrate just as well and that was a little bit personal fragility that I talk about in the South African context is we underrate our own ability"*
>
> P 2: Case Study 1 Naynesh 2016.01.13_09.07_01.docx - 2:97 [we have every culture on Earth...] (30:30)

> *"I think there's a little bit of tension I guess to some people who feel excluded but I think most people understand the need and the imperative. We've had one person who felt initially that what we were doing was unfair to the white male candidates but by and large I think people understand."*
>
> P 2: Case Study 1 Naynesh 2016.01.13_09.07_01.docx - 2:38 [I think there's a little bit o...] (28:28)

4.2.5 Organisational View on Transformation

At the time of the interview, the organisation was rated as a level one contributor to B-BBEE. Transformation was cited as a continuous learning process and the organisation has improved their B-BBEE level over time. The executive sponsor felt very strongly that global companies were being penalised by companies misusing the interpretations of the Code, especially skills development. Organisations that have been successful in transformation were described as genuinely embracing the value employees bring to the organisation; An organisation where Senior Black Leaders are given decision making powers and positioned to take an organisation into the future.

For transformation to be successful, it is important for leaders to focus on the broader issues in South Africa and not just the bottom line. The organisation further believed that the amended B-BBEE codes are more onerous and there is concern that they will drop from a level one to a level four. It is believed that the amended codes infer a shift in focus and will demand a change in strategy.

> *"Our clients are always shocked, again because there's the perception that Case Study 1 is so white and so global when they hear that we're a level one and we're winning these awards."*
>
> P 1 Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:70 [o, it was great. Our clients a...] (115:115)

> *"the new codes, even though the targets are very stretched and very difficult at least it keeps us continuing. I think if the codes didn't change I think everyone would be quite shocked, we're level one, we just need to do the same thing we're doing every year and we'll be fine and now this is a complete shift and a new focus that needs to come into play."*
>
> P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:49 [why the new codes, even though...] (58:58)

4.2.5.2 Relationship with Consultants and Verification Agency

The organisation has a good relationship with their verification agency and often discusses queries and interpretation with them to ensure a common understanding. The Organisation has used the same verification agency for the purposes of consistency and the Agency understands the business. They also felt that they could negotiate the audit results through a good relationship, common understanding and advisory. From time to time, the organisation may consult with a Transformation Advisory Firm. The respondents commented that verification agencies seemed uncertain of some of the rules that will apply to the Revised Codes of Good Practice. This raised concern about the inconsistencies in interpretations that could affect B-BBEE ratings.

> *"We've stuck with our verification agency purely for consistency purposes because if they verified something last year or the year before they can't come back this year and say, no, sorry, it's incorrect. So purely for consistency purposes we've stayed with the same auditing company…verification company but there's many times where I wanted to get an opinion on something and I'd maybe ask our consultants who use a different Verification Agency and they will have a very different interpretation to Empowerdex and they've been reviewed differently and there was even a case study done where the same BEE files were sent to different auditors and verification agents and came back with different results"*
>
> P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:66 [We've stuck with Empowerdex pu...] (103:103)

4.2.5.3 Roles and Responsibility

The organisation believes that it is imperative to have dedicated resources to monitor and implement transformation objectives. Initially, transformation vested in the responsibilities of HR. The Organisation soon realised that if they wanted to succeed, they would have to separate the roles.

> *"I first started in HR where BEE was one of my multiple responsibilities. I would literally only do BEE once a year when it comes to audit and there was no-one that was really focused on thinking about it strategically. So*

definitely I would…if organisations have the resources or the finance available to appoint a transformation manager I think it will really help them speed up the process."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:1 [So I'm the transformation manager...] (2:2)

4.2.5.4 Challenges Cited

It was expressed that in Case Study 1, employees are not seen in the context of South Africa only, they are seen on the context of the global organisation. This, they pointed out, makes compliance with employment equity and skills development particularly difficult. Another difficulty pointed out, was the disjuncture between the global professional development and the specific requirement of South African law. Another serious challenge cited was black ownership. It is believed that global organisations are very progressive and it is a challenge for them to apply a differentiated approach in South Africa.

"Given our global nature I guess two of our biggest concerns was [sic] always ownership which we managed to solve about two years ago, but also in the earlier days we scored nothing on ownership and hence took us quite a long time to get to the level one. The other part of our global nature which makes it quite difficult is employment equity. The way Case Study 1 operates is we are one firm. So, if there's, for example, the project taking place in South Africa but the skills needed are situated in Spain or wherever we would transfer individuals into our office. So, we have a lot of foreign nationals; we have a lot of people transferring in and out."

P 1: Case Study 1 Karin 2016.01.15_11.58_01.docx - 1:11 [Given our global nature I guess...] (8:8)

4.4 Case Study 2:

This section looks at the key themes emerging from this case study.

4.4.1 Transformation Strategy

The organisation has a dedicated resource whose role is to develop a strategy and align the strategy with action plans. This had not yet been completed at the time of the interview. The organisation's approach to transformation in the past has been tactical and was addressed on an annual basis at the time of audit. The transformation manager advised that the implementation of the strategy will be monitored carefully. He anticipated that in the beginning the strategy may cause dissent but in the long term, it will benefit the organisation. It is believed that a clear strategy is important to ensure sustainable implementation of the objectives. The change manager advised that change management was not a strategic objective but pointed out that it was important for the business to understand the consequences of not transforming. The transformation manager pointed out that many organisations spoke about transformation but few acted on it. He wanted this to be different for Case Study 2. It was further pointed out that the transformation strategy needs to be aligned to the broad business strategy and incorporate the organisation's vision. It was further felt the transformation strategy should be a collective responsibility.

> *"No, we don't. I think we just want to turn a blind eye it will go away but, no, there's formal strategy to say how we're gonna address it"*
> P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:7 [Not from ICT1 side. No, we don't...] (20:20)

> *"it's so important, because every year what would have happened is people would…at the end of the year…because transformation triple-BEE is an annual thing when we do our annual verification they'll run to Craig. How…what do you think we need to do, etcetera, etcetera. So currently it's just…it's…Case Study 2 treats it as very…they very…it's a reactive type of a thing."*
> P 2: Case Study Craig 2016.01.08_14.24_01.docx - 2:12 [Yes, absolutely, because when ...] (17:17)

4.4.2 Legislation, Policies and Processes

4.4.2.1 Legislation

It is believed that Government can only achieve its transformation objectives through legislation. It was also pointed out that organisations would not have transformed, had there been no legislation. It was stated that the amended codes will make a significant contribution to transformation.

> *"Now companies will say but it's bad for the economy. Why is it bad for the economy? It's going to achieve what it needs to achieve and people will start…have to…people, Case Study 2 and all other private institutions, will now with the new codes start…they will have to start reporting back to the BEE council in terms of what they are doing."*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:44 [rrect. And you see a lot of co..] (137:137)

4.4.2.2 Policies and Processes

In terms of policies, the organisation has a B-BBEE policy that covers all aspects of transformation. It was noted that while this policy existed, it was difficult to get buy-in into drafting policies. It was also mentioned that there seemed to be a perception in the business that the development of policies was the responsibility of transformation. Policies that drive the human capital elements of transformation were also non-existent, even though the organisation had an EE committee to meet legislative requirements. There was a shared sentiment that policies and processes will give guidance to the implementation and success of transformation initiatives.

> *"We have a triple-BEE policy that obviously covers everything, your…all your pillars … in Case Study 2 it's like you've gotta spoon-feed these guys. Procurement, we've told them two years ago, to-date I know there's a draft but it's not been finalised. Because we as transformation are the custodians of the transformation they would expect you to develop the policies, etcetera, and the challenge is just we don't have capacity."*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:35 [We have a triple-BEE policy th..] (97:97)

"I tried to implement one but also, because people don't understand and you don't get buy-in from them, they'll only provide bits and pieces of their actual information that's required."

P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:94 [I tried to implement one but a..] (73:73)

4.4.3 Talent Management in Transformation

4.4.3.1 The Roles of Leadership

Leadership support is integral to the successful implementation of transformation, along with an alignment of vision and other strategic objectives. It was believed that it was important for leaders to support and understand the organisation's transformation strategic objectives as they need to communicate it to the stakeholders. It was pointed out the Chief Executive Officer needs to understand the transformation business imperative and the roles and responsibilities the executive team plays. It was further cited that consideration was being given to include transformation in the executives Key Performance Indicators. The executives, they believed, should be held responsible for the various pillars of transformation. The respondents mentioned that leadership should have a deep and meaningful understanding of transformation. They should also be people centred and do not understand the business impact it has.

"If transformation is so important the CEO must be able to address transformation per pillar without a doubt. He must be able to, when he speaks transformation, know what the ownership of the organisation is."

P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:106 [If transformation is so important...] (113:113)

"I worked with Craig last year on a process but we didn't get a real sponsor to go…or we had a campaign that we said do we…who to engage with when to on what and then what your level, how, detail but we never get to implement it."

P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:3 [I worked with Craig last year ...] (14:14)

"He was looking at bottom line and once you look at bottom line the focus changes and the…bottom line will look not at…my simple understanding how can we do more with less? And that is where retrenchment comes in and that's when you start seeing that profits drop, etcetera, etcetera

P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:29 [I actually said it to the new ...] (59:59)

4.4.3.2 Employment Equity

As mentioned earlier, the organisation has an EE Committee that monitors recruitment. The organisation has also set demographic targets based on the economically active population. It was mentioned that black people were often appointed on the basis of their skin colour and not skills. This they said, caused undue tension in the workplace. The change manager advised that there were no strategies to deal with the tension. It was also stated that the organisation's strategy did not support the change in organisational demographics.

"we have an employment equity forum which is represented nationally. So, we look at different provinces, we get them in, so we'll have champions within each province, and then we'll have one national EE forum which the CEO sits on as well. So, recruitment, how they recruit, where they recruit all those things are being looked at from an EE diversity perspective"

P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:22 [We do. Remember our strategy going...] (45:45)

"So, we're not necessarily taking the best skills but taking…because based on another qualification that they have or criteria that needs to be met. So, that has a negative impact on the morale of employees because why are you here?"

P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:4 [I think it varies. It seems that...] (16:16)

4.4.3.3 Recruitment

Very little was said about recruitment except that the EE Committee will monitor recruitment. It was however, mentioned that recruitment was never always fair and was based on historical relationships and not necessarily on the requisite skills.

"You find that a manager is more skilled than a general manager. Why? Because in the past things were just treated so loosely. If you know me and you know my background, you'll employ me because you know me and you know my capability and potential not because I have the right skill and I think that is what government wants to achieve through the triple-BEE transformation codes."

P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:39 […your payroll must be allocated...] (115:115)

4.4.3.4 Talent Development

It was mentioned that people needed to be supported throughout the transformation process as transformation stifles people's growth. It was also argued that Africans were attracted to voluntary retrenchment packages and this inadvertently affected employee demographics. Retrenchment, it was argued, made it difficult for organisations to maintain their employment equity targets. Communication and permitting employees to voice their concerns about transformation, they felt would go a long way to raise awareness and get employee buy-in.

"people were afforded retrenchment packages and from a race perspective when you have these awesome wonderful packages you'll find that African black people are the majority of people that will go for those retrenchment packages and when we obviously did an analysis…we actually…the result was that many of the black African people left the organisation because they were obviously afforded those voluntarily retrenchment packages. So, that was one of the key challenges that we had and then also in skills development the retrenchment…obviously, people left and when people left their positions were not filled."

P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:24 [Now what also contributed toward...] (45:45)

4.4.3.5 Skills Development

The respondents felt that skills development and employment equity were inextricably linked. It was argued that in order to achieve employment equity targets, the organisation would have to equip black people to do their jobs. It was further pointed

out that skills development was central to ensuring and managing the impact of transformation in organisations. There was also evidence of tension in that it was perceived that black people received more training opportunities than white people. The change manager believed that it was important to raise awareness about training needs and to train managers on how to manage change.

> *"there was one group that got more chances to go on training than other group and that had a very negative influence. Also from getting positions, being promoted or getting appointed as managers, not everyone get [sic] then an opportunity."*
>
> P 1: Case Study Elmarie 2016.01.14_14.04_01.docx - 1:67 [rom a [sic] HR ops perspective...] (16:16)

> *"So, you need to start also equip and skill…upskill your managers on how to be change managers. We did start with a programme at Case Study 2, I think it's a three-day course that they can attend, but not everyone is attending it or then applying it as well."*
>
> P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:19 [So you need to start also equal...] (46:46)

4.4.3.6 Coaching

It was felt that coaching was important in that it assists people with understanding transformation and its outcomes. It was also viewed as an important tool that would assist people in preparing for change. It was argued that coaching played an important role in aligning strategic objectives and employee values. The respondents felt that coaching was an important part of the change process as people responded differently to change. Coaching, they felt, was particularly necessary for managers. The Organisation has embraced coaching, but there is no evidence that it is being used to assist with transformation. The change manager pointed out that initially coaching was part of the change process and was run as a pilot. While the pilot was successful, the role-out was stifled because of lack of executive support.

> *"So, for people to understand where the company is going to and why we're changing I think it's very important to have the change management part but each person also change on a different way, different stage, and they're not*

all…you're not gonna…everyone is gonna to move from this phase to this one to this one. So, there is where individual coaching comes in to prepare them for change, especially on a manager level, because the people want to hear from their managers why the change is happening."

P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:17 [So for people to understand why...] (46:46)

"it was a pilot, but unfortunately there's no more time, with a group of employees and I took them…it's like stock take and just back to basics and back to yourselves. So, what is important for me? So, it was…we first focused on the reality, what is your past decisions? How it affected you? Why do I resist change? What change blockers do I have? What change am I struggling with currently? So, it's where am I now?"

P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:58 [So I actually started last year...] (169:169)

4.4.4 Culture and Diversity

With reference to some of the views expressed above, there was a sense that transformation was discriminatory, favouring the black race. It was also cited that organisations do not verbalise that they will only train blacks. Diversity management has not been part of the transformation agenda and there is no evidence to suggest that it will be. It was argued that the Organisation's international footprint demonstrated the level of diversity. The change manager inferred that the organisation was in the process of implementing a culture change operating system and this could possibly result in behaviour change.

"So, we're very diverse and I don't think we've delved as Case Study 2 SA too much into, like you say, change management and transformation from that perspective but it is a diverse company but you don't have people in Case Study 2 that actually looks after diversity. So, I…which I obviously think there is a need within the organisation to look at diversity management."

P 2: ICT1 Craig 2016.01.08_14.24_01.docx - 2:21 [I would…obviously for me when ...] (39:39)

"there's a whole culture change operating system that they want to implement. So, I would rather be more in that part because…but I think maybe it is just my background because that's more behavioural change and ensure the right things are happening and that people are following what we want or following the rights of behaviours that we have in our value system, etcetera."

P 1: Case Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:57 [Ja, example we…there's a whole...] (167:167)

4.4.5 Change Management

Change management has only recently been included in the transformation strategy and a change strategy has been proposed. The change manager pointed out that change is inevitable and if the change did not suit the individual, that individual will resist change and may leave. The change manager pointed out that inasmuch that there is a need to change there must also be a desire to change. Change management, she pointed out, only becomes necessary when the strategy has been adopted. The organisation will use the Prosci Change Model. It was argued that a change management not only facilitated awareness but also enable understanding.

"So, the strategy and the action plans were approved. So, I think in August I did put something forward through to have a whole change management process where we will obviously take the entire organisation through what triple-BEE is all about, the implications, etcetera, thereof."

P 2 Case Study 2 2016.01.08_14.24_01.docx - 2:19 [So November, now end of…toward...] (25:25)

"one of the…the ADKAR model that we followed there's a coaching plan in…or there's a coaching plan as well and that is around having time with managers or people that need to deliver the message to make sure that they are…understand what the changes is about, how it affects the employees, etcetera. So, it's not just speaking to the employees it's also speaking their direct managers."

P 1: Case Study 2 2016.01.14_14.04_01.docx - 1:21 [It's A-D-K-A-R. So, it's Awareness...] (52:52)

4.4.6 Organisation View on Transformation

It was pointed out that Organisations response was very reactive and there was a general perception that it was a tick-box exercise. It was also believed that the requirements of the amended codes will result in the organisation being deemed non-compliant. Compliance with B-BBEE, more especially a good B-BBEE level was important in the tender space. It was cited that the focus on transformation has always been the seven pillars, and not necessarily on people. The focus, it was believed, should have been much wider. The respondents also believed that there needed to be an understanding and alignment of objectives from the top of the organisation right down to the lowest level. It was also felt that for many businesses, including theirs, transformation was not a priority.

> *"So, you'll find that they will bid for Government. Now if our BEE scorecard is not at level two or one maximum government and other corporates don't wanna do business with you. So, when our BEE scorecard transformation then dropped to level a three or four then you hear them. Then you'll hear there's reports coming out of EXCO. Why has it dropped? What's the implications there of it?"*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:13 [When something happens and say...] (17:17)

> *"BEE, and transformation stretches far broader than that and, I'll be very honest, we've only appointed also a change manager I think September/October last year. So, when one looks at transformation it's actually change. It's very closely linked to change management. So, there wasn't…I'll be honest, we haven't really thought that far in terms of the holistic view of transformation."*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:20 [I don't think we've really thought...] (35:35)

4.4.6.1 Roles and Responsibilities

The organisation has a dedicated resource whose role is to develop a strategy and align the strategy with action plans. It was also felt that this role should report directly to the CEO in order to empower the resource to execute the strategy. It was felt that

transformation should be an independent unit as it will allow for more objectivity. It was also felt that the responsibility of transformation should not vest in HR.

> *"Current role is transformation manager. My role is actually to look after the entire transformation within the organisation and by that, I mean developing strategies. Also, assisting other business units. So, we develop the strategies for…when you look at transformation my focus specifically is triple-BEE, broad based black economic empowerment."*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:1 [Current role is transformation...] (9:9)

> *"It should be independent reporting in to the Chief Executive Officer and his EXCO, who would have a better understanding of what's happening. When one looks at transformation, taking in the broader picture now, everybody would know that it's a business imperative, it's a key performance indicator, not only to you in transformation but to all of us collectively as an organisation."*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:9 [and I just rattled it off. I know...] (13:13)

4.4.6.2 Relationship with Verification Agency and Consultants

The only contribution made on verification agencies was that it was important to have a good relationship with the verification agency to ensure a common understanding on interpretive issues.

> *"We…I think we've…our…the relationship that we have with our vendor it's run for a couple of years. So maybe at the beginning there was but all of those have been ironed out. So, whatever we give we expect a result. "*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:36 [No, not necessarily. We…I think...] (107:107)

4.4.6.3 Challenges

Transformation was unfair and did not benefit everyone, was the sentiment shared during the interviews. It was also mentioned that transformation was a "hard sell". Further, it was added, that transformation was not successful because it was not implemented correctly. Other key challenges cited were that different CEO's brought

different priorities to the business and that there was a general lack of understanding of the transformation imperatives.

> *"Also, you are making the rich richer and the poorer become poorer. The other example, one of our big clients wants us to train their people on our budget. I don't see any fairness in that. So, I don't know if it's effectively implemented. If it was I think there will…a lot of things would have been straightened out already."*
>
> P 1: Cast Study 2 Elmarie 2016.01.14_14.04_01.docx - 1:31 [Also you are making the rich richer...] (84:84)

> *"I also think the bigger challenge is people not understanding then transformation, B-BBEE as such, and transformation, like you say, not only focusing on BEE but the broader transformation. "So, the current challenge in a lot of organisations, Case Study 2 number one, people don't see transformation as a business imperative."*
>
> P 2: Case Study 2 Craig 2016.01.08_14.24_01.docx - 2:97 [. So, I really think it's just ...] (81:81)

4.5 Case Study 3:

This section looks at the key themes emerging from this case study.

4.5.1 Transformation Strategy

This organisation has a business strategy, but they do not have a transformation strategy. It was pointed out that they have an employment equity plan that is aligned to the B-BBEE codes. It was further added they address social challenges through specific projects. The rationale for transformation was attributed to compliance and pressure from clients. The respondent also added that transformation initiatives have not been budgeted for and associated costs have to be motivated.

> *"We have…on transformation we don't have. We just have on BEE how we're planning on improving our scorecard but I guess it also goes hand-in-hand with that because we…if we wanna move…if we want to improve or maintain where we are we have to have a plan."*

P 1 Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:10 [We have…on transformation we'd...] (20:20)

"So, what we have is we have our employment equity plan and we've aligned our plan to meet the BEE codes because if you don't do that then you're lost. Even in terms of targets, etcetera. So, that's a constant reminder. Here's my plan and this is what I need to achieve, that's what my codes says, and we had to revisit that now with the amended codes to say those codes were applicable last year at that plan and our targets. We need to change it. This is now applicable."

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:43 [So what we have is we have our...] (102:102)

4.5.2 Legislation, Policies and Processes

4.5.2.1 Legislation

Compliance with the legislation was regarded as key to the business as the business was always looking at ways to close gaps in the scorecard. Concern was raised around the misalignment of other related legislation, such as skills development and the regulation of governing bodies, and at times, this penalised companies for not adhering to programmes dictated by government. It was pointed out that if it were not for the legislation, the organisation would not have transformed. In this organisation, legislation is also used to address resistance.

"That's why I feel that sometimes they're just doing it to be compliant but it's…looking at the targets this is our gap, this is our actual, this is where we are."

P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:11 [I guess also the targets, know...] (26:26)

So, the legislation like the Skills Development Act does not speak to the BEE codes. There's a total misalignment of it whereas prior to looking at skills development and learnership, etcetera, they should have sat with stakeholders, the relevant SETAs, and said this is the amount of money in your coffers, this

is what we're expecting of you. If a company contributes X amount in terms of levies, then you need to give that company X percentage in terms of discretionary grants.

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:15 [give you a good example in one...] (26:26)

4.5.2.2 Policies and Processes

The organisation did not have any policies to support transformation.

4.5.3 Talent Management in Transformation

4.5.3.1 The Roles of Leadership

There was very little elaboration on the role of leadership in the transformation process. The executive did however, mentioned that leadership buy-in and support is an imperative in the transformation process. She had the support of the chief executive and the leadership responded favourably to his command. The executive pointed out that transformation was built into her KPI but not into the KPI's of general managers.

"It was the CEO and me seconding him. So, prior to us doing that we had this discussion, I said I'm really concerned as an organisation we're not evolving. So, he says how can I help you? And I said this is what I want you to do and he was like no problem, let's go out there and let's do this."

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:27 [t wasn't me giving the message...] (62:62)

"Though I have a KPI in terms of transformation but we don't build KPI's in for general managers in terms of their compliance."

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:24 [No, we don't. Though I have a ...] (56:56)

4.5.3.2 Employment Equity

The organisation has an employment equity plan that is aligned to the meet the B-BBEE targets. One of the respondents mentioned that the demographics in the organisation were changing and more black people were being recognised, trained

and promoted. This change was evident in the lower occupational levels, while there has been little change in executive and senior management.

> *"There's been quite a lot of transformation here. Looking at let's say three years ago, they were a level five. From a level five to a level three it's…most changes would be in employment equity that more people…more black people are being acknowledged and given a higher position"*
>
> P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:2 [There's been quite a lot of training...] (8:8)

> *"On some of the…not on the top level and not on management. Not on the directors' level. That has…I think ever since I've been here that's how it's always been but on your senior management, your middle management there has been a lot of change there."*
>
> P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:13 [On some of the…not on the top ...] (32:32)

4.5.3.3 Recruitment

Race plays an important role in the recruitment process second to requisite skills. Concerns were also raised that white managers will often insist on recruiting white candidates. The organisation's benefit structure was highlighted as a key reason why retention is a challenge.

> *"Not really. I just feel the people…some of them…I don't know, maybe on recruitment side. If you're dealing with having to recruit the people I think maybe some of the HR people will advise that we're actually having a problem with this cause the person will tell you specifically I want a white person."*
>
> P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:18 [Not really. I just feel the pe ...] (50:50)

> *"… one of the parts of transformation is making your employees happy, looking after your employees, and we don't have a medical aid, we don't have a provident fund and I think that's why we lose our valued employees and especially maybe senior positions where now you're going to an organisation that will take care of you and your family where it works better for you unlike coming here and at the*

end of day you get nothing.

P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:31 [Our organisation…I'm not sure ...] (110:110)

4.5.3.4 Talent Development

It is believed that the culture at this organisation is enabling, recognising the value employees add to the organisation. The organisation has a history of developing unskilled workers and growing them into more senior positions. An example of a black employee who started as waste sorter, went on to become a supervisor, then areas manager to Sales Director was used to validate this point. The organisation's mentorship programme is also aimed at grooming future talent. It was noted that the Human Resource Department was the most proactive in recruiting and promoting black people. There was no other mention of how the organisation manages talent.

> *"to give you an idea, we had a gentleman. He started off as a sorter, recycling waste, separating waste at source. He went on to become a supervisor and now he's an area manager. He's currently at Gibbs [SP] doing a degree in management. Our sales director of the organisation joined the company when he was eighteen years old. He's now busy with his MBA at Gibbs"*
>
> P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:31 [So we said it could be any gen...] (64:64)

> *"Yes, I'm still in the same department but levels are different where I started as a HR administrator to a HR officer and now I'm a BEE officer and it's happening quite a lot in our department where you find people started as HR administrators and now they are junior business partners."*
>
> P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:5 [would say…I would make me as a...] (10:10)

4.5.3.5 Skills Development

Skills development was described as a business imperative in the energy and waste sector. The rationale for skills development is to ensure that black people, including women, are trained. It is also believed that skills development improves employee engagement and improves service. The skills programmes are focused specifically on

the unskilled. The organisation also offer skills development to people living with disabilities. This programme, they cited as sincere and not an attempt to gain more points. The HR Director takes care to ensure that all skills programmes are accredited.

> *"So, for us skills development is very important. So, we try and uplift internally and promote internally as opposed to hire externally. So, that is our mission at this stage."*
>
> P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:89 [It's very important. Skilled e...] (74:74)

> *"So, it's worked very well here because we currently also have a learnership of ten. It's a driver's learnership and six of them are females which most of the time you can't even think of a female driving truck but…so it's like we're moving away from things being only done by males to also involving females*."
>
> P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:4 [n skills because we are doing ...] (8:8)

4.5.3.6 Mentorship

A mentorship programme has been implemented in the organisation as a mechanism to expose black employees to leadership, who provide insight into the broader aspects of the business. The programme was initially aimed at addressing prejudice and bias. Mentees are mentored by executive directors. The mentorship programme is informal and is based on the heart and skills of the mentor. Mentees are encouraged to participate in management meetings through preparing and presenting segments of a report in their department. Mentorship was preferred to coaching as this involved a skills exchange. The programme has been heralded a success and a subtle way of promoting transformation. The CEO has also been instrumental in his support. It was also found that mentoring contributed to the success of the mentee, with mentees often requesting on-going support.

> *"So, when we had the board meeting he said every one of you have got twelve months to come back with somebody that you've mentored and in the board meetings you can bring your mentee."*

> *"So now on a monthly basis you are working with the director and it builds a*

relationship between you and your director because sometimes…I won't say all the time but you would find that maybe you have an issue with your general manager or your area manager, you can't resolve it with them, but once on a monthly basis you have a one-on-one. You can actually call up and say I have this problem and it will get resolved rather than having to have a middle person that actually has to do that for you."

P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:21 [I would say it was because you...] (60:60)

4.5.3.7 Coaching

Life Coaching was introduced to the organisation but there seems to be a stronger preference for mentorship.

"I think maybe for some people it would work, the coaching, because we've also had someone who…session where we had life coaching and there and there you picked up a few things like this is how I'm gonna handle this from now on. I think it's better to be mentored cause at least then it's someone that's been there unlike having to…someone who can coach you but has never been in that situation before.

P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:22 [I think it's better to be mentored...] (66:66)

4.5.4 Culture and Diversity

The culture is the organisation is described as entrepreneurial, allowing employees to grow. One of the respondents felt black people were not being taken seriously and often felt that they were often undermined. The respondent mentioned that often decisions made by Blacks were questioned and escalated to management because the decision was being questioned. The HR executive mentioned that prejudice and bias needs to be addressed in every recruitment. The organisation prefers to recruit for competence rather than demographics. It was also found that legislation was used to address resistance to transformation.

"And the culture of Case Study 3 has changed so much in terms of uplifting people that we have got a number of success stories in the business. One of which being our enterprise development director was a truck driver and he is

now a fifty-one percent shareholder in another entity called Case Study 3 Cleaning"

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:29 [And the culture of Case Study 3 has ...] (62:62)

"The challenges are at the end of the day you still get undermined as to what do you know? This is not on your level. Sometimes you would…especially with the…my colleagues, it's something that they can't resolve but you would find a GM, general manager, will come and go straight into Maria's office and sometimes I feel maybe it's just because they are a black female and they feel they're not gonna discuss that cause at the end of the day Maria is gonna say, no, you need to speak to this person. So, it's like that's the challenge with the people here that they're not taking us seriously. It's like they undermine us, what do you know?"

P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:6 [The challenges is . at the...] (12:12)

4.5.5 Change Management

Response to questions relating to change management elicited only one comment and that is that people resisted change and that it was important to communicate continuously. It was believed that people become more receptive to change over time.

"Everything that's new is generally met with resistance but as time goes and you continuously say friendly reminder, friendly reminder, it starts sinking in. People are resistant to change but as time goes they become receptive.

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:44 [Everything that's new is generally...] (106:106)

4.5.6 Organisation View on Transformation

The organisation's rationale for participating in transformation was purely transactional and driven by generating revenue. B-BBEE was regarded as measuring quantitative transformation and no the quality initiatives implemented by the organisation. It was felt that the amended codes will result in the organisation dropping two levels on the

scorecard. Transformation is seen as a business driver and has been prioritised by the executives.

> *"So, the supplier is requesting them to have a BEE certificate and I guess the better the level you have with your competitors the chances of you getting chosen. So, I believe that's why they get it. I don't think it's maybe you doing it to do the right thing, you're doing it to get more business for your organisation"*
> P 1: Case Study 3 BEE Officer 2015.12.08_15.12_01.docx - 1:23 [es. So, the supplier is request...] (70:70)

> *"We haven't as yet got the necessary licences to trade there but we will do business there albeit not now but we're already investing in the community. So, if I look at it what we do is definitely not reflective of the BEE codes. The codes just measure X, Y and Z. It's a quantitative code. It's not a qualitative code."*
> P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:48 [We haven't as yet got the necessary...] (118:118)

4.5.6.1 Roles and Responsibilities

HR was the custodian of transformation in the organisation. The HR executive reflected that she landed the portfolio by default, given that she has past exposure to transformation. The organisation also employs a BEE Officer, who is responsible for ensuring compliance and audit readiness. HR feels under pressure and believes that transformation is a portfolio on its own. Failure to achieve transformation objectives is seen as a personal indictment by the HR executive.

> *"I'm under phenomenal pressure at this point in time because at Case Study 3 we have two thousand employees. Though my function is human resources and payroll, I also have transformation. Transformation is a portfolio on its own and I have one person that supports me. if I look at it from that perspective, yes, the pressure is phenomenal."*
> P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:6 [I'm under phenomenal pressure...] (6:6)

> *"We have to make a quick comeback and…though from a corporate perspective it's not really a priority. For me…personally it doesn't sit well with*

me. So over and above the corporate feeling on this I have a personal agenda. For me it's an indictment on me. People are not gonna say Case Study 3 level six."

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:45 [From me I wouldn't want us to ...] (112:112)

4.5.7 Relationship with Verification Agency and Consultants

Almost no mention was made of the organisation's relationship with verification agencies or consulting firms, except that issues relating to interpretation and technicalities.

"So just by that very basic principle there is no follow through. There's a…there's no alignment. They don't speak to each other. So, that is very challenging for us. If I look at the codes in terms of employment equity what may be junior management to me may not be junior management to the verification agent that measures me and there are issues of technicalities and interpretation that it depends on who your verifying agent is."

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:15 [give you a good example in one...] (26:26)

4.5.7.1 Challenges

Transformation was cited as a financial burden and seldom budgeted for. Resistance to transformation was not being dealt with in the Organisation even though the CEO fully supported the process. The respondents pointed out that their scorecard did not represent the true transformation of the organisation. The organisation had also won an Oliver Award as one of the most empowered companies in 2015. The HR Director pointed out that the organisation had never applied to participate in the Oliver Awards and she also does not belief that the measurements applied are consistent and winning an Oliver Award was not a reflection of the organisation's empowerment status.

"Finance is always an issue because empowerment requires you to spend money."

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:12 [Finance is always an issue because...] (24:24)

“So, to give you an understanding we never applied for the Oliver awards and in fact I had a meeting with them earlier on in this year and I said we didn’t apply for this. How is it that…and they said they just looked at the broad spectrum of companies, etcetera. But I also believe that the yardstick for measurement has not been consistent.”

P 2: Case Study 3 HR Exec 2015.12.08_14.10_01.docx - 2:11 [es. So, to give you an understand...] (20:20)

4.7 Case Study 4:

This section looks at the key findings emerging from this case study.

4.7.1 Transformation Strategy

The State-Owned Enterprise has a strategy set by the executives, and is cascaded down to the rest of the organisation. The organisation used consultants to assist with the development of their initial strategy. There was, however, mixed views on how effective the communication of the strategy was. The strategy is driven at executive level. It was felt that the executives do not understand the dynamics on the floor and this caused a disjuncture. B-BBEE and Corporate targets set in the strategy was perceived as being unrealistic.

> *"What I see here…the good thing though about the strategy overall, not talking about the EE stuff, is that it does get cascaded down because you normally have the DOT scorecard and the corporate scorecard and then we're just going to do that now in that meeting and then it has to get cascaded down so that we can achieve our targets but with the EE one it was just the departmental targets that were not set but at a corporate level it was just that one figure that just was cutting across."*
>
> P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:51 [What I see here…the good thing...] (42:42)

> *"I think as a parastatal, definitely, Case Study 4 is working very hard in closing the gaps to make sure that we are compliant but in the process I think sometimes we tend to set ourselves a bit unrealistic targets because I know if I can use…and Winston will probably be the best person to tell you about that but if they now set a target that they want to achieve by…they want to employ X amount of black female engineers and they can't find them anywhere how realistic was that target if you can't even find one?"*
>
> P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:71 [I think as a parastatal, define...] (69:69)

4.7.2 Legislation, Policies and Processes

4.7.2.1 Legislation

Case Study 4 is expected to set an example with complying with legislation. It was argued that companies are motivated to comply with legislation in order to get the necessary business from Government. Transformation, it is believed, would not be on the agenda of business if it were not legislated.

> *"From a management perspective, it is said that we should set the example, we are government, but in getting us there I think we must just be more realistic in our targets than what we sometimes do and I'm not saying it's in all aspects like it but it is definitely in terms of our employment equity"*
>
> P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:71 [I think as a parastatal, define...] (69:69)

> *"I think we wouldn't even be talking about transformation if the legislations weren't coming to play. Change I don't think it's easy"*
>
> P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:69 [No, I'm not sure in which way ...] (66:66)

4.7.2.2 Policies and Processes

It is believed that processes have to be implemented to avoid people from by-passing the strategic objectives or wanting to recruit differently to the employment equity plan. It was added that even if processes are defined, people who are resistant to transformation will try and find a way around it.

> *"Then I said I'm gonna be held accountable here alone. Then anybody who wants a person other than what has been part of the plan has to write a motivation to the Board and it's not gonna come from any of my HR managers. It has to come from the one who's insistent that that one is the…so those are the mechanisms, which is so unnecessary, I had to put in place to actually do that but when I came here it's known that's the drive."*
>
> P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:63 [Then I said I'm gonna be held ...] (58:58)

"There are pockets of it (resistance) in the business. Some it's going very well in terms of different sites but somebody was just sharing with me this morning about the challenge in another site where…especially when it comes to validation because for them to pass they need to be validated. So, you find that that process it's very well-defined and everything but a human being is a human being."

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:13 [There are pockets of it (resistance...] (12:12)

4.7.3 Talent Management in Transformation

4.7.3.1 The Roles of Leadership

The success of this organisation has been attributed to its strong leadership, who are supportive of and believe in the principles and objectives of transformation. Leadership in this organisation is said to be pushing for a more diverse workforce and the chief executive firmly believes that they have the best skills in the country. The organisation's board has transformation high on its agenda from both a procurement and people perspective. Leadership has to meet strict KPI's aligned with legislative requirements. These KPI's are cascaded down and have at times, been seen as a hindrance in recruitment. It was also noted that it was important for leaders to support and understand the full intent of transformation in order for it to be successful.

"We've got very strong leadership and I enjoy working with the execs around here. So, I tell you Case Study 4 for me has taught me that Case Study 4 can be a stimulating environment plus the type of business I think it makes it very excited because it's very agile."

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:91 [Very much so. We've got very s...] (93:93)

"I think if you're a leader and you're stuck in that really nothing good will come out of any law or anything that has to be done for the country. So, I think it has to be somebody that's really in touch and really be patriotic about this country in totality and want to see it succeed because then that person will buy…as a

leader will buy as much as I'm driving this organisation but also, I'm driving the success of this country."

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:72 [I think when I look at my CEO ...] (72:72)

4.7.3.2 Employment Equity

The Organisation has an employment equity plan. The employment equity plan is supported by the board and executive management and adherence is non-negotiable. This support is as a result of the Organisation believing that as a South African organisation, they have to set an example in their industry. The organisation is not fully demographically representative and it is believed that minority groups feel isolated in the majority African workplace. It was also highlighted that the workforce was male dominated and many have not been sensitised to issues relating to diversity, especially gender diversity. employment equity targets were set departmentally and no consideration was given to the size of the departments and the impact it may have on smaller departments. The targets set, it was said, created antagonism in the organisation.

"she happened to mention something to me this morning and she said I always feel I'm the outsider, I'm the loner, and then that also then typically talks of the characteristic of that specific employee because if it is a quiet introvert person I can understand that they tend to feel that way because they're overwhelmed by it…by the number Africans then in the team."

P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:25 [No, I think not really all the...] (23:23)

"the Board really wants us to drive EE issues quite aggressively and female issues. In fact, it comes from the government as well, gender sensitively, etcetera. So, it's to bring the whole diversity, the inclusion programmes, sensitisation."

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:25 [the Board really wants us to d...] (18:18)

4.7.3.3 Recruitment

The organisation has set recruitment goals. Departmental targets have been implemented to ensure adherence to the set targets. The recruitment focus is on black youth and women. While this has been lauded, it has also been described as challenging. It was pointed out that the relationship between black women, youth and organisation would have to start early in the education system. The recruitment strategy is also internally focused before external routes are considered. This too has posed a challenge, as the bridge that divides core and non-core skills needs to be addressed. It is believed that the organisation sometimes needs to be prepared to compromise when they cannot find the specific demographic to meet a specific need. Concerns were also raised that Blacks were unreliable and often did not pitch for interviews. The recruitment strategy has been described as discriminatory and it is believed that the strategy should have been subtler in terms of focusing on a specific demographic. This strategy also made it difficult to motive to recruitment outside of the set targets. Retention was mentioned as a serious challenge, with blacks often leaving or emigrating once they have been awarded their qualifications. It was argued that many of the youth prioritise financial reward. A reward and recognition programme has been implemented as a retention strategy and also to create a positive work environment.

> *"I don't think it's easy to try and…to move from a non-core profession to a typically core professional. So, it will have to come from…it means even our education system so…which puts now pressure on the organisations that they need to go really from a strong relationship with schools and universities at a much lower level so that when these kids are…as they progress that they can go to those core areas but to do it in the corporate I think it's gonna be a bit of a struggle."*
>
> P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:85 […to nurture them from there to...] (85:85)

> *"but I don't think there should be this outright discrimination against other races because even as a white I get antagonised by it and, like I say, I know and I understand that they're not easily going to employ a white but I don't think it is fair to advocate it like that."*

P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:79 [Firstly, I think that their talent...] (75:75)

4.7.3.4 Talent Development

Succession planning has been identified as another transformation driver in this organisation. It was also pointed out that managers need to give their staff space to grow. Another concern raised was that managers did not always know how to address diversity. Employees are encouraged to take responsibility for their own development in order for them to progress in the organisation. The organisation has appointed a learning and development manager and it is believed that this will contribute to the structuring and management of talent in the organisation.

"Look at success management because there are different positions obviously that you find that when the person leaves you struggle to fill that position. Now we need to fill it internally but while filling it internally we need to make sure that you address issues of transformation in there as well."

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:39 [? Look at success management b...] (26:26)

"I think there's definitely a great focus on internal development. In finance, specifically we concentrate on encouraging staff to better themselves, to go for formal education. So, in my department for instance you will a number of clerks that are all at the point where they're almost finishing their degrees which then obviously means that they want to get promoted, they want to climb the ladder."

P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:1 [I think I've been more involve...] (11:11)

I've got a learning and development specialist that's looking at coaching but it's bigger in terms of that. Even in talent management we bring a very structured talent management programme which also is gonna drive transformation because we spend quite a lot of money skills development.

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:36 [That's gonna be yes. It's part...] (26:26)

4.7.3.5 Skills Development

The nature of the business requires very specific core skills. The subject matter experts in this regard are largely white males. Skills development was highlighted as a strategic necessity if the organisation wants to drive change. As a result, skills development programmes were focused on the organisation's core skills. The skills programme followed is very specific and it takes years to qualify professionals in the field.

> *"We train our own controllers. So, we get the young kids after matric, maths and science, and then we train in our ATA academy and then as they progress in terms of validation until they become the EDCO ones and then again up to EDCO three level. "It's not an easy one and even from the training…because it's quite a journey to become a controller. So, the challenges are also from the training point of view because they have to pass the very first course on aerodrome. Firstly, just to pass the practical assessment, that's another thing, and then the second thing that is to pass the classroom before they even go for the validation."*
>
> P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:10 [It's not an easy one and even ...] (10:10)

4.7.3.6 Mentoring

The organisation has implemented a buddy system to help the youth adjust to the world of work. This was important as many of the youth recruited came from rural areas. The buddy systems allowed for the youth a point of contact in time of need or confusion around the logistics in the organisation. The buddy programme is also seen as a skills exchange programme.

> *"now we've introducing in, what we call since last year, the buddy system because you remember these are young kids and a lot of them now…the one thing that we've picked up is that because they come, most of them, as much as we are attracting a lot from the rural areas, that's our focus, that's what the government wants, you go to rural areas to attract those kids but obviously you'll find those that are also from the private school, multiracial schools then the thinking is very ahead and if the environment is a bit not to embracing them that it becomes a bit difficult."*

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:18 [Yes. In terms of the induction...] (14:14)

"introducing them to these buddies. It's just people that they can talk to. Firstly, it's just for the basics to know who's who in the zoo, basic things as a start. But also, as they get trained also it's a person that becomes really a…what do you call it? You want to find out something or you're stuck with something so somebody that can…that looked after them in terms of their growth and such."
P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:22 [This buddy system is just for ...] (16:16)

4.7.3.7 Coaching

Coaching has been identified as a key tool to drive transformation and assisting with the related sensitivities. A learning and development manager has been appointed to drive the coaching process amongst other talent management objectives. Coaching programmes had not been implemented as the time of the interviews.

"I've got a learning and development specialist that's looking at coaching but it's bigger in terms of that. Even in talent management we bring a very structured talent management programme which also is gonna drive transformation because we spend quite a lot of money skills development."
P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:36 [That's gonna be yes. It's part...] (26:26)

"And almost like coaching because that's what they will need. I wasn't in the role, fortunately, where I had to do those discussions but those are tough discussions and I can imagine very intimidating at times"
P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:66 [Yes. And almost like coaching...] (59:59)

4.7.4 Culture and Diversity

The transformation targets set by the board is said to provoke anger and antagonism amongst white people. It was said that in some cities, the resistance to change was stronger and black people found it difficult to succeed. There is a perception in the

organisation that black people chase money and often become disheartened when not promoted. Another perception held is that black people get skilled and then job hop. It was also felt that the minority cultures were not respected and were lost in the greater scheme of things. There was a strong sense that there needed to be greater cultural awareness in the organisation as people understood and interpreted things differently. Further, it was added that, employees were not sensitised to dealing with the complexities related to culture. Diversity was described as being more than race. It also included gender, disability, age and generations. The organisation was in the process of implementing diversity programmes. Diversity management was considered important and dedicated resources were necessary.

> *"I think the difference also is that there's not always a lot of understanding in terms of the different cultures. So, there's not necessarily always a lot of respect for the minority cultures. It's their way which is also maybe not always fair on the bigger group."*
>
> P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:28 [I think the difference also is...] (23:23)

> *"That is very much where it comes from because unless people understand your heart they're not gonna understand you or they're not gonna understand your reactions or maybe even sometimes your words. Because of our different back-grounds I interpret it from where I'm coming from and I'm not thinking but this person has a totally background as to where she is coming from by saying it and, yes, that is definitely what I have learnt personally."*
>
> P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:43 [Absolutely. That is very much ...] (33:33)

4.7.5 Change Management

The organisation had not implemented change management programmes. It was however highlighted that in order to be successful, organisations needed to be agile. Concerns were raised that the transformation process was not handled sensitively enough and communication on transformation can be improved.

> *"So, I think at times, specifically for those people that are involved in the process directly, there should be more communication so that you don't always…so that*

you don't find that you also get just the same type of information that other people get where there could have been an alternative but it wasn't communicated. I know for a fact that that has caused a lot of frustration."

P 1: Case Study 4 Miya 2016.03.07_11.08_01.docx - 1:57 [I don't always think it's filtered...] (43:43)

4.7.6 Organisation View on Transformation

The organisation has been addressing issues related to transformation since 2014. The organisation was committed to the philosophy and principles of transformation and as a result, transformation in the organisation was described as authentic. The dissonance in the transformation agenda was attributed to lack of understanding. It is believed that the organisation has moved beyond compliance toward more progressive transformation. There is also the realisation that the journey to progressive transformation is slow and that there are many companies who are ahead of Case Study 4.

Obviously then you'll come as Katy now, HR, then you're standing up there to tell them about transformation and do you think they're listening to you because it's just a mockery? So, you basically need a leader that will just not only walk transformation but talk transformation as the right thing for the country…not to oppress the white people over black people but as the right thing for this country and for the organisation as such as well.

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:76 [It will be about this person s...] (74:74)

"They were talking…they call it compliance and progressive transformation. I think we've moved beyond the compliance. I think here it's still a journey for us. We're not there yet."

P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:65 [They were talking…they call it...] (64:64)

4.7.6.1 Roles and Responsibilities

The first respondent dealt with transformation from a financial perspective and the other was the HR executive.

4.7.6.2 Relationship with Verification Agency and Consultants

No mention was made of the relationship with the verification or consultants.

4.7.6.3 Challenges

The targeted female recruitment strategy had some unintended consequences as females became less mobile as they entered into committed relationships and domestic circumstances change. It was also noted that the organisation could have been more sensitive when addressing transformation.

> *"The other challenge you asked me about when you were talking about diversity that's still a challenge that we've got currently. I don't have a solution for it right now and as we get these females, young girls as well, pushing further you find that…remember we get them out of school, nineteen, and then when we train them obviously sign a contract to say you will be placed wherever there is a space or position so that you can validate and progress. Now then this becomes a debate now because now she's not intending to move now because now she's got a baby and now she's married. That's a never-ending issue. I think that's an issue that we're gonna be facing for a very long time."*
>
> P 2: Case Study 4 Tebogo 2016.03.07_10.11_01.docx - 2:53 [The other challenge you asked ...] (46:46)

4.8 Verification Agencies

This section looks at the key themes emerging from this case study. Two verification agency firms participated in the study and in each firm, two technical signatories were interviewed. Technical signatories review audit and sign-off B-BBEE certificates. They also act as auditors, and in these instances, another technical signatory will sign-off their work.

4.8.1 Transformation Strategy

One view was that most organisations took a compliance stance to transformation and these strategies were referred to as compliance strategies. Another view was that it was usually smaller organisations who adopted a compliance strategy, while larger organisations took a more integrative approach. Some organisations, it was pointed out adopt a 'wait and see' attitude. Another view was that large organisations that do a lot of business with government, took a more strategic view of transformation and as a result, they had to develop strategies. It was found that organisations that do have strategies also have clear implementation guidelines. This they noted was evident in the preparedness for audit. The respondent also stated that organisations would have to take a more integrative approach to transformation to meet legislative requirements, manage the pressure of a slowing economy as well addressing the human capital elements of the scorecard. It was argued that transformation strategies often fail because those assigned to facilitate this, often do not have the power to exercise the change. The auditors advised that they have not seen any transformation strategies and do not request this as part of their audit. They also felt that having access to the strategy would go a long way to setting the context for the audit.

> *"We call it compliance strategies and it is finding innovative ways of complying but not really complying. So, our approach to verification is we can only be professionally sceptic or a professional sceptic to a point and beyond that there's enough evidence whether it's fabricated or not that has to stop you asking a question."*
>
> P 1: VA Mark 2016.01.13_13.51_01.docx - 1:1 [I think…I met a person once that...] (4:4)

> *"So, you need somebody with enough power to really drive transformation and pushing it and I find that works. So, with regards to strategy as a whole I guess it can be given to anyone but he needs to be able to work with somebody who has authorities to make things happen."*
>
> P 2: VA Gary 2016.01.13_15.03_01.docx - 2:84 [I guess it depends very much o...] (134:134)

4.8.2 Legislation, Policies and Processes

4.8.2.1 Legislation

Legislation is regarded as being both important and necessary in order to achieve transformation objectives. It was however, felt that legislation needed to be more flexible and not as restrictive as it is, particularly to skills development. It was cited that the legislation should be more supportive of the principle of substance over form. Private Sector buy-in to the legislation was seen as critical and a driver of economic growth. It is believed that with time, attitudes towards the amended legislation will change.

Concerns were raised about the alignment of all the related legislation. It was cited that the legislation was subject to interpretation and verification agencies currently had no recourse that would provide the requisite support for reporting transgressions. It was felt that the Department of Trade and Industry was ill equipped to address these matters and also did not empower their staff sufficiently to provide the necessary support or clarification. A BEE Commission has been established and it is believed that the Commission will contribute toward improving the implementation and interpretation of the legislation.

Verification Agencies pointed out that they are governed and protected by the legislation, and often companies seem to forget that. The industry is highly legislated with verification agencies having to be accredited with the South African National Accreditation System. This accreditation requires that agencies undergo rigorous audit on an annual basis to ensure compliance. Three of the four verification signatories interviewed believed that the industry was not regulated enough for them to audit beyond compliance. This lack of regulation, they argued, results in different interpretation and inconsistencies in audit outcomes.

> *"I think sometimes the black and white interpretation of legislation is what's causing the problem. Sometimes organisations as a whole are implementing the correct initiative and get penalised for not having the trail of auditing documents."*
>
> P 2: VA Gary 2016.01.13_15.03_01.docx - 2:46 [I think the regulation is important...] (86:86)

"So, with regards to that as a whole I think it will be a now cleaner process when the BEE commission is established and we have some real channels to pursue. At the moment, there's a lot of confusion around a lot of these procedures and again I guess it's always a difficult call but we generally step away totally from a rating if they seem to have fronting."

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:93 [So with regards to that as a w...] (152:152)

4.8.2.2 Policies and Processes

Verification Agencies find that transformation is most successful where organisations have policies and processes to support transformation objectives. This was evident in audit preparation and readiness. Policies and processes were more evident in larger organisations. Policies, they argued improved employee engagement and provided guidance to employees. The candidates interviewed felt that there would be increasing pressure for policies as organisations prepare to be measured against the amended codes.

"There are definitely processes and I'm sure a lot of those companies have policies but I haven't really come across where there's specific things set out."

P 3: VA Gita 2016.01.08_09.51_01.docx - 3:17 [For the ones that I've worked ...] (18:18)

I think the regulation is important but at the same time it should be standardised. I think what causes a lot of frustrations is different interpretations, seeing competitors get away with thing in that weren't allowed by whatever the agency is of the person going through the verification and without standardisation that actually again creates problems for people who are trying as a whole to comply

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:46 [I think the regulation is important...] (86:86)

4.8.3 Talent Management in Transformation

4.8.3.1 The Roles of Leadership

The role of leaders was described as being about managing people and aligning strengths. Leaders played an important role in creating momentum in the transformation process. I was cautioned that leaders have to be wary of ulterior motives and how their attitudes and disposition influences employees. Another view was that leaders are more conscious of transformation because they have to confront the importance and relevance of it every day. As a result, leadership authenticity and buy-in was key to driving sustainable transformation. One of the candidates pointed out that leaders who have been in their position for longer periods were harder to change.

> *"When there's buy-in on top generally strategies are more readily implemented and quite a great way and at the end you achieve quite high due to it because everything was implemented when it was supposed to be and there wasn't this thing of waiting two months for somebody to say yes or no"*
>
> P 2: VA Gary 2016.01.13_15.03_01.docx - 2:87 [If there's no buy-in there unf...] (140:140)

> *"And once again that's not as simple as we will say it to be but it does start with sometimes with somebody coming in new. So, it creates that momentum. If somebody was a CEO for so long it's very difficult to change him for the people below him to think this guy has changed but if a new guy comes in and he has all these ideas and he forces them through it makes people think and I was in an organisation like that where the management pushed back so hard that this guy just pushed through."*
>
> P 1: VA Mark 2016.01.13_13.51_01.docx - 1:82 [And once again that's not as s...] (76:76)

4.8.3.2 Employment Equity

The change in measurement of employment equity requires that the organisation become more demographically representative. Specific targets have been set for Africans, Coloured and Indians. It is believed that these targets will affect organisations

and force them to give black competent employees preference over white employees. This, they say, might leave white employees feeling as if they are being overlooked. A sentiment was expressed, that organisations will maximise their points on other elements of the scorecard and maintain the status quo on employment equity. black representation on boards were also brought to question, with the auditors finding that the same black directors on the boards of different organisations. This, they felt, implied that only a select few blacks were being given an opportunity to perform and benefit from this role.

"You do everything else that doesn't affect senior and top management and so you would spend whatever you need to spend on ED, you will spend whatever you need to spend on SAD skills, procurement, you'll force your suppliers, you do whatever you need to do but when it comes to that…the JSE is proof of that and it's struggling to…because of that ultimately the final wealth."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:41 [You do everything else that do...] (40:40)

"if you had to ask me the bigger scheme of things are we making progress? I would say yes. I said it's not as it is perceived, good or bad, because if you talk from a black perspective they will always tell you it's bad, if you're talking from a white perspective they'll say we're making progress, but I think there's a middle ground. It's not as bad as people think it is from a progress point of view and it's not as good as we think it is but I would put that for any role we have."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:29 [I don't think there's any proc...] (24:24)

4.8.3.3 Recruitment

Recruitment should be focused on getting the right skills and not the right demographic, was one view shared. Another pointed out that white males stay in their positions out of fear of not finding another job. This, they said, left very little room for organisations to recruit black people. It was pointed out that organisations need to consider retention strategies as monetary rewards provided short-term and not long-term solutions.

"There is a resistance but it's life threatening if I can call it that way. It's like me senior top white manager. I can't be stupid and just go apply somewhere else and figure…because I might walk into a different place where culturally I don't fit because the company has evolved already, I'm happy here, whether I am or not I know what I…where I sit, I've been here for twelve years, I'm alright."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:34 [I think it's not a problem that...] (30:30

"What I find is increasing salaries as a whole is a short-term incentive. It never seems to last. That momentum is very short lived. If you find somebody that's passionate in something and you really hit on that and that goes along with a more attractive salary that seems to work better and you more…have a long-term result."

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:33 [This again it's something that...] (64:64)*"*

4.8.3.4 Talent Development

It was pointed out that verification agencies do not go beyond assessing if employees are being remunerated fairly. There was consensus amongst the candidates interviewed that organisations needed to develop their employees if they wanted to ensure sustainable transformation. Innovation was identified as a key outcome if platforms were created for talent development.

"Yes, because if that falls back into it again people can see the career path develop before them. Again, actually you wanna work harder, you wanna really get there, and you wanna improve yourself, and if you don't have the means to and you know that you're literally stuck there as an employee in this position then you're gonna work eight to five and that's it. It's quite dampening on the soul as a whole and I don't think you'll get the correct or optimal output from the individual."

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:38 [Yes, because if that falls back...] (68:68)

"So I think there should be a way that it's a platform that any manager can access at any point to see what's going on and what queries have been raised and to identify people that really think out of the box and maybe move them up or move them in a different direction because at the end of the day the organisation…that's about bottom line and if there is somebody out there that's seeing things in a whole new way that has great potential definitely utilise that; you're as strong as your weakest member I guess in any instance so"

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:33 [This again it's something that...] (64:64)

4.8.3.5 Skills Development

Skills development has been identified as a priority element on the scorecard. It is believed that skills development was one of the country's biggest needs and a key area where transformation can be addressed. It was agreed that organisations will have to give this dedicated focus. One of the respondents pointed out, that there was a perception that organisations felt that blacks were not skilled sufficiently to fill senior positions in organisations. The respondents were in agreement that skills development will contribute to improving lives and creating jobs and as result, positively contribute to the growth of the economy. It was also felt that skills programmes should start when youth are still at school. There was also a view that organisations should train their staff on B-BBEE, what it meant for the individual, the organisation and the country.

"I think that's the core of the codes because that's where we're starting to build the nation and educate people and help them in moving up the ladder. If you've got a shareholder, that's a shareholder. They more than likely have already made it. Sure, they're helping your business perhaps get better business or more business and helping your business grow but in terms of you helping people it's gotta be under skills development and enterprise and supplier development.

P 4: VA Ian 2016.01.08_09.03_01.docx - 4:84 [I think enterprise and supplier...] (130:130)

"At our level of where we are in the country I think we just need training and we need time to skill people up. So, I feel like training is a big component that is happening. There are few nuisance factors like…and I don't mean any disrespect but like disability that's a nuisance factor for companies and in the larger scheme of things they don't view that person as totally productive for driving the economy to become a first world."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:56 [Yes, and I'm gonna tell you wh...] (58:58)

4.8.3.6 Coaching

The respondents felt that coaching could play a critical role is assisting with the transformation process, however they felt that the success of the coaching will be dependent on the individual's tenacity to succeed. The respondents also believed that coaching could play an important role in addressing people issues related to transformation. It could also play an important role in mitigating risks associated with appointing black executives and board members. It was also highlighted that white people might see coaching as a tool being used to stifle their growth. One respondent emphasised that any kind of help that will assist the transformation process will be most helpful.

"if the top guys work through change management with specialists there would be better ways of dealing with these kinds of things and it will soften the impact on every level of an employee because when that goes out at the top the wrong message that gets three days later at the lowest level. Yes, I think if the top seek help as to how do I best sort this problem change management and coaching could play a vital role because it's not an event, it's that process that we're dealing with."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:97 [And that is maybe to answer you...] (86:86)

"they will need to also understand the impact that it is gonna have on the business and if…obviously as a business coach you're able to then do the coaching that's gonna obviously be relative to the situation when it comes to…obviously to BEE and other things."

P 3: VA Gita 2016.01.08_09.51_01.docx - 3:75 [I think so because they will n...] (84:84)

4.8.4 Culture and Diversity

The respondents felt that a diverse workforce created a dynamic environment where all employees thrived. They also observed that animosity around issues relating to race was more prevalent in the junior management. One respondent added that people look after their own interests and are often on the opposite side of the scale, believing that transformation was either racist, required militancy or took an altruistic stance. In clarifying, he mentioned that people are too insular and have a tendency to look after their own kind. Verification agencies often encountered people who still believed that Blacks are not qualified enough to do the jobs to which they have been appointed.

It was expressed that the argument has moved from race to quality, where employers are looking for quality black people. It was believed that a focus on quality was less sensitive and redeemed organisations from perceived prejudice or bias. Again, verification agencies emphasised that their role in assessing inequality stopped at checking occupational levels and remuneration. They however noted that black people are often reluctant to participate in B-BBEE initiatives as a result of being associated with stereotypes. Black employees often questioned why they are qualifying the audit and often felt the need to address issues relating to inequality, diversity and culture. The verification agencies said that it was clear that organisations preferred blacks who were Westernised and well presented in speech, and physicality. Another view shared was that whites remain in positions out of fear of not fitting in to an organisation that has evolved and embraced transformation. They also mentioned that they encountered a prevailing attitude that whites educate their children to leave the country as there are no opportunities for them. There is no evidence to suggest that organisations are doing something about culture and diversity.

> *"People are too insular, if I can maybe use that word. Everybody just looks out for themselves and it's not a fault, it's a human thing, so it's very difficult to…what makes it worse is that black people have ample opportunity to move on and on and on and it leaves the white guys behind. So, somebody starts*

and the next time you see this guy three years later the guy is executive somewhere and he's still there."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:85 [I don't think there's a solution...] (80:80)

"That argument I feel has evolved. That argument has moved away from race based to quality based. So, the argument is always the quality won't be the same and we have to ensure the quality is right in turn. So, that's because I feel like if you had to kick a bush now you'll probably find two thousand black people fall out. So, there's enough people to go around but it's the…I'm investing other people's money and I need a quality of person who has got years of experience to manage stock broking and that kind of thing. So, it's less sensitive to use that word than to use the skill word."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:43 [That argument I feel have… (42:42)

4.8.5 Change Management

Verification agencies have found that transformation has not been communicated well in organisations. They have encountered numerous incidences where employees have no understanding of the processes or even that organisations go through B-BBEE audits. They also pointed out that it is clear that organisations have not implemented any change management processes. This they said, is evident during audits. It is believed that a change management process will soften the blow of transformation and ensure that employees receive the correct message. To ensure success, they believed, leadership needed to continuously communicate the transformation agenda.

"I think they're just winging it at the moment. There hasn't been too much change management. There's been one or two people that have been placed in charge of the verification on the new code and they've been working together with consultants and they've just been doing what they have to."

P 4: VA Ian 2016.01.08_09.03_01.docx - 4:49 [I think they're just winging it...] (80:80)

4.8.6 Verification Agency View on Transformation

The verification auditors were sure to point out that there was a symbiotic relationship between the ability of the organisations to implement the legislation and economic growth. They were also unanimous in their view that the B-BBEE audit did not measure the full extent of transformation in an organisation. Three auditors explained that organisations are prepared to pay a premium fee to ensure that an auditor agrees with their interpretation of the legislation. As a result, they believed that the scorecard was not a reflection of authentic transformation in an organisation. They asserted that the verification audit measured evidence, the form of transformation, not the substance. The fourth auditor believed that organisations are more prepared for audits and did not use the substance over form arguments as prolifically as they did in the past. He believed that organisations were more accepting of the auditor's view. The verification agencies advised that their audit processes were prescribed by South African National Accreditation System (SANAS). They argued that these processes supported a tick box, compliance approach to transformation. Concerns were also raised that SANAS was inconsistent in the application of the legislation. The SANAS processes they believed, allowed for organisations to be tactical in their response to transformation. Organisations were however cautioned not to apply shock tactics to their transformation journeys, as this would have a negative impact and instil fear in the workforce.

> *"So, our approach to verification is we can only be professionally sceptic or a professional sceptic to a point and beyond that there's enough evidence whether it's fabricated or not that has to stop you asking a question. So, our roles of very limited in digging too deep for information because we're essentially security guards in an industry, not policemen. So, nothing…we don't have enough power to stop if we find something."*
>
> P 1: VA Mark 2016.01.13_13.51_01.docx - 1:1 [I think…I met a person once that...] (4:4)

> *"it's when transformation is a process in a company it works. I won't say it works well but it works. There's enough benefit that everybody can see. When it's an event in a company which means, we need a BEE certificate, stop employing white people, you kill all the black…the white supplier, start*

buying…it upsets the apple cart. It gives the wrong impression in a company because immediately people who have the power in the company feel disempowered by that executive decision."

P 1: VA Mark 2016.01.13_13.51_01.docx - 1:91 [Someone said this once and I t...] (82:82)

4.8.6.1 Roles and Responsibilities

As indicated previously, in the quote above, verification agencies see themselves as security guards in the industry. They see their role as examining evidence been given to them to support a claim and then allocating scores, other that they feel powerless.

In terms of organisations, they all felt that organisations who have dedicated resources to manage transformation had more success with B-BBEE. They also pointed out that often the dedicated resources do not have decision making powers and this was often where the transformation process fell short.

"I guess that becomes more evident that you really need somebody who's knowledgeable in your organisation on BEE and again I find it unfortunate and sad especially when you say…and clients really have done the right thing but they haven't kept the correct supporting documentation. On our side, we have to be as objective and impartial as possible and without some form of third party confirmation or proof of payments there's really nothing that we can do."

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:76 [I guess that becomes more evident...] (126:126)

"What I find doesn't work either is if you've got somebody that's in charge with BEE strategy with no power and he can't implement the various things. So sometimes you have fantastic strategies being recommended and somebody on tops just not interested. Again, it dampens that completely. So, you need somebody with enough power to really drive transformation and pushing it and I find that works."

P 2: VA Gary 2016.01.13_15.03_01.docx - 2:84 [I guess it depends very much o...] (134:134)

4.8.6.2 Relationship with Clients, Consultants

Verification signatories interviewed placed more emphasis on how organisations would change verification agencies if there was a difference of interpretation of the legislation. With regards to the relationship between consultants and verification agencies, only one felt that consultants played an important role in training and giving guidance to organisations. This auditor also found that the B-BBEE audits went much smoother when a consultant was involved. The other three auditors were not in agreement and argued that in most instances, consultants did more harm than good and did not always provide sufficient support to clients. Another view expressed was that consultants took a more tactical approach rather than a sustainable one. The auditors felt that it would be helpful to meet more regularly with consultants and other verification agencies to share best practice as this would go a long way toward eliminating varying interpretations.

> *"We also just make it very clear that there's no consulting on our side on your verification so they have to seek an external party and then basically that individual is equipped to do it because we've seen a lot of fly-by-night consultants which have actually done more damage to the organisation and what they expected and that's actually caused a lot of I'd say frustration in the process between the organisation and the verification agencies because a consultant had misinformed a client of certain initiatives would comply."*
>
> P 2: VA Gary 2016.01.13_15.03_01.docx - 2:76 [I guess that becomes more evident...] (126:126)

> *"I see some of the consultants that I've dealt with they just go in just to get business and they do that. So, they don't have any sustainability going forward. As long as they can get a scorecard, that's it. They do not go back and say for meaningful transformation this is what needs to happen. So, they're just scraping through just because a certain organisation has asked for a certificate from them."*
>
> P 3: VA Gita 2016.01.08_09.51_01.docx - 3:43 [Like I said initially people w...] (40:40)

4.9 Transformation Consulting Firms

This section looks at the key themes emerging from the interviews with transformation consultants. The consultants all had experience working with the verification agencies interviewed and they all had interactions with the organisations.

4.9.1 Transformation Strategy

The consultants advised that they were called into organisations to assist with meeting a legislative requirement. For most, a transformation strategy is driven by a business imperative be it, a licence to trade and/or doing business with Government. In other instances, it was argued, that it would merely be compliance because of external pressure, that is, from their clients or customer. It was added that for an overwhelming number of businesses, transformation strategies were aimed at compliance and not authentic transformation, and as a result, transformation strategies are not integrated into the broader business strategies or into the DNA of the organisation.

Three of the consultants advised that they respond to the needs of the clients, that being to comply with the legislation. One consultant specifically pointed out that she always starts with meeting the clients and almost always tries to move clients to a more authentic position. This she said, was decidedly difficult in that organisations often stop using consultants once they have an understanding of B-BBEE and have been set on a path to achieving a scorecard.

Two consultants believed that black owned businesses were more adept at implementing authentic transformation objectives because they understand the economic and business rationale. White owned businesses, they pointed out, were more inclined to adopt a tick-box approach to transformation. The consultants were all of the opinion that transformation strategies had to be living documents, they have to be implemented, monitored and evaluated on a continuous basis. There was also consensus in that South African organisations were ill prepared for the world of work in 21st century.

> *"So, they start the conversation outlining…many of them just saying, help, we need to comply. Then my narrative is directly to say I'll help you comply but*

we've actually gotta see what your organisation is doing to transform and what I've personally found as a struggle as to help them…because then they'll say, yes, we definitely want to transform and we're doing this properly but it takes time and people don't understand that transformation takes time and it takes dealing through a lot more than they initially want to make available because they think that they just need easy data. So, you start on the journey of saying it's transformed but then you find yourself leaning towards just comply, just tick the box, and so it's trying to straddle those two."

P 3: Consultant 1 2016.01.23_10.40_01.docx - 3:1 [So they start the conversation...] (4:4)

4.9.2 Legislation, Policies and Processes

4.9.2.1 Legislation

All the respondents were in agreement that we would not have seen the extent of transformation had it not been for legislation, notwithstanding that we still have a long way to go. The respondents also added that while in the main, legislation was good, it also drove compliance behaviour, almost condoning the tick-box approach applied by organisations. One of the consultants felt that the legislation should be more punitive. There was also a common believe that the legislation not only supported transformation but also economic growth and will be in effect until economic disparities have been addressed.

"It happens at exec level but it never gets filtered down. It never gets written into the company's DNA, into their policies and procedures and stuff like that, and even when we've done policies and procedures incorporating transformation it's almost like it's just one of those files away things."

P 2: Consultant 2 2016.01.15_10.25_01.docx - 2:5 [Most of my clients…I would say...] (16:16)

"And also, recognising that we need a normalised society, that transformation or BEE only comes to an end when we have a society that is representative of not only in demographics but also in terms of wealth patterns, purchasing patterns, ownership patterns, procurement patterns, demographic profiles

in…that's what we need. That's a normalised society and until we get to that point transformation and BEE is gonna be here forever."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:54 [And also recognising that we n...] (52:52)

4.9.2.2 Policies and Processes

Policies and processes are evident, however they are not aligned to strategic objectives and do not support transformation and that it is often found that caveats are included in policies to preserve the status quo. One consultant added that organisations have brilliant policies but lack the mechanism to support the implementation and application.

"They have policies and processes because of compliance for other pieces of legislation but as to whether they're supporting transformation generally speaking you'll find things they will say, we want to have so many black people at this level or so many people, and then next thing they go out and set up a strategy to increase their retirement age to seventy."

P 4: Consultant 4 2016.01.13_11.24_01.docx - 4:7 [They have policies and process...] (12:12)

"I think policies are…in ninety-nine percent of organisations that we deal with I think they have the best policies you could ever imagine largely because they're written by consultants. I think it's always the implementation. The policies talk about the objectives and what it doesn't do is often talk about so how do we implement this policy? And how do we…or who are we holding accountable to implement this and what are the reporting and monitoring mechanisms that go with the policy? So, having a non-discrimination policy is fantastic but if you don't have a mechanism where if somebody is being discriminated against that they can report it, that it's gonna be taken seriously, that it's gonna be investigated and action will be taken."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:43 [I think policies are…in ninety...] (46:46)

4.9.3 Talent Management in Transformation

4.9.3.1 The Roles of Leadership

Three consultants emphasised the role of leadership, more so than the fourth. They felt that the both the country and organisations needed strong leaders with strong voices to lead the transformation journey. There was a view that leaders needed to be courageous, people-centric and subscribe to authentic leadership principles. One consultant felt very strongly that transformation should be built into KPI's. This, she believed, would result in a more concerted effort by leaders to achieve transformation objectives.

> *"I honestly believe that there's leadership lacking, focussed deliberate leadership in this conversation from a national level to a business national level. So, I do think that there needs to be a stronger voice and a stronger narrative that will remind us continuously, it's gotta be drilled in to say because I think we get disappointed. The journey's not as easy as we think and so we get disappointed and then we just leave it or we say we're just gonna revert to just doing the tick-the-box scorecard versus if we know consistently it's about the people"*
>
> P 3: Consultant 1 2016.01.23_10.40_01.docx - 3:26 [Heather, actually I don't know...] (30:30)

> *"So, you have KPI's that are there but then there's repercussions to that. There needs to be repercussions to that but then the business must be bold enough to say…and that's where the courage comes in to say this is that important and we don't care that you're a multimillion rand business this is bad, this transformation was so important to us that we're not gonna take a risk of losing business and saying go so that there are consequences for those KPI's not being met."*
>
> P 3: Consultant 1 2016.01.23_10.40_01.docx - 3:28 [People get rewarded based on w...] (32:32)

4.9.3.2 Employment Equity

It was noted that employment equity looks good on paper, referring to the Commission for Employment Equity Report. He advised that when we dig a little deeper into the statistics, it is clear that black people hold mostly supporting positions in organisations. It was argued that there is still a fair amount of window dressing, where blacks were given titles and not awarded the decision-making powers that went with the position. One consultant went as far as referencing her own experience in not being taken seriously because of her demographic. The consultants all believed that there were still many barriers to employment equity that have not been addressed. This they say, is as a result of inadequate succession planning for blacks.

> *"They have somebody…if I would come in and tell them as a black person that don't moan, ninety or whatever the percentages, the majority percentage of white males in top jobs is X amount and that is a reality they would look at me very funny but getting that from a white person they'd be more inclined to listen to that person and take heed of what statistics tell us and in a way I have been able to give them some of those figures but everybody would turn around and say are you sure about that?"*
>
> P 2: Consultant 2 2016.01.15_10.25_01.docx - 2:10 [think it does but…I'll take for...] (28:28)

"So, a lot of organisations in my experience on paper are doing exceptionally well. So, when you look at the stats, the percentages of black people and also EAP and so forth are…look fairly descent. However, when you unpack that further and you say out of these…out of the black people how many of them are in core positions versus non-core positions? When you start unpacking that level of details you see a very different picture emerge and it's a picture where black people are often given titles, kept in the background, deputy CEO or joint CEO and so it's those types of characteristics or behaviours that I think leads one to believe that people are doing this, firstly, to tick boxes and then, secondly, to appear to be progressive and transforming but in reality we have good examples of black people that have taken senior leadership position."
P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:13 [It's very limited in my experience...] (16:16)

4.9.3.3 Recruitment

Commentary on recruitment was limited and only two consultants provided thought. One consultant felt very strongly that black people should be recruited because of the competence and not their demographic as it was still the case in many instances. The comment was that line management ultimately made the recruitment decision and if line managers were not acquainted with recruitment strategy, they will continue with current practices because of lack of understanding.

> *"Much as that executive HR person is there she's a paper pusher. The decisions of who gets hired lays in the relevant departments."*
>
> P 2: Consultant 2 2016.01.15_10.25_01.docx - 2:12 [I don't think so. I think some...] (32:32**)**

> *"That for me would be where you get to a point where our perceptions, but it's not always reality, are that you got the best person for the job and they got it because there were the…I'm not even interested in quotas. I know quotas are almost like a start but if we can get to a point where it's a team because we believe it will bring something irrespective of who comes in."*
>
> P 4: Consultant 4 2016.01.13_11.24_01.docx - 4:49 [I'll tell you what it will fee...] (88:88)

4.9.3.4 Talent Development

Investment in staff was largely dependent on the business sector, for example, if people were an organisation's primary asset. It was believed that the extent of talent development was a determining factor in organisational success and competitiveness. Current market conditions were cited as a deterrent. While another consultant noted that some organisations spend huge amounts of money sending black staff to business schools so that they can fit the mould and adapt to a Western culture.

> *"Ja, send them to business school. It makes sense. Just send them somewhere but as to say let's sit down, let's talk about how you view this, how can I help you so that you can help me? We don't do that. We want everyone to fit into one role as if all or basic assumptions or realities are the same which it's not."*

P 4: Consultant 4 2016.01.13_11.24_01.docx - 4:16 [Ja, send them to business school...] (26:26)

"So, the importance of people in an organisation and an organisation's ability to be competitive and strategically positioned or successful that links to how important the people aspect or the human resource development aspect of transformation is."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:11 [I think it again varies from s...] (14:14)

4.9.3.5 Coaching

Coaching was not included in the consultant's toolkit. They did however express the need for a third-party intervention and saw the value of coaching, referring to it as an enabler of transformation. They felt that it would assist with bridging the divide between quantitative and qualitative transformation. One consultant was particularly vociferous on the matter and felt that as a country and as organisations, we would not succeed at transformation if we did not coach our employees and assist them with breaking down the barriers that exist between the different demographic groups. Further, the third-party intervention would help employees work through their fears and anxieties. It would also assist leaders to become more courageous when dealing with difficult issues.

"I actually think a lot of issues around transformation could be more effectively addressed through coaching. So, I'm a firm believer that coaching in an enabler of real transformation. I think that there can…there is no substitute for experience. I think we must accept that."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:16 [I actually think a lot of issue...] (18:18)

"I do think courage can be, can be taught. Courage gets stronger the more times you exercise it and so if you have a coach that tells you and says actually all you wanna ask for, as a stupid example, is to say I don't understand what I'm doing but it doesn't mean that I'm stupid or that I don't qualify for this position. It just means I've never had the opportunity to learn that. So, I wanna

go on this course, I'll put my hand up, and for them to get the courage to be able to say I want this there's gonna be somebody that in the corner and say actually you can have a conversation because they'll find that they'll have a conversation and go tell I did that and then they can have the next courageous conversation, the next courageous conversation. So, yes, courage can help."
P 3: Consultant 1 2016.01.23_10.40_01.docx - 3:30 [I guess you're asking me can c...] (34:34)

"And I think organisations understand that coaching works but it is when that coaching unearths issues, especially structural issues, that it becomes a problem."
P 4: Consultant 4 2016.01.13_11.24_01.docx - 4:56 [And I think organisations unde...] (98:98)

4.9.4 Culture and Diversity

The consultants posited that organisations have not begun to address the social context in which they exist. It was argued that if organisations were unclear of their transformation objectives, how would they then be able to deal effectively with issues relating to culture and diversity. It was mentioned that employees bring different perspectives to the workplace and this often caused tension as one group was deemed superior to the other. Organisations needed to move to a more inclusive culture that would support the organisation's transformation journey. The sentiment shared was that organisations needed to delve deep to assess whether they have transformed and if they have harnessed the value of having a diverse workforce. The consultants believed that very little work was being done in the space of culture and diversity and that there was a need for South Africans to test their basic assumptions of each other in a safe space. If organisations wanted to remain relevant in the future, a diverse workforce would be non-negotiable.

"It's like when multinationals come into the country and they try to enforce their values into South Africa. It didn't work. We knew it wouldn't work. Now to impose values of one demographic onto the total and then when it doesn't work now we are in denial that it's not working. So, if you start with the values and after the values we will have to look at our policies and if our policies can

transcend colour or race or gender over time but give opportunities, have equal playing fields…and equal playing fields are not the same because an equal playing field for a woman in engineering and a male in engineering are going to be different."

P 4: Consultant 4 2016.01.13_11.24_01.docx - 4:51 [I think it will start with you...] (90:90)

"So, transformation is not only about black and white. I think it's about a broader…are we going to be relevant to society? Are we gonna be relevant to our markets in ten years' time? Are we gonna be relevant to Africa? Do we have a diverse workforce which is capable of leading us as an organisation into the next ten years, fifteen, twenty years? And I don't think we have."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:27 [So transformation is not only ...] (24:24)

4.9.5 Change Management

Change management was deemed a missed opportunity by the consultants but they shared some insight and thoughts. Organisations are seen to be struggling with racism and other mind-sets and emotional issues relating to transformation and it is believed that these issues can only be addressed through a change management process. It was suggested that organisations take a bottom-up approach so as to create a critical mass toward transformation.

"I think that often people believe once a transformation strategy is communicated that's enough, you don't need to go beyond that, and I think that one of the tricks that we missed earlier on in transformation and in BEE was to say there needs to be a significant change management process"

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:19 [I think that often people believe...] (20:20)

"The funny thing, our most valuable people are…our most valuable asset is our people, our human capital, yet most of our human capital comes from the bottom as it's the pyramids in organisation but again, organisational cultures are derived from the top of the pyramid and then we want to make that as if

that's the reality for the people, the worker bees. For me any change management strategy would start at the bottom."

P 4: Consultant 4 2016.01.13_11.24_01.docx - 4:31 [For once I would like it to st...] (46:46)

4.9.6 Consultants View on Transformation

Transformation was viewed as a strategic pillar of growth and an imperative for organisations who wish to remain relevant in the future. It was advised that transformation has to be slow and deliberate with organisations having to plan, implement, monitor and evaluate their progress. There was a strong sense that a certificate was not a reflection of transformation and that organisations needed to start practicing transformation and not just talk about it and the associated costs. Concerns were raised about the current state of our economy and the increasing impatience amongst our youth, out future leaders around the pace of transformation.

"there's a rising sense of impatience and militancy amongst young people. These are our future leaders. We haven't in the last twenty years seen this level of activism amongst young people in this country. We saw it in the eighties and we saw it in the seventies, we saw it in the nineties to a lesser extent, but we haven't seen it in the early two thousands and for the first time I think we've shaken…we were woken in something which I think is gonna take…you can't put this to sleep, you can't put this back to bed, the dragon is out, and I think that…companies and government I don't think have realised how the next generation is going to react and their needs and how are we relevant to that generation. I don't think we are. I really don't think we are."

P1: Consultant Harry 2016.01.20_13.06_01.docx - 1:29 [If you take the school…the Fee...] (28:28)

"I think if transformation is one of the strategic pillars of growth and development of an organisation…so if you say we wanna grow by ten percent next year and transformation is an enabler of that growth that's the first step. So, it's gotta be woven into the fabric of the organisation's objectives. Secondly, I think it's gotta be driven at the right levels."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:46 [I think if transformation is

o...] (48:48)

"We have an aging workforce. So, transformation is not only about black and white. I think it's about a broader…are we going to be relevant to society? Are we gonna be relevant to our markets in ten years' time? Are we gonna be relevant to Africa? Do we have a diverse workforce which is capable of leading us as an organisation into the next ten years, fifteen, twenty years? And I don't think we have."

P1: Consultant 3 2016.01.20_13.06_01.docx - 1:25 [We have an aging workforce. So...] (24:24)

4.9.6.1 Relationship with Verification Agency

There appears to be a fair amount of tension between consultants and verification agencies. The consultants felt that the verification agencies needed to be more open-minded and not only seek compliance with the legislation. The nature of only allocating points if substantial evidence existed condoned a tick-box approach to transformation and also gave organisations sufficient justification to change auditors if opinions differed. A solution to this, noted one of the consultants, was for boards and shareholders to adopt the same principles for selecting verification agencies as they would other auditors.

"The auditor is appointed by shareholders, the auditor is not appointment by management, and then I have no responsibility to report to management and I think we need to draw that distinction is to say who appoints the verifications agent and who are they responsible or accountable to and I think if you start drawing that distinction, like auditors, to say the verification agent reports to the audit committee of the board I think you'll get a very different outcome and greater scrutiny and greater accountability and maybe that's something we do need to look at."

P 1: Consultant 3 2016.01.20_13.06_01.docx - 1:41 [The auditor is appointed by shareholder...] (42:42

"I don't know if it's a fair answer that I'm about to give to say don't be so audit…don't be such an auditor, you've just got tunnel vision. In fact, that's

what an auditor does where they've gotta come and check that things are done right and properly. No, I'm not sure I can answer that."

P 3: Consultant 1 2016.01.23_10.40_01.docx - 3:38 [I don't know if it's a fair an...] (40:40)

5 CHAPTER 5 DISCUSSION OF RESULTS

5.1 Introduction

This chapter discusses the findings of the research. It also includes a cross analysis as well as triangulation of the findings with the views of the verification agencies and B-BBEE consultants and scorecard to determine consistency.

The objective of the research was to determine what are the current best practices, possible weaknesses and opportunities to introduce new concepts, models and resources to facilitate transformation. To frame the discussion, it is important to add that an organisation's level of transformation is measured through a B-BBEE scorecard in South Africa. The table below indicates the B-BBEE performance of the respondents at the time of the interview between December 2015 and April 2016.

It is also important to highlight the distinct difference between transformation in a South African context versus a global context. In South Africa, transformation is associated with the principles and objectives of B-BBEE and is regulated, whereas in a global context, transformation will refer to complete change. Another consideration is that redress in South Africa is aimed at the majority, given the historical context, where in global organisations, redress is aimed at minorities.

Table 5.1: B-BBEE Generic Scorecard Performance (2007)

B-BBEE Element	**Weight**	**Case Study 1****	**Case Study 3****
Ownership*	20.00	23.00	5.95
Management Control *	10.00	10.45	7.97
Employment Equity*	15.00	12.23	10.59
Skills Development	15.00	15.00	11.85
Preferential Procurement	20.00	20.00	20.00
Enterprise Development	15.00	15.00	13.77
Socio-Economic Development	5.00	5.00	5.00
Total Points	**100.00**	**100.68**	**75.13**
B-BBEE Level		**1**	**3**

* Bonus points are awarded for meeting specific criteria.

** These entities are measured against sector codes, see table below.

Table 5.2: B-BBEE Sector Specific Scorecard Performance (2007)

B-BBEE Element	ICT Sector		Specialised Sector	
	Weight	**Case Study 2**	**Weight**	**Case Study 4**
Ownership*	20.00	21.28	N/A	N/A
Management Control *	10.00	10.67	15.00	16.00
Employment Equity*	10.00	6.88	15.00	15.80
Skills Development	17.00	5.80	20.00	16.00
Preferential Procurement*	20.00	20.80	20.00	19.21
Enterprise Development*	11.00	11.00	15.00	15.00
Socio-Economic Development	12.00	12.00	15.00	15.00
Total Points	**100.00**	**87.83**	**100.00**	**97.01**
B-BBEE Level		**2**		**2**

* Bonus points are awarded for meeting the criteria.

These organisations were selected on the basis of their B-BBEE levels for participation in this research. The premise was that if they presented between a level one and four scorecards, they had made significant strides toward transforming.

5.2 Transformation and B-BBEE

It was evident that organisations used the term transformation and B-BBEE interchangeably. This is in line with the research of Cook (2013) and Maloa (2015). It was important to understand what the rationale for organisations' participation in transformation was. From the findings, it is clear that transformation in organisations can be attributed to external factors. One of the entities' transformation agenda was purely transactional and driven by generating more revenue through tender processes. Another entity complied because of both licencing and tender requirements. In order to do business with Government and State Owned Entities, compliance with B-BBEE is mandatory. This was confirmed by one of the consultants who said that licencing and tenders were key drivers of transformation. Case Study 1 felt that they had to be relevant in the countries in which they operate and in South Africa, it was also driven by pressure from clients. Case Study 4 felt that they needed to lead the way and set an example. They also expressed a view that the organisation was gearing toward complying beyond a scorecard. They were working toward authentic transformation. This organisation realized that progressive transformation was slow and that there were probably many organisations who were well ahead of them in the journey. Another consultant shared this view, saying that transformation should be slow and deliberate. The findings then suggest that only one of the four organisations interviewed have opted for a more progressive transformation journey, while the other three are participating for compliance.

Both the verification agencies and the consultants link transformation to economic growth and redressing historical inequalities. This view is consistent with the views expressed by various researchers (Booysen, 2001, 2007a, 2007b; Cook, 2013; Horwitz and Jain, 2011; Kleynhans and Kruger, 2014; Krüger, 2011; Ntim, 2015; Ntim and Soobaroyen, 2013). This link was also made by the organisations who participated in the research. One of the consultants cautioned that it was an imperative for business to see transformation as a pillar of growth if they wished to remain relevant in the future. All of the respondents interviewed recognised the need to be relevant but there was a sense of inertia around relevance.

The B-BBEE scorecard was perceived to be a measure of transformation in SA organisations. The response to this was varied, with two organisations agreeing that their scorecards represented the measure of transformation and the other two saying that the scorecards did not fully measure the extent of transformation in organisations. The consultants concur and believe that many organisations are implementing initiatives that speak to transformation and these are not being recognised because the requisite evidence is not produced. This, they said, had a negative impact on the scorecard. Verification agencies advised that they have to comply with regulatory processes as defined by the South African Accreditation System (SANAS). The process requires that organisations provide tangible evidence before any points are awarding. This is one of the first hints of tension between verification agencies and consultants.

At the time of the interviews, the 2013 amended codes had just come into effect and concerns were raised that the amended codes are onerous and will result in a drop in the B-BBEE scores. Fear and tension was evident as for some a B-BBEE level drop could have a negative impact on the business. One of the respondents went as far to say that she deems a drop in level a personal indictment. The concerns around the amended act were focused on the interpretation of the amendments as well as the introduction of priority pillars. These concerns are consistent with the views expressed by (Gomez and Premdas, 2012; Krüger, 2011); the priority pillars being ownership, skills development and enterprise and supplier development. These priority pillars have sub-minimum criteria that must be met. Non-compliance with the criteria will result in a drop of level on the scorecard. The organisations consulted widely with their verification agencies on the matter. Verification agencies agreed that there was a lack of consistency in how the legislation was interpreted and applied. They also confirmed clients seek clarity from them on the codes. One of the verification agencies cautioned that they cannot be consultant and auditor and had to manage the relationship and expectations from clients diplomatically. Verification agencies agreed that they had good relationships with some of their clients but they also pointed out that organisations are prepared to pay a premium price for an audit, if an auditor agrees with their interpretation and award points and levels accordingly. One of the consultants believed that executives and boards need to get closer to the selection of

verification agencies and apply the same principles as they do for selecting financial auditors.

5.3 View on Transformation

Two of the respondents were vociferous in their view that transformation only benefited a select few. It is concerning that ten years after the codes were gazetted, this negative perception continued to prevail, despite the principles and objective of B-BBEE being clearly defined. These views are consistent with the finding of Donaldson et al. (2013) and (Lipton, 2014; Maloa, 2015; Reuben and Bobat, 2014). In order to begin to see the benefit of transformation, we need to change our perspective. We need to recognize that B-BBEE is reciprocal, it is about equality and about inclusivity, as stated in the B-BBEE strategy. As mentioned by both the consultants and verification agencies, transformation should be viewed as a strategic growth opportunity. Organisations' vision should extend beyond the current into the future world of work. Welch (2014) famously said, that when the rate of change outside an organisation is greater than the change inside, then the end is near, with understanding that the current economy is under stress and the reactive nature of business to transformation does not bode well in terms of employee engagement. Organisations need to review the stance and their narrative as South Africans, more particularly black South Africans who are seeking to work for and do business with organisations who have transcended beyond compliance. The question organisations have to seriously reflect on is "Are we complying or are we transforming?"

From discussions with the respondents, it is fair to deduce that the approach to transformation has been compliance. As mentioned by one of the multinationals interviewed, organisations are still very reactive when it comes to transformation. Verification agencies see this in client unpreparedness for audits. There seems to be a need for a significant mind shift change in terms of the B-BBEE scorecard level being the end result of having implemented transformation initiatives rather than the end goal. Transformation, according to Dreachslin and Saunders (1999) concerns a fundamental change in organisational practices resulting in a culture and climate change. If we were to adopt this definition, our current narrative would then have to distinguish between transformation and compliance to the B-BBEE Codes of Good

Practice. From the research presented, it is evident that organisations are still in compliance mode and have not begun to transcend beyond compliance. Our goal then should be to determine what that map or journey will look like. In the literature review, Irene (2017) suggests that personal development and capacity building should be part of the transformation process.

5.4 Legislation, Policies and Processes

Compliance with B-BBEE is voluntary, while compliance with EE and Skills Development is mandatory. All of the organisations see transformation in terms of legislative compliance and cite the B-BBEE Act and the Codes of Good Practice. The general view was that the legislation compelled them to transform. Verification agencies and consultants concur with this view. Compliance with the legislation was further motivated by the need to get more business, through tender processes or other external influences. Case Study 1 thought that legislation took a narrow view and did not take cognisance of the needs of global organisations. Another organisation saw transformation as unfair and only benefitting a few and another cited the costs of compliance as being a hindrance to transformation. This can be referenced back to the work of Donaldson et al. (2013) and Cook (2013). This organisation also acknowledged that they use legislation to coerce employees to adhere to organisation mandates. These views are consistent with the literature review on reactions to redress.

Taking a closer look at the responses to legislation per organisation, Case Study 4 felt obliged to set an example by complying with legislation. Case Study 3 held the view that compliance was key to business. They however, raised concerns around the misalignment of legislation and regulatory bodies, particularly around skills. These sentiments are echoed in the literature review by Horwitz and Jain (2011). Case Study 1 held the view that the legislation was inward looking and did not consider the needs of global companies. With a sense of arrogance, it was added that legislation will not compel global companies to comply with legislation if it did not align with business objectives. Despite the views held on the legislation, the organisations agreed that the legislation has resulted in the levels of transformation in organisations. The legislation

was deemed necessary in order to achieve both organisational and the country's objectives.

Verification agencies added that there was a close link to an organisation's ability to implement the legislation and economic growth. They also advised that their audits did not measure the full extent of transformation and as a result, they did not believe that the scorecard adequately reflected the level of transformation in organisations. They asserted that verification agencies measured only the tangible evidence that supported a claim. They advised that their processes are prescribed by SANAS. These processes, they said, supported a tick-box approach to transformation and allowed organisations to take a tactical or compliance approach to transformation. Consultants agreed that the legislation enabled a compliance stance toward transformation. This, they say, was aided by the tick-box approach set in the verification agencies processes. Another challenge legislation posed was a lack of consistency in how the legislation was interpreted and applied, argued the verification agencies. Goldberg (2015), Gomez and Premdas (2012) and Seate et al. (2016) cite that the lack of clarity around the interpretation of the legislation presented challenges with implementation. Verification agencies added that the lack of clarity provided opportunities for organisations to pay a premium price for an audit if the agency agreed with the organisation's interpretation. This, they said, was purely tactical from the organisation's side as they wanted the best scorecard. regardless of the cost in order to preserve the status quo.

Once again, tensions between verification agencies and consultants were evident in that consultants believed that verification agencies should apply a broader lens when doing audits and look beyond tangible evidence. Verification agencies believed that there should more communication between the different agencies and consultants so as to ensure a common understanding of transformation. They also believe that the establishment of the B-BBEE Commission will provide invaluable support in addressing and investigating non-compliance of the legislation.

Policies and processes were not evident in the organisations with reference being made only to employment equity plans and recruitment policies. One organisation advised that they had a broad B-BBEE policy covering all the elements but added that

it was difficult to get buy-in from the rest of the organisation and requests to contribute to amendments have been ignored. The policies were deemed confidential and requests to view them were denied. This was anticipated in the limitations of the research methodology discussion. Verification agencies said that some organisations have policies and added that transformation was more successful in organisations that had policies and processes to guide the process. Verification agencies also affirmed that it was not within their scope to review policies and processes. Verification agencies believed that there will be increasing pressure for organisations to implement policies and processes to effect transformation. Consultants added that organisations had policies, however these were not necessarily aligned to strategic objectives. Another view held by the consultants was that organisations often included caveats into the policies to preserve the status quo. Consultants held the view that policies were evident in most organisations, however organisations lacked the mechanisms to support the implementation and application of the policies. Considering the work of (Armstrong and Taylor, 2014; Schneider et al., 2013) the lack of policies and procedures can be attributed to the negative position the respondents hold to legislation. The lack of policies and negative positions impacts organisational culture.

5.5 Strategy

From the evidence in the findings, it is clear that transformation is ring-fenced in organisations and is dealt with almost in isolation from other business processes. Of the four organisations interviewed, only Case Study 4 claimed to have a strategy. Their strategy was set by the executive and cascaded down to the rest of the organisation. There was consensus that the strategy was driven from executive level, however there were contradictions on the communication of the strategy and the disjuncture between executives and the “coal face”. The targets set in the strategy were perceived as being unrealistic, further demonstrating the disjuncture.

Case Study 1 had used consultants to develop an initial strategy and have since managed on their own, this was the response of the transformation manager. This is consistent with the views held by consultants. The executive however, noted that it was his responsibility to ensure that the organisation had a strategy. Clearly conflicting views showed it would be fair to adopt the view of the transformation manager. The

initial strategy was tactical and aimed at getting points on a scorecard. The transformation manager pointed out that in the absence of a strategy, they had appointed a transformation taskforce, to monitor the implementation of initiatives. The transformation taskforce and initiatives imply that there is a transformation plan. When asked if transformation initiatives were aligned to the business strategy, the response was vague with the executive saying that their main purpose was to grow a stronger and more successful business in South Africa. There was a view that their global strategy would trump local initiatives. Case Study 2 advised that their response to B-BBEE has always been tactical and reactive. The transformation manager is in the process of developing a transformation strategy for the business. Case Study 3 also did not have a strategy. They were upfront in saying that their rationale for complying with transformation was attributed to compliance and pressure from clients.

One of the verification agencies pointed out that organisations have guidelines that respond to transformation but not strategies. Case Study 4 advised that they took a very reactive approach to transformation and managed B-BBEE compliance on an annual basis. He did, however, point out that one of his roles was to develop a strategy in the future. The language used by the organisations' respondents were mostly around having plans. In the literature review. we learnt from Mantere (2013) that strategy formation can play an important role in creating shared purpose, meaning and hope in work. Working from Mantere (2013)'s premise, the tensions regarding transformation can be attributed to a lack of strategy. Further, it is well documented that people drive strategy and one of the challenges may be that the strategy is not communicated to the rest of the organisation. In the findings, only one organisation spoke about regular communication of the strategy and even that, some felt was insufficient. The compliance nature of transformation makes it easy for organisations not to take a strategic stance in that they can be tactical in terms of their financial and non-financial contributions to achieve a scorecard. All of the organisations see transformation in terms of legislative compliance with the B-BBEE Act and the Codes of Good Practice. All organisations are in agreement that the legislation had compelled organisations to transform. Verification agencies and consultants concur with this view. This compliance view is evident in the way that organisations approached their strategy. One of the organisations was upfront in saying that their initial strategy was very tactical. A tactical response provides organisations with short-term wins resulting

in long-term losses and transformation that is not sustainable with fluctuating scorecards.

Verification agencies claimed that consultants were complicit in developing compliance strategies for organisations. Consultants, on the other hand, mentioned that when they are approached by organisations, they are requested to assist with understanding transformation and getting a scorecard. Consultants mentioned that they were seldom included in the implementation phase of the strategy or allowed an opportunity to explore authentic transformation with the organisations. Given this finding, it could then be assumed that consultants are requested to assist with a B-BBEE gap analysis, and this means that consultants could find themselves in a double-bind, having to consider meeting client's needs versus meeting the authentic objectives of transformation.

One of the consultants held the view that black-owned companies were more inclined to take transformation seriously because they understood the economic and philosophical rationale. They took a more authentic approach to transformation and developed strategies aligned to broad business objectives. What is clear from the finding is that organisations do not have documented strategies that will give direction to transformation. Given the current economic and political climate, it would be prudent for companies to begin looking at integrated transformation strategies in a broader context than just B-BBEE. The evidence builds a strong case for clear communication strategies as part of a change management programme or OD interventions.

5.6 Human Resource Management Strategy

Of the four organisations, only two HR executives were interviewed. Request to meeting with other HR executives or managers were denied, citing that HR is not involved with transformation. This limitation was identified in the research methodology reviews. This was disturbing in that two of the elements of the scorecard speaks directly to HR. Again, not one of the companies mentioned a HR strategy. The respondents spoke about employment equity plans and recruitment policies but not of HR strategies. HR plans and processes seem to be disparate and insular. This raises serious concern in that it leads one to surmise that practices and processes are not

aligned to the business needs and issues are addressed in a reactive manner. The current practice evidenced in the research does not demonstrate a synergy between HR, transformation and business strategy. The South African Board of People Practices (2014) points out in their HR Management Standard for South Africa that an HR strategy cannot be formulated in the absence of a clear, openly communicated, organisational strategy. From personal experience, HR has always been a back-office support and expense department. This role clearly has to change in business if transformation is taken seriously. Case Study 4 was the only organisation that made constant reference to targets set in their strategy, while Case Study 2 made reference of being in the process of developing a strategy. Verification agencies and consultants made no reference to HR strategies. Based on the response, it is fair to deduce that they do not have transformation strategies.

It is of grave concern that only one of the four organisations has a strategy and it is likely that this has contributed to the anxiety around the amended codes. With reference to Horwitz (2013)'s view that strategies emerge in uncertain times, one organisation has recognised the need to develop a strategy in order to be more responsive to transformation. It would have been difficult for the organisation to achieve the B-BBEE levels in the absence of some plan or guidelines. While these guidelines and plans infer some consistency of practice regardless of how reactive organisation are to transformation. In the literature review Mintzberg and Waters (1985) refer to emergent strategies as having consistency of action over time. The evidence affirms this position in B-BBEE levels achieved by organisations over time.

5.7 Talent Management

As mentioned in the introduction, the respondents focused on the people aspect of the transformation. This highlights not only the importance of it, but also presented itself as a burning platform. The respondents expressed a fair amount of vulnerability around this aspect. This section is discussed under the heading, talent management. In keeping with the definition of talent management by Collings and Mellahi (2009) and Vaiman, Scullion, and Collings (2012), we discuss recruitment, employment equity,

talent development, skills development, leadership and the roles and responsibilities in transformation.

5.8 Role and Responsibilities in Transformation

All the respondents interviewed believed that transformation should be an independent portfolio. While in two of the organisations this was the case, the transformation manager had almost no authority to make decisions. Civil society, the media and politicians all bemoan the slow pace of transformation and as mentioned by one of the consultants, the will and the courage to transform is often absent. Transformation is taking the road less travelled, borrowing from Peck (2012). All too often organisations and transformation managers are reactive and the role needs to be taken a lot more seriously and suggestions have been made that this role reports directly to the CEO or is awarded an executive status with the requisite decision making powers. These views are in line with a recent article published by McKinsey and referenced in the literature review as Busy et al (2016). As mentioned, transformation managers had no executive decision making powers and it was obvious that they felt like a lone voice in the wilderness.

5.9 Leadership

All the respondents believed that leadership support was integral to the successful implementation of transformation objectives. In two of the organisations, leaders have Key Performance Indicators (KPI) for transformation whether directly or indirectly. In one of the organisations, only the HR executive had a transformation KPI. The fourth organisation was hoping that transformation would be included in KPI's. The consultants agreed that transformation should be include in the KPI's of leaders as this would result in a more concerted effort by leaders to achieve transformation objectives.

Case Study 4 attributed their success to a strong leadership that supported the organisations transformation objectives. They also cited the CEO's confidence in the competence of the workforce as a contributing factor to transformation. The leaders in the organisation supported and understood the full intent of transformation and the

impact it may have on the organisation and the country. Case Study 2 pointed out that they were more successful in transformation when their CEO was person-centric. They also linked transformation success to the business priorities of the leaders. Case Study 3 had the support of the CEO.

Two organisations mentioned that leaders often had different priorities that adversely affected transformation. The verification agencies agreed that leadership played an integral role the successful transformation of organisations. They cautioned that a leader's ulterior motives and dispositions influenced how employees responded to transformation. One consultant in particular, felt very strongly that leaders needed to be people-centred and had to subscribe to the principles of authentic leadership. One the consultants believed that doing business in the 21st Century requires leaders that are courageous, that understand their environment and is able to harness the value of a diverse workforce. This means that leaders have to be increasingly more agile and fit for change. This view is supported by Horney et al. (2010).

Most leaders seemed preoccupied with third party pressure, that is, gaining business through tenders or through core clients or even meeting KPI's. The people aspect of transformation seemed at best, ignored. One of the consults interviewed used the acronym PIME, which means that leaders should plan, implement, monitor and evaluate all transformation initiatives. This view is supported by Cummings and Worley (2014), who posit that leadership plays a key role in any transformation process as they are responsible for the strategic direction and operation of the organisation. Leaders, they say, decide when to initiate change and what processes will be followed and implemented. The consultant also added that transformation called for courageous authentic leadership. These skills, the consultant believed, could be taught and would have a huge impact on subordinates. Again, this view is supported by Walumbwa et al. (2010) who argued that followers emulated the leader's behaviour. From the research findings, it is unclear what leadership traits or styles are required to lead organisations through transformation. The need by organisations to reflect on leadership, indicates the importance thereof.

5.10 Employment Equity

Compliance with EE legislation is mandatory. Organisations report on employment equity progress to the Department of Labour on an annual basis. One of the B-BBEE requirements when measuring employment equity, is evidence that organisations have complied with the requirements of the EE Act. The evidence required is proof of submission of the EE Report to the Department of Labour as well as copies of the said reports (Amended Verification Guide).

The table below illustrates the B-BBEE performance of the organisations on management control and employment equity. Management control measures the entity's black representation at board and top management. Employment equity measures senior, middle, junior management and employees living with disability.

Table 5.3: Management Control and Employment Equity Scorecards

Element	Case Study 1	Case Study 2	Case Study 3	Case Study 4
Management Control*	10.45 out of 10*	10.67 out of 10	7.97 out of 10*	16 out of 15
Employment Equity*	12.23 out of 15	6.88 out of 10	10.59 out of 15	15.80 out of 15

*Bonus points are allocated to both elements if specific targets are met.

Of the four organisations interviewed, only three made reference to EE plans and of the three, only one made reference to an EE committee. No reference was made as to how the organisation aimed to effect change in employment equity. Only Case Study 4 exceeded the B-BBEE targets, as illustrated in the table above. The organisation's respondent made specific reference to the targets set by the executives, saying that they were unrealistic. Three of the four organisations did not meet the B-BBEE requirement for employment equity. Three of the four organisations meet the

requirement for black representation at management control. All of the respondents linked challenges in employment equity performance to challenges with retention.

In the amended codes, management control and employment equity is merged and EAP targets as the CEE Report will apply to senior, middle and junior management. Substantial concern was raised and the targets were deemed onerous. As a result, executive had mandated that focus be given to the other elements of the scorecard as the organisation was not going to compromise on the calibre of employees recruited in order to attain a score. This was also held by verification agencies. Interestingly, the executive touted that one of their key success factors was to be locally relevant. This is in fact contradictory to the mandate to not compromise on EE. The respondents in this organisation reiterated that EE was beyond their control. The respondents were concerned how the new measurement criteria would affect the minority groups, particularly Indian Males. They cited their success with Africans as being marginal but they recognised that if they were to improve their EE score, they would have to change their recruitment strategy. They attributed their challenges to their business apprenticeship model, where they only recruit at junior levels and grow their employees. Case Study 3 mentioned that they have achieved significant success in the lower occupational levels, but executive and senior management was still largely white. We see evidence of this in their performance on the scorecard. The organisation EE targets are set to meet B-BBEE requirements. The B-BBEE officer was one of the respondents and she advised that her authority and those of other blacks in the organisation was always questioned and verified. EE could possibly pose be problem when they get measured on the amended codes as the targets in the codes are set using the EAP. Case Study 2 stressed the important role the employment equity Committee played in monitoring recruitment. Concern was raised that employees were being appointed on the basis of the demographic and not their competence.

Case Study 4 had implemented department targets and noted that while the organisation met B-BBEE targets, the core staff of their organisation was still white and male. In this organisation, concern was raised that the minority groups felt marginalised and isolated. This view was held by (Booysen, 2007a, 2007b; Horwitz et al., 1996; Jain, Horwitz and Wilkin, 2012; Oosthuizen and Naidoo, 2010). Even though the respondents believed that the targets were unrealistic to achieve, the scorecard

shows differently. The success and best practice on this element can be attributed to the departmental targets. This was also the only organisation that recognized that they had not done enough around diversity, especially gender diversity.

Verification agencies believed that the revised targets on the employment equity scorecard will force organisations to re-evaluate their employment equity targets and focus on black candidates. This, they pointed out, may leave white candidates feeling that they have been overlooked. One agency explicitly responded that they would probably find that organisations will focus on the other elements of the scorecard so as to preserve the status quo. This same sentiment was shared by Case Study 1. The verification agency and consultants raised concerned that there was a commonality of black non-executive directors across companies. This indicated that only a select few were awarded the opportunity. This is consistent with Donaldson et al. (2013) in their research on the so-called black diamonds of South Africa. Referring to the Commission of Employment Equity Report, one of the consultants pointed out that while there was an increase in black representation at the more senior occupational levels, these positions were mostly support and not core positions. He cynically added that they need to dig deeper into the roles and responsibilities awarded to black people. Another consultant made reference to her own demographics and shared a personal experience of how she was second guessed. It was argued by both the consultants and the verification agencies that blacks were often awarded titles but not the decision-making powers. This, they believed, was tantamount to window dressing. The consultants pointed out that there was inadequate succession planning for blacks and that many barriers still existed. The scorecard above and the findings concur that there is inadequate representation of the demographic groups in organisations.

5.11 Recruitment and Retention

All four organisations had focused recruitment strategies aimed at attracting black talent. They however, cited three challenges with targeted recruitment;

(i) the recruitment processes were unfair and based on historical relationships and therefore people were appointed on the basis of their demographic
(ii) Line managers not understanding and cooperating with mandate

(iii) Retention being the biggest challenge.

The high attrition rates in Case Study 1 was attributed to blacks not seeing the value of working for an international organisation. The organisation only shared one of their retention strategies and that was to send high potential black employees to complete an MBA at Ivy League universities overseas. They were however, considering changing their recruitment strategy as the apprentice model was not necessarily successful as the period of growth into more senior positions takes about two to three years. They were considering recruiting blacks at more senior levels. All of the respondents held the view that blacks were easily attracted and drawn to positions that offered higher salaries and one respondent in particular, felt aggrieved that blacks often did not show up for interviews, this she labelled as irresponsible. Verification agencies added that organisations needed to review their retention strategies as monetary reward provided short-term solutions. Another agency pointed out that recruitment was a challenge because whites tended to stay in the positions longer leaving very little growth for blacks. One of the consultants concurred and added that line management ultimately made the recruitment decision and often the recruitment plan was not communicated to them and they demonstrated a lack of understanding of the organisation's transformation objectives.

All of the organisations presented their organisations as being focused on recruiting black people. In some organisations, this recruitment strategy was deemed unfair, marginalising the minority groups. There is no evidence to suggest that these perceptions or fears were being addressed. The high attrition rates of black were deemed a challenge and the organisations argued that blacks either did not see the value of working in their organisation or that black were always scouting for positions offering higher salaries. This view is contrary to the statistics of the 16th Annual Commission for Employment Equity report where it is reported that organisations experience higher attrition rates amongst white males. Case Study 4 noted three specific challenges they have with retention, the first being that they operate in a highly specialised sector and once employees are fully qualified, employees are often head-hunted and offered attractive opportunities overseas. The second challenge is that their recruitment is focused on attracting females into the sector. However, concerns

were raised that females at some point in their careers, shift priorities and become less mobile. The third challenge related to prejudice and bias. As mentioned earlier, white males dominate the core skills in this organisation and given the nature of the job, experience and accreditation, white males often block the development and accreditation of young blacks. Case Study 4 also advised that they will need to work on the divide between core and non-core demographic representation. Only one of the organisations made an attempt to address the attrition rate by introducing a reward and recognition programme. Two other organisations implemented mentoring programmes aimed at provide subject matter expertise and support.

In the discussion in both EE and Recruitment and Retention, they noted many stereotypes, generalisations and unconfirmed perceptions about black people, including that black people are attracted to voluntary retrenchment packages. There is no evidence to suggest that this is being addressed in the organisation. It is noted that there is a perception that legislation and recruitment processes being unfair toward the minority groups. It is important to note the inference that black, in this context, refers to African. This statement is supported in the findings where specific reference was made to Coloureds and Indians feeling isolated. The respondent expressed that whites are holding on to jobs, thus blocking opportunities for blacks There was also a strong need to Anglicize black people to fit into the perceived norm. This need to Anglicize black employees does not show any consideration for creating an inclusive homogenous culture and use of that to become more relevant and competitive in South Africa. Booysen (2001) argues that harnessing the strengths of both the white and black culture in South Africa could lead to stronger and more competitive organisations. Case Study 1, specifically could be missing out on an opportunity to become even more relevant locally. The findings relating to stereotypes, fears, black advantage and white disadvantage confirms the work of several authors (Booysen, 2007a, 2007b; Booysen and Nkomo, 2010; Habib and Bentley, 2008; Hideg and Ferris, 2014; Oosthuizen and Naidoo, 2010).

5.12 Talent and Skills Development

For the purposes of this study, a distinction was drawn between skills development and talent development.

5.13 Skills Development

Skills development is a priority element on the B-BBEE scorecard and non-compliance with the sub-minimum target will result in the measured entity dropping one level on the scorecard. Skills Development is focused on training accredited by the South African Qualification Authority. The only organisation that did not elaborate on skills development was Case Study 2. A meeting with the Learning and Development Officer was promised but did not materialise. This was cited as a limitation. The skills programmes were all focused on learnerships, learning programmes for people living with disability and core skills as in the case of the Case Study 4. It would then be reasonable to surmise that organisations saw skills development in the context of entry level staff.

The table 5.4 below demonstrates the organisations' performance on skills development. According to the Codes of Good Practice, skills development measure the Rand spend on the training of black employees and black employees living with disability and it also measures the number of employees on formal learning programmes such as learnerships, apprenticeships, internships. Before points are awarded on the element of the scorecard, a measured entity has to provide evidence that they have complied with the Skills Act. They therefore have to submit evidence that they have paid their skills levy for the measurement period and submitted a Workplace Skills Plan to the applicable SETA.

Table 5.4: Skills Development Scorecards

Element	Case Study 1	Case Study 2	Case Study 3	Case Study 4
Skills Development	15 out of 15	5.80 out of 17	11.85 out of 15	16 out of 20

This section focuses on the findings of the organisations in relation to their performance on the scorecard. Case Study 1 achieved maximum points on skills development. They advised that they had historically implemented learnerships for people living with disability. While this is a noble gesture, it did not serve the organisation, nor the people living with disability. At the end of the learnership, the

learners were not absorbed into the workplace and the organisation yielded no return on investment. The organisation recognized that this did not make business sense and was in the process of changing their model, to looking at recruiting black graduates and placing them on learnership or internship programmes. One of the challenges in talent development was that employees were sent to their global training academy and this training was not accredited in South Africa. While they were addressing this through accreditation with the relevant SETA, they found this to be debilitating factor.

Case Study 2 scored 5.80 points out of 17. This they attributed to business and transformation objectives not being aligned, as well as many blacks opting for voluntary retrenchment, thus decreasing the pool of black people who could be placed on accredited training programmes.

Case Study 3 scored 11.85 out of 15 points. Their skills programmes were focused on learnerships for unskilled employees. They cited challenges with the alignment of skills and legislation, as well as operational challenges within the SETA. This concurs with Horwitz (2013)'s comment on the SETA's. He however added that the weaknesses in the SETA's were being addressed. This is clearly not the case, as experienced by Case Study 3.

Case Study 4 achieved 16 out of 20 points. This is in line with their challenges in employment equity and recruitment and retention. As mentioned, this is a specialised sector and previous challenges cited was the need to bridge equitable demographic representation across core and non-core positions. The organisation has linked their recruitment and skills strategy and aims at skilling black women and youth to fill core positions in the organisation. In order to establish a frame of reference, it is important to illustrate the nature of core training in this organisation. The organisation has established a training academy and is the only institution in South Africa that trains that specific skill. Learners in the Academy have to pass through three levels of accreditation before they become validated and certified to do their jobs. Proficiency in pure maths and science is a prerequisite and this in itself, poses a challenge particularly in their targeted demographic. This challenge they said could only be addressed if they started working with youth on maths and science while they were still at school. The other challenge was around diversity. The core skills are dominated by white males and it is these same white males that have to accredit blacks entering

into their space. It was argued that some of the challenges in this regard are related to prejudice and bias. The organisation acknowledged that they had done very little to address this and were in the process of implementing diversity training as a means to begin addressing challenges in this regard. This they felt was an important element of ensuring knowledge transfer.

Skills development is one of the areas where organisations can make a significant contribution to equipping black people to fill core positions in organisations. As cited by one of the consultants, the demographic representation in the workplace has improved, however they found more blacks filling support rather than core positions. As mentioned by the HR executive at Case Study 4, training youth in core skills takes time. It appears as if organisations have unconsciously pegged skills development as best suited for entry level staff. Horwitz (2013) cautions against assumptions that certain qualifications were superior to others. Pegging skills development at entry levels makes it easier to bring in black unemployed or disabled learners, “give” them a qualification and move along. It was common practice in the past to adopt such a tactical practice. The new codes now encourage the absorption of learners after completion of their learning programme. The respondents were hopeful that this would force organisations to take a more considered view of skills development.

If skills development is perceived to be the domain of entry level staff, one can then deduce that talent development would be a more appropriate term to use for more senior staff. The organisations participating in the research have all mentioned challenges in retaining key black staff. One of the common perspectives amongst the respondents was the shortage of competent black talent. So, let us pause and determine if there is one clear definition of talent. According to (Garavan et al., 2012; Kraak and Press, 2015; Ross, 2013) there is no definitive definition nor is there consensus on what constitutes high and intermediate skills levels. Ross (2013) went further and said if success is the desired manifestation of talent, then organisations need to enable talent to achieve personal success in order to retain it within the organisation.

5.14 Talent Development

The rationale for separating skills and talent development is purely on the basis of how the respondents had separated this in their discourse, referring to skills as relating to the measurement criteria in B-BBEE. Discussion around talent development elicited a different response. Case Study 1 advised that the organisation had an up or out development philosophy. They explained this by saying that if an employee was not promoted after two years, they generally left. They also sent black employee to do MBA's at Ivy League universities to help them adapt to a global culture. This point was reiterated three times in the interview. This organisation had also appointed a diversity manager to provide support and assistance from a learning and development perspective. Case Study 4 identified succession planning as a need in the business and at the time of the interviews were in the process of appointing a learning and development manager. Case study 2 had recently been through a voluntary retrenchment process and lost a lot of black employees as a result. This they noted as having an adverse effect on transformation. Case study 3 has a history of growing employees from unskilled to management level. They cited an example of a waste sorter who was now a senior manager and in the process of completing a programme for management development at Gordan Institute of Business Science.

Consultants pointed out that investment in staff was largely dependent on business sectors and cited that larger investments were made in sectors where people were the primary asset. Verification agencies and consultants both believed that it was critical for businesses to invest in skill and/or talent development, not only to redress inequalities of the past, but also if business success and competitiveness was a priority. This view confirms the views of Booysen (2001) as well as economic arguments posed by (Cox and Blake, 1991; Ntim, 2015; Ntim and Soobaroyen, 2013). One of the verification agency respondents pointed out that there was still a perception that black people were not sufficiently skilled to take up senior positions in companies. This view is supported by Horwitz (2013). A consultant added that often companies spent huge amounts of money sending blacks to do MBA's so that they could fit the mould and adapt to a Western culture. This view was expressed by Case Study 1. Organisations are investing in development programmes, however they cannot prove

that they are geared toward achieving transformation objectives or scorecard requirements.

Staying within the frame of talent development, two of the organisations interviewed had included mentoring as a development tool. In both instances, mentors played the role of subject matters experts and provided support to mentees. In Case Study 3, the mentorship programme was heralded a success with the chief sponsor being the CEO. In the organisation, all mentees are black and the HR executive found that this was a subtle way of introducing transformation and breaking down stereotypes. This organisation claimed that they thought mentoring to be more successful than coaching. The other entity that purported mentoring was Case Study 4. Case Study 4 felt that mentoring bridges the cultural divide and assists with the induction of mentees into the world of work. They however, were in the process of introducing a coaching programme for senior management. Case Study 1 had initially appointed a diversity manager to coach black employees, this role has since evolved to include broader learning and development programmes and coaching has since re-prioritised. In Case Study 2, they had run a pilot where coaching was part of a change management process. The pilot was deemed successful and if the change manager could find an executive sponsor, this would be adopted and rolled-out. While the verification agencies had no direct experience with regards to coaching, they felt that it could play an important role in mitigating risks when appointing black executive and board members. One of the respondents felt very strongly that any assistance to support the transformation process would be most helpful. While coaching was not included in the consultants' toolkit, they however, expressed a need for third-party intervention and saw coaching as an enabler of transformation. One consultant felt that coaching could play a role in addressing fears and anxieties and helping people become more courageous in addressing transformation. This extends the work dealing specifically with fears and anxieties by (Booysen, 2007b, 2013; Booysen and Nkomo, 2010; Hideg and Ferris, 2014; Horwitz et al., 1996; Horwitz and Jain, 2011; Human, 1996). What was evident in the interviews was that coaching was largely unexplored and hardly considered as a process that would enable transformation or change.

One of the verification agencies pointed out that organisations have moved on from using the excuse of a shortage to black people, but they now refer to a shortage of

competent black people. This view is confirmed by Le Deist and Winterton (2005) as well as (Bergmann, 1999; Govinder et al., 2013; Horwitz, 2013; Reuben and Bobat, 2014; van Klink and Boon, 2003). They further contend that competence bridges that gap between education and job requirements. Case Study 1 is trying to address the gap by sending black employees to Ivy League universities so that they adapt to a global culture, a global way of thinking. They have experienced some degree of success but still struggle with retention. While coaching was considered as a way of bridging the divide, this was not implemented to the extent of gaining a return on investment. Case Study 4 was in the process of implementing a coaching programme to begin to address bridging the gap. The finding in this section of the discussion presents a strong case for organisations to consider coaching as a means to bridging the divide and reaching a consensus on what competence means for the organisation versus what it means for the individual.

5.15 Culture and Diversity

Only Case Study 4 identified that they have not done enough around diversity management. There was a perception that black people chase money and become disheartened when they are not promoted. This was a strange comment to make and implied that white people deal with disappointment better than blacks. The transformation targets set by the board and executive provoked anger, antagonism and frustration amongst whites. The HR executive believed that employees were not sensitised to dealing with the complexities related to culture and diversity. They extended their understanding of diversity to include race, gender, disability, age and generations.

In Case Study 3, legislation was used to address resistance to transformation. It was mentioned that prejudice and bias was address in every recruitment interview. While the culture in this organisation was described as entrepreneurial, there was a sense that black people were not taken seriously enough. No mention was made if this has been addressed from a broad organisation perspective. The lack of diversity is evident in the management control and employment equity scorecard performance.

Diversity management was not on the agenda of Case Study 2. They did however advise that they were going through a culture change process and this, they believed, could possibly result in significant behaviour change. The respondents both made reference to tension between black and white employees and did not elaborate on solutions to deal with this. The transformation manager argued that the organisation's diversity is evident in their international footprint. However, when you relate this back to South Africa and their performance on the employment equity scorecard, the organisation is left somewhat wanting.

Case Study 1 stressed that they support diversity and described that organisation as having a unique global and diverse culture. In South Africa, however, there was a perception of them being an Anglo-Saxon organisation and not embracing the South African context. They went on to say that black South African employees struggled to adapt to a global culture because they were sensitive about their race. They lauded their strategy to send blacks to Ivy League universities as they said, employees often came back with fewer issues regarding their race. The organisation had appointed a dedicated resource to assist with diversity and integrating blacks into the workplace.

Verification agencies advised that their role in assessing inequalities stopped at checking occupational levels and remuneration. They shared experiences that black people were reluctant to participate in B-BBEE audits for fear of being associated with stereotypes (Booysen, 2007a, 2007b; Booysen and Nkomo, 2010). Verification agencies often encountered people who still believed that blacks were not qualified enough to perform certain roles. They also mentioned that it was clear that some organisations preferred blacks who were Westernised, well presented and well versed in the English language. Consultants pointed out that organisations have not begun to address the social context in which they exist. It was argued that it would be very difficult for organisations to address culture and diversity if they were unsure of their transformation objectives. Consults expressed that the different cultures brought different perspectives to the business and it has sad that business had not yet realised how to harness the value of having a diverse workforce. Consultants mentioned that organisations needed to test their basic assumptions of one another in a safe environment. One consultant in particular pointed out that if companies wanted to remain relevant in the future, they need to embrace the notion of having a diverse

workforce. This sentiment was shared in the work of Cox and Blake (1991). That being said, there was no evidence to suggest that organisations were addressing issues relating to culture and diversity.

Diversity in the workplace is monitored and measured through the implementation of employment equity and the B-BBEE Codes of Good Practice. The inclusion of B-BBEE would extend (Horwitz, 2013; Horwitz, Bowmaker-Falconer and Searll, 1996)'s view that diversity was enabled through employment equity and recruitment. While the CEE Report shows an increase in black representation, whites still dominate executive and senior management. Three of the organisations made reference to challenges in employment equity, while the third organisation had made a decision not to compromise the business and focused attention on other elements. Verification agencies argue that this is not an uncommon practice. Employment equity continues to be a contentious subject. Employees still consider the legislation to be discriminatory and the cause of antagonism in the workplace. Organisations have been very slow to address issues related to employment equity. One of the organisations interviewed acknowledged that they have to prioritise succession planning and create more awareness around diversity. The literature review noted extensive research on fear and displacement and how the legislation might impact employee engagement. Research by Hideg and Ferris (2014) shows that beneficiaries and non-beneficiaries react favourably to employment equity when self-image threats are mitigated through self-affirmation. Their findings present a strong case to use coaching as a tool to build self-image and address fears and anxieties, as well as creating a reflective space for personal growth and development.

As pointed out earlier, one organisation expected staff to adapt to a global culture. The verification agencies referenced that organisations preferred black staff who are well-spoken and presentable and who have a Western worldview. While Gbadamosi (2003) and Human (1996) make credible suggestions on how to deal with diversity, Painter-Morland (2016) proposes having unapologetic dialogue that allows introspection and self-reflection on a person's own religious, cultural, political values without making any excuses for one's beliefs and view-points. She believes that we should not be pitting our emotional and rational powers against another set of values. She argues that unapologetic dialogue promoted inter-subjectivity and brings to the fore the rich

interdependence, that is not readily acknowledged. The notion of unapologetic dialogue is appealing in that it commands high levels of emotional mastery, that is high levels of self-awareness, self-management, social awareness and relationship management (Goleman, 2011). I would go so far as to argue that these conversations will need to happen in a safe space and be facilitated by highly skilled coaches.

5.16 Change Management

Only one of the organisations interviewed had a change manager. The change manager advised that it was only recently has she been called upon to assist with transformation initiatives. She mentioned that previous attempts at change management in this regard had failed because there was no executive sponsor. Communication was a key element of the change management process, she believed. Her preferred change model was Hiatt (2006)'s ADKAR model. The other organisations had not implemented any change programmes. The consultants saw change management as a missed opportunity for organisations and acknowledged that organisations have been struggling with racism and other mind-sets and emotional issues. This they attributed to not addressing diversity and also not having implemented change management processes. Case Study 1 admitted that this was a missed opportunity. They did however include transformation as a topic in their induction programme. Case Study 4 mentioned that there was adequate communication on transformation from the top down. It was suggested by one of the consultants that organisations take a bottom up approach to change so as to create a critical mass for change. This is contrary to what we see in Case Study 4, where change is being driven from the top. Verification agencies could not evidence change management, but noted that communication around transformation was inadequate and this lack of knowledge was evident when audits were conducted.

Considering the research findings, there is reason for concern in that we might be putting the proverbial cart before the horse. How can organisations consider change management if they are not able to map out their transformation journey? Organisations should be seeking to move from compliance transformation to authentic transformation. Irene (2017) refers to a gap in her research saying the B-BBEE should

also focus on personal development and capacity building. Our goal should then be to explore a framework for the journey. See illustration below.

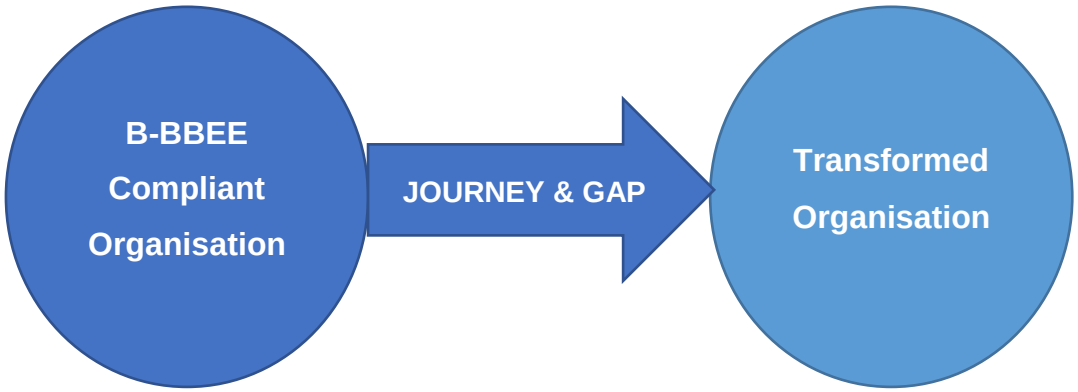


Figure 5.1: Journey to Transformation

This may present a good case for transformation to be assessed from an organisational design perspective. According to the literature of Cummings and Worley (2014) and as referenced in the literature review, organisational development is described as planned change that would increase organisational effectiveness and the capability to change itself. In our discussion around strategy, we see the use of what Mintzberg and Waters (1985) call 'emerging strategies'. This also presents a strong argument that emerging strategies combined with planned change could result in more deliberate strategies. Change management is not lost in organisational development; it plays an integral role. However, another consideration is diagnosis or analysis of the organisational development process. Refreshing our memory on organisational analysis, Cummings and Worley (2014) point out that the process of diagnosis includes understanding a system's current functioning and involves the collection and analysis of pertinent information about current operations and drawing conclusions for potential change and improvement; this is referred to OD interventions. The organisational development process could then result in a comprehensive and inclusive strategy that will result in transformational change or continuous change.

5.17 Coaching

Coaching was not considered a preferred tool for assisting organisations through transformation. We did, however, see some evidence of the use of mentoring, which could be argued is a step in the right direction. In transformation, organisations are focused on cost and the effect the cost will have on the scorecard. As a result, the cost of coaching yields a minimum score as it is not an accredited training programme and therefore is an unlikely resource. However, in order to achieve success in transformation, organisations will have to look beyond the scorecard and consider the costs of not transforming. (Brundin and Melin, 2006; Liu and Maitlis, 2014; Mantere, 2013) all agree that people are central to strategic processes. Brundin and Melin (2016) and Liu and Maitlis (2016) argue that emotions impact strategy and if not managed properly, they will have a contradictory impact on strategy. The literature review in this research provides a compelling case for coaching and new literature is constantly emerging to support the notion that coaching alongside formal learning programmes embeds learning and organisations experience a higher return on investment.

(Grant et al., 2009; Jones et al., 2016; MacKie, 2014; Theeboom, Beersma, and van Vianen, 2014) all agree that great value and learning can be derived from coaching. MacKie (2014) more specifically shows in his study that recipients of coaching demonstrated significant increases in transformational leadership behaviour (Bond and Seneque, 2012; McNamara et al., 2014). Bond and Seneque (2012) did research on conceptualising coaching as an approach to management and organisational development. The results from their study suggest that coaching adopts a holistic approach to management and organisational development and when used as part of an organisation wide strategy, can offer a framework for human resource development that is grounded in the here and now and assist with balancing individual team and organisational development needs.

With coaching, largely unexplored as a resource to facilitate transformation in the SA context, this section presents a case for coaching as an enabler of transformation as suggested by one of the consultants interviewed. It also presents an opportunity for further research.

5.18 Conclusion of Discussion

The participants in the research made very little, if no reference to the other elements of the scorecard; the other elements being ownership, procurement, enterprise development and socio-economic development. Case Study 1 made reference to ownership and procurement. On ownership, they mentioned that they had implemented a broad-based trust and there were concerns that a broad-based trust would not meet the black ownership requirements of the amended codes. The matter was clarified by the DTI and their concerns were subsequently addressed. On procurement, the only mention was that they had changed their travel agent from a white-owned entity to a black-owned entity. On ownership, Case Study 3 mentioned that they were listed on the Johannesburg Stock Exchange (JSE) and that it was really difficult to convince shareholders to consider black ownership. Case Study 4 mentioned enterprise development and made reference to the fact that they have included enterprise development initiatives as an indicator in their tenders. While the study aimed at understanding how companies designed and implemented transformation initiatives in the organisation, the respondents focused on the people aspects of transformation and made almost no reference to ownership, enterprise and supplier development (including procurement) and socio-economic development. This again highlighted the important role people played in the transformation agenda.

Common amongst all of the organisations was concerns about the different interpretation to the amended codes of good practice. They were concerned that this could negatively affect their scoring and make compliance more costly and onerous. Verification agencies and consultants believed that the amended codes will require a significant shift in terms of how organisations addressed transformation in the past.

When reflecting on the qualitative findings and the B-BBEE levels of the organisations participating in the Case Study, it is clear that the correlation between B-BBEE level and authentic or progressive transformation is incongruent in that all the organisations still have a long way to go before becoming truly transformed.

6 CHAPTER 6 CONCLUSION AND RECOMMENDATIONS

This section deals with the key findings from the research regarding what factors contributed to organisational response to transformation in South Africa. While the findings of the research do not provide conclusive evidence on how organisations design and execute transformation initiatives, we do see best practice begin to emerge. However, it provides an opportunity to reflect on the revised legislation and its impact on organisations as well as to introduce new concepts, models and resources to facilitate transformation.

6.1 Emergence of Best Practice from the findings

While the best practices that emerged from the finding were not exactly an epiphany, it is worth mention.

6.1.1 Strategy

Only one of the organisations interviewed has a strategy. This has contributed to their success and positioned them to move from compliance to a more progressive or authentic transformation approach. The strategy is well-communicated and is driven from the top down. The strategy also sets out targets and gives direction to Departmental Heads. In the absence of a documented strategy, one of the organisations had established a transformation task-force to monitor the implementation of B-BBEE initiatives.

6.1.2 Employment Equity

We glean best practice from Case Study 4, who has had significant success in employment equity by establishing departmental targets. They have also distinguished between core and support staff and they have a long-term strategy for improving black representation in core positions. The long-term strategy involves building relationships with black youth, who are still at school and providing support by investing in their maths and science education. They have also linked their skills programmes toward achieving EE targets. Case Study 1 has learnt that global recruitment practices do not

necessarily suit the South African environment in all instances. They have amended their up or out policy to recruiting blacks at more senior levels. Case Study 1 has also linked recruitment to skills and are recruiting black graduates onto internships versus black people living with disability who are not absorbed into the organisation.

6.1.3 Skills Development

In two of the organisations interviewed, we see the successful use of mentoring as means to ensure knowledge transfer and bridging the cultural divide. We also see a cautious introduction to coaching by two organisations, that is, Case Study 1 and 4. We also see a shift from implementing learnerships in order to gain points to learnerships that will yield a return on investment. In one of the organisations, the shift has been from implementing learnerships for people living with disability to implementing learnerships and internships for black graduates, creating a talent pipeline in the process. Another organisation is implementing learnerships in core skills in the organisation that will also result in a talent pipeline. Where possible, they are accrediting customised training that is unique to the organisation.

Where there is a critical skills shortage and a need to bridge the divide between core and non-core positions, it might mean that organisations have to look at the root of the problem. It would mean that the organisation will have to address maths and science at school level and start building brand and relationships toward a future talent pipeline. SETA accredited training has a higher weighting and it will serve organisations well, to accredit specialised training provided. In the instance of the two multi-national organisations, education and sensitisation of global partners was imperative to ensure alignment and support. Diversity training was deemed a non-negotiable, with some organisation having dedicated resources to manage diversity and transformation.

6.1.4 Leadership

Leadership support and communication of the organisation's transformation objectives is critical to organisational success. Leaders need to be at the forefront of the transformation journey. Increasingly, there is a call for leaders to be courageous and

authentic; these are attributes that can be strengthened over time and therefore serious consideration needs to be given to offering leaders the requisite support through coaching. In the research, we saw a change management coaching pilot, being deemed a success, but required executive support. This provides clear evidence that coaching as a resource can be successful. There is also an increasing call for transformation to be built into the KPI's of leaders. Two of the organisations interviewed had done this and experienced significant success.

6.1.5 Other

Dedicated transformation resources facilitated smoother transformation processes. However, these resources need to be awarded decision making power. HR and Learning and Development are integral to the transformation journey and we noted that where they were not involved, as in Case Study 2, EE and skills scores were significantly lower. Verification agencies noted that policies and processes provide clear guidelines and facilitated an amicable approach to transformation and the audit.

6.2 Transformation

As mentioned in the discussion chapter, transformation in South Africa is strongly associated with B-BBEE. Cook (2013) and Maloa (2015) share the same sentiment. It is argued that the country's transformation objectives were not being met and as a result the B-BBEE Codes were amended. This can be attributed to transformation's failure as a result of bad press, the legacy of past imbalances and inadequate implementation support, negative political rhetoric and resistance to change. Lipton (2014) and Maloa (2015) agree that transformation objectives as determined by the South African Government was not realised, resulting in a revision of transformation target. The amended Codes of Good Practice came into effect in May 2015. The Codes now measures five elements, namely ownership, management control, skills development, enterprise and supplier development and lastly, socio-economic development. The three focus areas or priority elements of the codes are, ownership, skills development and enterprise and supplier development. The priority elements have been deemed necessary and are focused on expediting economic access and growth for black South Africans. There is a significant emphasis on the Human

Resource elements of the scorecard, that being employment equity and skills development where the measurement is based on the economically active population. It could be argued that this is a shift to ensure diversity in organisations. Enterprise and supplier development focuses on the procurement from and the development of small to medium businesses who are 51% black owned. Ownership is focused on ensuring that black partners or shareholders derive net value from the investments.

Leading transformation in organisations requires a paradigm shift, where leaders become more aware of the strategic imperative to transform, if they are to remain relevant in the future. This would also mean that those leading transformation, will need to learn to set aside all prejudice and bias, while navigating the winds of change. This means that they too would need the necessary support. The need for support was raised by two transformation managers who saw transformation as a lonely journey. One of the HR managers saw poor performance on the scorecard as a personal indictment. This in itself creates an opportunity for coaching.

6.3 Recommendations

Consultants and verification agencies agree that reactive, tactical approaches to the B-BBEE will no longer serve organisations. Organisations will have to take a more strategic view of compliance. This would mean that consultants will need to review their approach and toolkits to transformation, if the views of the verification agencies regarding consultants assisting clients to implement strategies to comply with legislation and the consultants concurring to an extent, by saying the clients' priority is almost always compliance. This effectively means that organisations are doing gap analysis and not strategies. Consultants are in an enviable position, in that they could use their influence to encourage organisations to consider an authentic, meaningful and sustainable approach to transformation. This could mean the consultants and those responsible for transformation in organisations lack a framework in their toolkits that will address holistic transformation, notwithstanding the appetite of organisations for continuous and sustainable change.

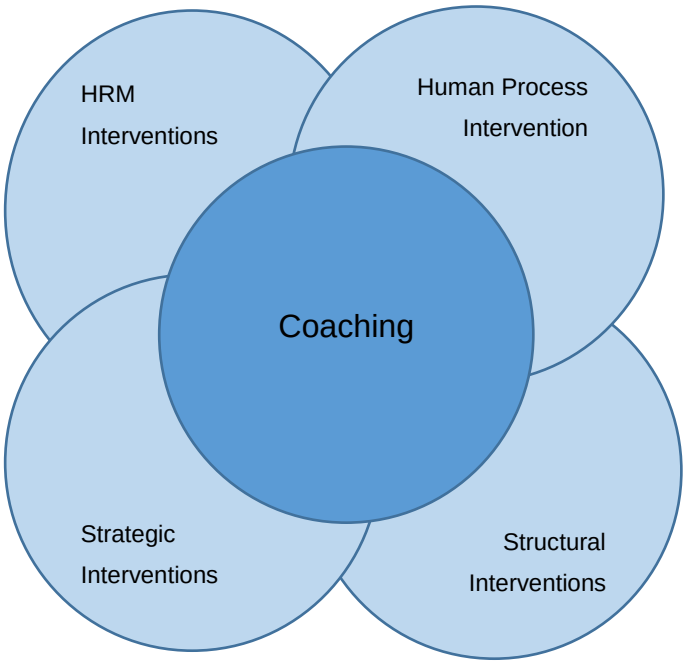


Figure 6.1: Transformation Framework

The framework above proposes, that following an analysis of an organisation from an organisational development perspective using OD intervention frameworks proposed by Cummings and Worley (2014) and Romme (2011) and underpinning the interventions with coaching, the role of coaching would be to create a reflective space for embedding learning and addressing fears, concerns and anxieties. Linking OD interventions to the elements of the scorecard discussed, we could suggest the following:

Human Process interventions focus on interpersonal relationship and social dynamics in the workplace. A possible intervention could be the proposed apologetic conversations as proposed by Painter-Morland (2016), cultural diversity and inclusion workshops, B-BBEE education and sensitisation as well as team or individual coaching to embed the learning. Human process interventions would address and sensitise staff to redress legislation in an inclusive framework. Human Resource Management (HRM) interventions would refer to the spectrum in talent management, for example, employment equity and skills development as per the B-BBEE scorecard. Here again, the value and learning derived from coaching has been addressed in the

literature review and discussion of the findings. Structural interventions would focus on management control, employment equity, procurement, enterprise development and ownership. Structural interventions are derived from a thorough analysis and risk assessment. Structural changes are deliberate and a strong business case needs to be presented to motivate and support recommendations. In the context of transformation, strategic interventions would address culture change, organisational learning and mergers and acquisitions. Here we could refer to ownership as well as the organisation's position on redress legislation. Navigating structural changes are never easy and again, we draw on the literature review on coaching to support the importance and relevance of supporting executives and senior management through coaching.

While coaching will be used as a personal development tool, it will also be used to embed knowledge and change. Another recommendation, based on a need voiced by a verification agency is to establish communities of practice for verification agencies and consultants. The goal of the communities of practice should be to provide support, create a common understanding of legislation, transformation and its objectives as well as being a space of learning.

6.4 Implications for Stakeholders

6.4.1 Leaders in Organisations

Transformation will remain a priority in South Africa, the socio-political environment remains unstable. This was particularly evident in the protracted "Fees Must Fall" protests. We continue to witness civil unrest and these are inevitably linked to the pace of transformation. Our youth, our future leaders, are becoming increasingly impatient and militant and this is of grave concern. In uncertain times, leaders will need to demonstrate agility and foresight. This means that leaders will need to be courageous enough to lead a paradigm shift and move from a compliance mode of transformation, that is compliance with B-BBEE to authentic transformation in order to unlock value and harness opportunities presented through transformation.

There will be increasing pressure for the workplace to become demographically representative and as result, organisations will have to prioritise diversity management. Leaders will also have to facilitate a change of narrative around redress, in order to debunk the myths and stereotypes, address fear and build trust. There is going to be an increasing need to distinguish between transformation and B-BBEE to move conversations from EE to diversity. Conversations about redress have to be positioned more positively and less defensively. Redress will have to be addressed as reciprocal and not as one demographic receiving and the other giving.

Leaders will also have to lead a shift to from a Eurocentric frame of reference to what Booysen (2001) and Nkomo and Kriek (2011) call an Afrocentric leadership. Leaders will have to have greater self-awareness as well as an acute sense of culture and diversity and the impact it will have on organisations.

In order to achieve the above, leaders will need the necessary resources to expedite transformation. These include but are not limited to ensuring that strategies are deliberate, clearly defined and well communicated to employees. It is known that people drive strategies and therefore the buy-in of every employee is necessary. Policies and processes need to be developed, implemented and clearly define how the things are done, remembering that these policies and processes are the cornerstone of the organisation's culture. These policies and processes need to be well communicated and structures need to be implemented to empower employees to apply them. Human Resources will have to become a strategic business partner and not just a back-office service.

6.4.2 Implications for Human Resources

HR is where people and business converge and as a result, will need to take a more strategic role in the business. It is exciting to see the professionalisation of HR in South Africa, through contributions and lobbying made by the South African Board of People Practices. If organisations have an independent transformation office, HR has to be its strategic partner. They need to be at the forefront of the transformation journey.

HR, transformation and business strategies need to be integrated in order to derive value. HR strategies should focus on talent management aimed at improving engagement and retention and ensuring workforce diversity in both core and support positions. HR should be creating environments where all employees feel that they add value and are recognised and rewarded accordingly. This means employee engagement strategies will have to focus on diversity integration and inclusion. As the custodians of talent management and the organisation's policies and processes, HR becomes the custodian of organisational culture and diversity. As a result, HR will have to sensitise and implement remedial programmes to ensure congruence.

While we understand that HR has to operate within the boundaries of legislation, HR will need to be more aware of the consequences of using the legislation as punitive measures to gain to cooperation. The legislation will have to be framed differently in order to gain support and buy-in. Employment equity and B-BBEE is not about black only, it is inclusive legislation and it is important to educate the workforce on the purpose of the legislation, their contribution as well as the organisation's position. Without clear plans and communication, the journey to successful redress will remain arduous. HR has to be acutely aware of the risks associated with non-compliance as well as not transforming. Controls will need to be designed and applied to mitigate risks.

Learning and development programmes will need to be balanced to include both training to meet the requirements of the B-BBEE scorecard, workplace skills plans priority skills and leadership development programmes including coaching. In the research, we see evidence of the use of mentorship to bridge the cultural divide and as a means to ensure knowledge transfer. Leadership development will play a critical role in preparing leading organisations into the future. We see increasing pressure for leaders to be authentic and embracing of diversity. Leadership pipelines will need to be unbiased and without prejudice. HR should consider how they can maximise on rebates to help buffer the skills budget and contribute to building a case for increasing the skills budget.

HR's approach to change management should be holistic and include an analysis of what needs to change, using organisational development tools. This should be

followed by OD interventions as well as coaching to fortify learning. The South African Board of People Practice lists the following OD Competencies in the HR standards, that being organisational behaviour, employee engagement, team functioning, culture, organisational change, employee communication and productivity. Increasingly, more is going to be expected from HR other than the hiring and firing of employees.

HR will have to develop an integrated measurement and reporting framework, not just for B-BBEE and EE reporting but also to evidence and report progress as well as to establish benchmarks and goals. We see emerging best practice from this research as HR having the ability to set departmental targets to meet transformation objectives.

6.4.3 Implication for Policy Makers

Policy makers have a huge contribution to make to transformation. One of the major challenges cited is with the different interpretation of the legislation, making implementation difficult. The amended codes came into effect in 2015. When the Codes were gazetted beside the challenges around interpretation, there were a number of errors and subsequent gazetted notes were published to correct errors. This clearly points to questionable quality assurance and considered thought. In 2015, the DTI released an Amended Verification Manual for comment. At the time of completing this research, the final Verification Manual had not been gazetted. This causes endless frustration for all stakeholders. It not only minimises the importance and relevance of transformation, but also allows organisations to take advantage of the discrepancies and negotiating interpretation in order to get a good score. It is believed that the establishment of the BEE Commission will contribute to addressing not only fronting but also other B-BBEE transgressions. The BEE Commission's strategy will include education, guidance on the implementation of the act as well as research and reporting, to name but a few. It is believed a functional BEE Commission will contribute to building trust, purpose and credibility. The regulation of BEE through the BEE Commission is a positive contribution to transformation.

Transformation in South Africa is not limited to the B-BBEE scorecard and incorporates policies such as the National Development Plan, Industrial Policy Action Plan and the Black Industrialist Policy, to name but few. Business needs to see

Government deliver on the promises made in these policies. This will go a long way to building confidence and cementing a relationship with industry. The Department of Labour's CEE needs to continuously research and report on progress being made in EE. In the same vein, it is anticipated that the BEE Commission will do likewise.

6.4.4 Implication for Consultants and Verification Agencies

In the past, there were two BEE regulators, that is, IRBA (Independent Regulatory Board for Auditors) and SANAS (South African National Accreditation System). The exit of IRBA provides for standardisation of B-BBEE Audit processes. The establishment of the BEE Commission will provide not only assistance to verification agencies in terms of clarifying and interpreting legislation, but also a means to address and report transgressions. This will provide verification agencies with more credibility and protection. The final gazetting of the Amended Verification Guide will be an invaluable resource to agencies. Consideration should be given to establishing communities of practice for verification agencies as a means of support and to share best practices. Continued professional development should also be considered, to ensure that skills and understanding remains current. The relationship between consultants and verification agencies is strained and an environment such as a Community of Practice would go a long way to leveraging the dispersed expertise and knowledge.

The B-BBEE consulting industry is largely unregulated and as a result, consultants in the industry have multiple skills sets. These skills will need to converge to offer organisations holistic transformation solutions rather than a standard B-BBEE gap analysis. In this regard, OD practices are very useful. In a socio-political environment that is constantly changing, consultants will need to keep abreast with changes in legislation, and organisational development best practices. As trusted advisors, they are well appointed to influence strategic direction. It will serve consultants well to understand the principles and objectives of coaching and to use coaching as a means to achieving transformation objectives.

6.4.5 Implications for Coaching

The purpose of the study was to establish the difference coaching can make to transformation. For coaches to play a role in transformation, it is going to be important for them to acquaint themselves with legislation aimed at redress and the impact it has on individuals and organisations. It will be important for coaches to understanding the organisational challenges and their required outcomes of the coaching intervention. This means that coaches will have to be more sensitive to cultural diversity in order to bridge cultural divides and coach within a client's specific frame of reference. Coaches will also need to have a broad understanding of B-BBEE, redress legislation, strategy, HR practices and organisational development.

Coaches provide a safe space of reflective learning and therefore a coach's background, competence, professionalism are critical to success. Support for leaders and executives is both crucial and necessary, given the nature of transformation. A coach can play an influential role in challenging truth and perception through the facilitation of critical thinking.

6.5 Suggestions for further research

The research set out to add to the body of knowledge on transformation in South Africa. The findings of the research do not provide conclusive evidence on how organisations design and execute transformation initiatives. However, we cannot discount the significant strides made in transformation through compliance. The research provided new insights into how organisations approached transformation. It also presented an opportunity to introduce new concepts, models and resources to facilitate transformation. It also brought insights for opportunities for further research.

Firstly, the Codes of Good Practice has been amended and came into effect in 2015 and the first wave of B-BBEE scorecards based on the amended codes were issued mid-2016. A similar case study using a mixed method analysis with a smaller sample could be used. This should be deliberate and focused on all the elements of the scorecard.

Research was conducted by Seate et al. (2016) on the Relative Importance of Managerial Competencies for the Perceived Job Performance of B-BBEE Verification Practitioners. The author would suggest that similar research be conducted on transformation consultants. The finding of this research could determine the requisite skills required to contribute to effective and sustainable transformation. This research could be extended even further and examine the relationship between verification agencies, consultants and organisations and how the relationship aids or hinders transformation.

The evidence is this research suggests that the relationship between verification agencies and consultants in strained. This presents fertile ground for further research as to how these conflicts aid or hinder the transformation process.

The framework recommended in this study will need to be tested for efficacy and this in itself presents a research opportunity. More importantly we need to conduct further research on the role coaching as a reflective space for consultants, verification agencies, HR and transformation managers.

Given the socio-political tension in South Africa, it is important that we continue to grow the body of knowledge of transformation in South Africa.

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ADDENDUM

Addendum 1: Acronyms

Acronym	Definition
ADKAR	Awareness, Desire, Knowledge, Ability, Reinforcement
B-BBEE	Broad-based Black Economic Empowerment
BEE	Black Economic Empowerment
CEE	Commission for Employment Equity
CEO	Chief Executive Officer
CoP	Community of Practice
DTI	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
ESD	Enterprise and Supplier Development
HR	Human Resources
HRM	Human Resource Management
IRBA	Independent Regulatory Board for Auditors
JSE	Johannesburg Stock Exchange
KPI	Key Performance Indicator
OD	Organisational Development
PIME	Plan, Implement, Monitor, Evaluate
PPPFA	Preferential Procurement Policy Framework Act
SA	South Africa
SANAS	South African National Accreditation System
SETA	Sector Education Training Authority
SOE	State Owned Enterprise
VA	Verification Agency

Addendum 2: Semi Structured Interview Questions

Interview Questions: Organisation Representatives

1. How would you define transformation in South Africa?
2. Tell me about your organisation's transformation journey? What are your successes and challenges?
3. How are the transformation initiatives implemented in your organisation?
    a. Do you have a specific strategy?
    b. What is the strategy?
    c. What processes did you follow?
4. How did your organisation address the people elements of the transformation journey?
5. Would you consider coaching as a viable approach to assist with transformation?
6. Will your organisation be doing anything differently to respond to the Revised Codes of Good Practice
7. What in your opinion does a transformed organisation look like?
    a. What are the attributes of a transformed organisation?

Interview Questions: Verification Agencies

1. How would you define transformation in South Africa?
2. How are companies responding to transformation?
3. What are companies getting right and what are they struggling with in their transformation journeys
4. How are organisations addressing people related issues in their transformation journeys?
5. Are organisation following specific processes when implementing transformation?
6. Would you consider coaching as a viable approach to helping with transformation?
7. To what extent do you think coaching could assist the execution of transformation?
8. What in your opinion does a transformed organisation look like?
    a. What are the attributes of a transformed organisation?

Interview Questions: Consultants

1. How would you define transformation in South Africa?
2. Do companies have transformation strategies?
3. Are the transformation strategies integrated into business strategy?
4. What processes do companies execute to facilitate transformation?
5. What do you think is needed to ensure successful and sustainable transformation?
    a. How are organisations addressing the people issues in transformation
6. Would you consider coaching as a viable approach to helping with transformation?
7. To what extent do you think coaching could assist the execution of transformation?
8. What in your opinion does a transformed organisation look like?
    a. What are the attributes of a transformed organisation?

Addendum 3: Consent Letter

The Graduate School of Business Administration

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Johannesburg, 2193,
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Website: www.wbs.ac.za

Masters of Management RESEARCH CONSENT FORM

How South African Businesses Implement Transformation Initiatives: Implications for Coaching

INFORMATION SHEET AND CONSENT FORM

Who I am

Hello, I am Heather Prinsloo. I am conducting research for the purpose of completing my Masters in Management in Business and Executive Coaching at Wits Business School.

What I am doing

I am conducting research on how South African businesses implement transformation initiatives. I am conducting a qualitative study with 22 participants who represent top performing organisations, transformation consultants, verification agencies and sector transformation council members to establish what perceived factors affecting transformation in South Africa.

Your participation

I am asking you whether you will allow me to conduct an interview with you. If you agree, I will ask you to participate in one interview for approximately one hour. I am also asking you to give us permission to record the interview. I record interviews so that I can accurately capture what is said and confirm later that my notes are completely accurate.

Please understand that **your participation is voluntary** and you are not being forced to take part in this study. The choice of whether to participate, or not, is yours alone. If you choose not take part, you will not be affected in any way whatsoever. If you agree to participate, you may stop participating in the research at any time (up until

the research is submitted) and tell me that you do not want to go continue. If you do this there will also be no penalties and you will NOT be prejudiced in ANY way.

Confidentiality

Any study records that identify you will be kept confidential to the extent possible by law. The records from your participation may be reviewed by people responsible for making sure that research is done properly, including my academic supervisor. (All of these people are required to keep your identity confidential.)

All study records will be destroyed after the completion and marking of my research report. I will refer to you by a code number or pseudonym (another name) in the thesis and any further publication.

Risks/discomforts

At the present time, I do not see any risks in your participation. The risks associated with participation in this study are no greater than those encountered in daily life.

Benefits

There are no immediate benefits to you from participating in this study. However, this study will be extremely helpful to us in understanding how organisations implement transformation initiatives.

If you would like to receive feedback on the study, I can send you the results of the study when it is completed sometime in the middle of 2016.

Who to contact if you have been harmed or have any concerns

This research has been approved by the Wits Business School. If you have any complaints about ethical aspects of the research or feel that you have been harmed in any way by participating in this study, please contact the Research Office Manager at the Wits Business School, Mmabatho Leeuw. Mmabatho.leeuw@wits.ac.za

If you have concerns or questions about the research you may call my academic research supervisor Hugh Myres, on 010 593 2999.

CONSENT

I hereby agree to participate in research on how South African organisations implement transformation. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop participating at any point (up to the submission of the research report) should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally in the immediate or short term.

I understand that my participation will remain confidential.

……..

Signature of participant **Date**:……..

I hereby agree to the -recording of my participation in the study.

……..

Signature of participant **Date**:……..