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THE MANAGEMENT PROFESSION AND SKILLS IN SOUTH AFRICA

**Scarce and critical skills
Research Project**

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The management profession and skills in South Africa

Report for the Scarce Skills Research Project of the
Human Sciences Research Council

Dr Loyiso Mbabane
Economic Justice Agency CC

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TABLE OF CONTENTS

Introduction	3
Business management as a profession and related challenges	5
Management – a science or an art?	5
Social trusteeship and civic professionalism	6
Business management education and skills development	7
Can management be taught?	7
The role of business schools in management education	8
Critiquing the nature of management education	9
Lessons for South Africa	10
The state of management skills in South Africa	12
Is management a scarce skill?	12
Press clippings as a source of evidence	15
Key employment indicators in the South African labour market	17
Key management profession demographics and trends	22
Percentage of managers in the formal sector	22
Skill levels of managers	24
Fields of study undertaken by managers	26
Racial and gender composition of the management profession	28
Key areas of growth and demand in the management profession	31
The DoL Job Opportunity Index 2004–2007	31
Specialist managers	35
Revisiting the question of management skills shortages	40
Supply-side analysis	44
Business & management qualifications, 1996–2005	45
Demographic profiles of business studies graduates	49
Employment equity and skills development policy and codes	61
The DTI's Scorecards	65
Employment equity and skills development progress	68
The impact of emigration and immigration on the skills shortage	81
References	86

INTRODUCTION

*If management was a licensed profession on par with law or medicine,
there might be fewer opportunities for corporate bad guys.*

(Khurana, Nohria & Penrice 2005a)

The first challenge that one encounters in attempting to define ‘management’ as a profession is the heterogeneous nature of the field or occupation. Khurana, Nohria and Penrice (2005a) offer a useful general definition of ‘management’. With reference to Erik Olin Wright (1997), they define managers as ‘principally salaried employees of an organization who perform tasks involving the coordination of the labour of others, in positions requiring at minimum a four year college degree, and with general knowledge of one or more business functions.’ They also note that the general title ‘manager’ says little about the person who holds the position. This point is echoed by Andrew Abbott (1988), who notes that ‘a manager may have a high-school education, an undergraduate degree, a master’s degree or a doctorate. He or she may be an administrator in a large corporation or an entrepreneur.’ For this reason, Khurana (2005) cautions that ‘[b]ecause the diversity among business managers is as great as the variety of types of businesses...the risks of generalizing about managers as a class are clear and problematic.’ The latter challenge is also the concern of Holian (2004: 396–397) who warns that ‘[t]o talk about management education in general may seem to assume that all levels of management have similar roles, skills and educational needs’ whereas in reality ‘managers who seek formal qualifications may be in positions that range from first-time / frontline supervisors to CEO of top 100 companies and everything in between’. She also points out that, ‘standards for management capabilities may also vary between roles at the same level and across organisations and industries’ (2004: 397).

So the first challenge that one confronts in attempting to define the skills shortage among managers is the basic issue of who or what a manager is. Unfortunately the challenge is not only confined to issues of qualifications; levels or types of managers, even the ‘job’ itself and its meaning are in contention. Let us take the issue of management versus leadership as a case in point. A quick look at the debate about the difference between ‘management’ and ‘leadership’ should suffice to illustrate the difficulty that confronts a researcher who seeks to analyse ‘managers’ in any country, including quantifying supply and demand. According to Borgelt and Falk (2007) there is substantial confusion in the business community about the difference between management and leadership, where to locate each practice and how they should co-exist. Citing Covey (1996) and Senge (1990), they point out that ‘[t]here is general agreement that management deals with the area of things, control and efficiency’. On the other hand, they note that ‘there have been as many definitions of leadership as there are persons who have attempted to define the concept’ and that the term ‘leadership’ is often used synonymously but erroneously with ‘leader’ and even more erroneously with ‘manager’ (2007: 125). Elmuti (2004: 440) offers some traditional or classical definitions of ‘management’ as compared to ‘leadership’: management is defined as the ‘planning, leading, and

controlling of resources to achieve organisational goals effectively and efficiently'. Elmuti (2004: 440) also makes reference to Drucker's (1974) definition of management in terms of three general tasks which have to be performed in order for an institution to function and to make its contribution:

- (i.) defining the specific purpose and mission of the institution;
- (ii.) making work as well as the workers productive; and
- (iii.) managing social impacts and social responsibilities.

Also crucial for the purposes of this study are the sets of skills that managers need in order to play these roles effectively. Robbins (2001) notes three sets of skills, namely technical skills, human skills and conceptual skills:

- a) Technical skills: The ability to apply specialised knowledge or expertise. People can learn the special knowledge and practices in their field of study through formal education in schools, and not all technical skills have to be learned in schools or formal training programs. Many people develop their technical skills on the job.
- b) Human skills: The ability to work with, understand and motivate other people, both individually and in groups. Since managers get things done through other people, they must have good human skills to communicate, motivate and delegate.
- c) Conceptual skills: The ability to analyse and diagnose complex situations.

Elmuti (2004: 442) explains, with reference to Robbins's three sets of skills cited above, that different managers at different levels in the hierarchy of management within an organisation do not need the same combinations of the three sets of skills. In general, managers at lower levels need to have more technical skills while their counterparts at higher levels should have stronger conceptual skills.

The extent to which management is a 'profession' in the true sense of the word has a bearing on how managers are developed and how standards are assessed. Besides considerations of ethics and professional image, the extent to which 'management' has developed into a 'profession' has implications for the type of education and training that future managers should receive. In other words, if there is a shortage of 'managers' in South Africa, it becomes critical to ask how they are to be developed as a 'profession' and how the 'management profession' itself can be held accountable for the lack of growth and development. So, it is now necessary for us to explore what a profession is and whether management is a profession or not. If it is, then we ought to ascertain the implications of this for the training and development of managers, including if need be, the retraining of current managers.

BUSINESS MANAGEMENT AS A PROFESSION AND RELATED CHALLENGES

According to Khurana et al. (2005b), the four criteria that must be met for an activity to qualify as a 'profession' are:

- (i) a common body of knowledge resting on a well developed, widely accepted theoretical base;
- (ii) a system for certifying that individuals possess such knowledge before being licensed or otherwise allowed to practise;
- (iii) a commitment to use specialised knowledge for the public good, a renunciation of the goal of personal profit maximisation in return for professional autonomy and monopoly power and;
- (iv) a code of ethics, with provisions for monitoring compliance with the code and a system of sanctions for enforcing it (Khurana et al. (2005b), cited in Cabrera & Bowen 2005: 792).

Management – a science or an art?

Trank and Rynes (2003), in their indictment of management, maintain that it does not qualify in terms of some key criteria for what constitutes a profession, namely, explicit membership rules to exclude the unqualified; a strong ideological and ethical component to guide professional work; and the abstract and generalised nature of professional knowledge that can allow professionals to adapt to a range of situations. Khurana et al. (2005b) critique management's qualification to be a profession and they point out that besides having failed to develop a body of knowledge and theory comparable to those of the 'true professions', management differs from these other professions (e.g. law, engineering, accounting, medicine) in lacking a set of institutions designed to certify that its practitioners have a basic mastery of a core body of specialised knowledge and can apply it judiciously.

Such critiques assume that 'management' is a profession in the traditional 'scientific' sense. Other critiques have raised a different and radical perspective which questions the extent to which management is a 'science' as opposed to an 'art', or in fact a combination of both. This approach is significant in that it radically alters what we consider to be the 'skills' that managers require.

Spender (2005: 1285), for example, argues that '[m]anagement might be better understood if we take a different viewpoint – I suggest as an art form – possibly the most significant art form to be found in today's complex society'. He draws attention to the significance of science and rigorous knowledge in fields like medicine and engineering, as opposed to the leadership and management of people and organisations: 'We need our surgeons, architects and aerospace engineers to employ standardized and proven procedures, not to be overly creative. But the core of management may be different. Innovation and entrepreneurship rule. We may want managers to be creative rather than bureaucratic rule followers.' And he is of the view that management education, in particular, has 'over-professionalized', and that this has been an over-reaction to

accusations of lacking scientific and professional rigour. As a result, '[m]anagement education has professionalized – perhaps to a pathological degree – around quasi-scientific research methods and a regulated body of knowledge visibly distant from what managers use' (2005: 1289). In similar vein Holian draws the distinction between management as a science and management as an art or a craft, arguing that 'the practice of management can be seen as a combination of science and art or craft and while it may be possible to teach the science of management to smart willing participants it can be more difficult to teach the arts or crafts related to sound judgement, creative inspiration and entrepreneurial innovation' (2004: 399).

One further, unique challenge of 'management' as a profession is linked to its social role. Managers are not 'individual professionals' who are working for themselves. They are agents who run units and institutions on behalf of other stakeholders, including shareholders, employees, governments and communities. This additional 'social role' comes with additional responsibilities, including certain skills and competencies. Consequently an understanding of management as a profession must also include an understanding of the social role that is incumbent on the profession. This critical matter is discussed next.

Social trusteeship and civic professionalism

Thomas (2006: 311) bemoans the fact that '[o]ur profession is an instrument of market-driven, industrialized, bureaucratic society'. He goes on to observe that 'we are steeped, indeed brainwashed, in mechanical, market-driven professionalism. Our watchwords are planning, organising, motivating, controlling, stability, conformity, predictability, regulation' and cautions that '[t]oday, mechanical, market driven professionalism prevails – social trusteeship has been compromised'. In his view, 'we must recognise that in addition to high standards of objectivity, integrity and technical competence, we must in responding to the changing environment, demonstrate that we can and will serve society in general' (2006: 313).

The critical question that this discussion of the nature of management begs is how, if at all, such 'managers' can be developed. If 'management' has any semblance of a 'profession', albeit an emergent one, and if it is also an art, and if this combination ought to be applied in a 'social trusteeship' role, how does society develop such managers? The next section explores this challenge.

BUSINESS MANAGEMENT EDUCATION AND SKILLS DEVELOPMENT

In general, practitioners of management education view management as a discipline that can be learned through classroom (off-site) and other applied pedagogical techniques, normally in degree-granting institutions (Elmuti 2004: 440). Elmuti points out that there are some aspects of management which are innate qualities of individuals and cannot be taught as 'skills', namely the ability to engage people on a personal level, quantitative intelligence, emotional intelligence and strong competitiveness (2004: 443). On the other hand, the skills which can be learned are communication and analytical skills.

In similar vein, Doh (2003) observes that '[m]ost responsive individuals are those with high achievement and ambition needs; a strong capacity for strategic thinking; a strong degree of pragmatism; a baseline of effective communication skills (both in terms of persuasion and inspiration), a measure of emotional intelligence, and a genuine learning orientation. Elmuti outlines the characteristics that must be possessed by effective managers, and presents a five-dimensional model of managerial activity (2004: 443):

- (i.) managing self;
- (ii.) managing relationships;
- (iii.) managing organisations;
- (iv.) managing contexts; and
- (v.) managing change.

Can management be taught?

Views on the role of formal education in developing management skills vary considerably. Mintzberg and Gosling (2002: 65) argue that managers cannot be created in a classroom, but that they can profoundly improve their capabilities through practice. This is related to the view discussed earlier, that management is a practice comprising a great deal of art as well as a certain degree of scientific insight (Elmuti 2004: 445). For this reason Mintzberg and Gosling conclude that management education means little to those who have no practical experience. Elmuti, however, arrives at the opposite conclusion, noting that 'in accordance with the general opinion of most scholars we conclude that management can be taught. But we also need to keep in mind that some aspects can be taught more easily than others.'

Carneiro (2004: 437) presents a useful model of the broad factors that relate to management education, from which it is evident that there is no single route or 'field' that is guaranteed to equip a person with the knowledge, skills and experience that would qualify them to become managers. In spite of this fact, it is also true that thousands of management professionals have undergone some form of management education. Business schools have played a major role in this respect, and continue to do so.

The role of business schools in management education

According to Cabrera and Bowen (2005: 793, citing Bennis & O'Toole 2005; Mintzberg 2004; Pfeffer & Fong 2002; Trank & Rynes 2003) the nature and purpose of knowledge in the context of management as a profession and the business school as its professional training ground are much debated. Should the professional knowledge base be abstract and general, allowing managers to later adapt that knowledge across time, situations and changes in the underlying research base? Or should it comprise applied skills and techniques responsive to specific business challenges and contexts? Should it be built and validated through scientific enquiry or through the accumulation and sharing of practitioners' experiences and heuristics? What qualifications should be possessed by those who train aspiring future members of the profession? Cabrera and Bowen (2005) also refer to 'the swinging pendulum of [argument as to] whether business schools should be treated as vocational trade schools or academic, science-based schools.' They point out that the Masters of Business Administration (MBA), offered by hundreds of accredited business schools worldwide, has become a *de facto* requirement for managerial positions in many corporations and professional service firms (2005: 791). Yet the long-practised approaches of business schools and MBA programmes, and the competencies and effectiveness of their graduates, have been sharply criticised in recent years (see Mintzberg 2004; Pfeffer & Fong 2002). They also note that accounts of executives' wrongdoings have frequently faulted MBA training as contributors to these sad incidents. The challenges notwithstanding, however, the critical role that business schools continue to play in management education cannot be downplayed or wished away. The statistics on MBA enrolments worldwide are just one testimony to this.

Management education has also become a significant business in its own right (Adcroft et al. 2005). Adcroft et al. note with interest that 'after 30 years of de-industrialisation and the struggle to find industries that can generate significant exports, management education has set an example; the 2000 post-graduate business and management programmes in the UK generate over £500 million of overseas earnings from almost 20 000 foreign students' (2005: 522, citing the Quality Assurance Agency for Higher Education, 2003). A slightly different case emerges with respect to Australia. Holian (2004: 397) refers to the survey by the Australian Institute of Management (AIM 2003), which indicated that still only about 10 per cent of management education was taking place in formal programmes. She observes that while the number of MBA and similar degrees has increased in Australia over the past five years, much of this has been due to increasing numbers of overseas students. 'Most Australian managers obtain their management training and education by informal means, on-the-job or by short courses and seminars' (Holian 2004: 397).

The central role of university education in the training and development of managers is not in dispute. What is in dispute is the nature of this education. This requires closer examination as it speaks directly to the nature of the supply of managers.

Critiquing the nature of management education

There are many critiques of management education; see for example Cheit (1985); Mintzberg (2004); Pfeffer and Fong (2002, 2004); Porter and McKibbin (1988); Starkey and Madan 2001; Starkey, Hatchuel and Tempest (2004); Starkey and Tempest (n.d.). Spender (2005) draws our attention to the ironic development that, 'whilst credentialing sells well at the present moment...many executives tell us they prefer to hire liberal arts graduates or PhD physicists. They find them adaptive and creative, while the MBAs' imaginations seem calcified by irrelevant – but rigorous – theory and questionable ethical attitudes' (2005: 1290). He calls for a re-imagination of management as a community of creative professionals analogous to the community of artists.

Cabrera and Bowen (2005: 804) argue that 'the challenges ahead need to consider the ongoing construction of a solid body of knowledge, the revision of MBA degree requirements and the establishment of a set of core transcendental values that should guide professional practice.' They recommend (2005: 805) that management should make explicit claims about its core, higher-order values and its contributions to societal progress and wellbeing.

Elmuti (2004: 450) also lists a number of limitations of management education, which South Africa must heed. Once again, these limitations pertain to the quality of the managers that we are producing and point towards the need for a radical shift. Among other things, Elmuti (citing Essery 2002) complains that management educators are not meeting companies' needs for managers who are proficient in strategic thinking, communication, leading teams, motivation and creative/entrepreneurial thinking. He laments the fact that there is always a gap between what is taught and what is learned by the student. More importantly, he notes, there is always a gap between what is taught in formal education and what the working world wants. He raises the question of how long management education can continue to preach from the starting point of the bottom line being the most important consideration, with ethics as merely an afterthought, and expect to produce ethical management.

Closer to South Africa, Van der Colff (2004) also raises similar concerns about the need for a review of the nature of management education. She points out that although managers need specialist knowledge, it is more important for them to have the ability to weave together and make use of different kinds of knowledge. 'To this end, it is time to rethink the core concepts of management education and get past the finance, human resources, marketing and even strategy. Conceptually, the nature of managerial work – not the functions worked on – should provide the foundations for management education' (Van der Colff 2004: 504). She argues that business programmes can be created using a new structure based on topical themes

such as globalisation or supply chain management. In this way, she notes, the new pedagogy would be built around teaching students critical insight into the underlying causes of business issues.

The Council on Higher Education in South Africa (CHE), in its review of MBA qualifications and the Business Schools that offer them conducted in 2002–2003 (CHE 2004), makes a number of observations about the desired content of business education at MBA level, particularly in the context of the challenges that face managers in South Africa. The report notes approvingly that ‘most MBA programmes have taken up the topical issues of South Africa’s economy/ business environment, viz.; globalisation; employment equity and entrepreneurship’ (CHE 2004: 122). It also points out, however, that ‘it is equally astonishing that in one case only is HIV/AIDS an obligatory course and...small, medium and micro enterprises (SMMEs) are a non-topic’. The authors concede that some of the business schools under review may cover SMMEs under ‘entrepreneurship’, but argue that this was not evident from the data at their disposal, a matter of some concern especially given the significance of SMMEs in the economy as well as in providing an alternative career path to MBA students. They note that the content of the MBA programmes in South Africa is fairly responsive to the development agenda set by the government, hence the importance of topics such as globalisation, entrepreneurship, employment equity and business ethics (2004: 124). However, they question the depth of the commitment of business schools in South Africa to the creation of radically new and unique worldviews and approaches to business in the African context amongst the management students that these schools are educating. The report points out that ‘responsiveness can be reactive and limited to skills development, or it can take up topical issues, or it can be proactive and, through knowledge production, challenge established concepts and practices’ (2004: 124).

Regarding the type of MBA that business schools in South Africa ought to offer, in addition to the standard and global components, the CHE report avers that ‘if the MBA programmes offered in South Africa are serious in their stated purpose of preparing managers for the country, region and even the continent, much more of their content has to focus on the specific realities of business management in the developing country context’ (2004: 126). This can only take place, it argues, if business schools dedicate time and resources to the production of research for the purpose of curriculum renewal and for challenging old or inadequate business practices. The CHE cautions against the danger of the MBA being promoted as the degree that will solve every sector and level’s management and leadership problems.

Lessons for South Africa

The concerns discussed above about the nature of the management profession, as well as the challenge of educating managers, are drawn from debates in the international literature, but the literature on South Africa corroborates these trends in the debate. Van der Colff (2004: 504) (who is based at Milpark Business School in South Africa), argues that ‘it is time to rethink the core concepts of management education and

get past the finance, human resources, marketing and even strategy'. In her view 'the nature of managerial work – not the functions worked on – should provide the foundations for management education' (Van der Colff 2004: 504).

The CHE report, as indicated above, questions the depth of the commitment of business schools in South Africa to fundamentally new worldviews and approaches to business in the African context. Given South Africa's history, it is difficult not to wonder about the capacity of business schools in the country to use their MBA programmes to change the manner in which they articulate with society (CHE 2004: 124). In this regard the authors of the report question whether the business schools are conservative or subversive: 'Are they simply a vehicle for changing the racial composition of business in South Africa, or can they redefine the relationship between business and society?'

The report concludes by pointing out that, more than fifty years after the launch of the first MBA programme in South Africa, business schools are being asked to redefine their identity. Business, government and society are making demands on them at a time when they also have to raise their standing as post-graduate programmes. The central challenge facing South African business schools at the present time is therefore '[h]ow to remain faithful to the contents of a post-graduate business management programme and yet become relevant for local society' (CHE 2004: 127).

The discussion thus far has dealt with the critical challenges that face the profession of management, and the role of management education in contributing to the profession's ability to meet these challenges. The next section of the report focuses on the state of management skills in South Africa at present, and seeks to quantify the supply of and demand for managers in the country. This is done in order to ascertain the key areas of demand and to juxtapose these against the output of the higher education sector.

THE STATE OF MANAGEMENT SKILLS IN SOUTH AFRICA

This section seeks to compile a picture of the supply of and demand for managers in South Africa. Not only is the management profession or sector difficult to define, as discussed in the previous sections of this report; it is also a very broad field. 'Management' is seen as a level of responsibility rather than a clear-cut profession or qualification. This can render the endeavour to quantify managers meaningless. A group of security guards in a particular complex normally have one of their members as their 'supervisor'. The supervisor of these guards, a fellow security guard, would then be a manager. The same goes for virtually every other group of professionals, from machine operators to performing artists. In this case the term 'management' refers to a set of functions and responsibilities, over and above the actual job or task that is at issue. It is for this reason that this study opted to focus on reports and data sets that use the same definition of 'management', based on the South African Standard Classification of Occupations (SASCO). The flip side of this is that there is no objective and independently verifiable way of ascertaining if the people who are designated as managers are indeed fulfilling a management role. This is a consequence of the lack of a common professional body for managers. It also results from the relatively new state of the profession, which as yet has no common certification process and set of job requirement for managers. There is also no mandatory registration requirement. The subjective nature of the appointment and promotion of people to 'management' resulting from the ill-defined status of the profession also makes it difficult to link the type of qualifications that people are acquiring in institutions to the 'demand' for managers. The 'art' or 'craft' side of management, which was alluded to in the previous section, can also leave the process of recruitment, selection and appointment of managers open to dispute. Company culture, ownership, tradition and practice are also factors that compound the uncertainties inherent in the situation. Family businesses, for instance, are known to appoint members of the family to manage the business. In this case, being a 'family member' then becomes part of the 'merit' requirement for appointment to management.

Despite all these variables and uncertainties, several national surveys seek to quantify the state of supply of and demand for managers. This section draws on these official reports. To begin with, there is a need to ascertain if 'management' is a scarce skill. To do this, a brief discussion is undertaken of what is meant by a 'scarce' skill. Evidence of management as a scarce skill is then presented from the available sources.

Is management a scarce skill?

The Department of Labour's (DoL) Green Paper, A Skills Development Strategy for Economic and Employment Growth in South Africa (1997), cited in its *State of Skills in South Africa* report (DoL 2003: 1), defines a skill as 'the necessary competencies that can be expertly applied in a particular context for a defined purpose'. The National Skills Authority (NSA), in its *Briefing Paper on Scarce and Critical Skills* (2007: 3–4), makes reference to the following distinction between scarce and critical skills proposed by the

DoL in May 2005 (in consultations with the Sector Education and Training Authorities (SETAs) and the NSA):

Scarce skill:

Refers to the inability to find suitably qualified and experienced people to fill occupational vacancies either at an absolute level of scarcity (no suitable people available) or at a relative level of scarcity (no suitable equity candidates available), while;

Critical skill:

Refers to the lack of ability of people to perform to the level of occupational competence required because of gaps in their skills profile. (NSA 2007: 3–4)

In terms of the definition of a 'scarce skill' proposed by the NSA, characterising management as a scarce skill will depend on evidence that indicates that employers are experiencing difficulty in filling their management vacancies and that this difficulty is due to insufficient numbers of people with the requisite qualifications, experience, competencies and so on. The problematic nature of 'management' as a profession immediately comes up as a key issue here. There is no standard qualification (such as an LLB for lawyers or Bachelor of Social Work for social workers) that is the 'qualifying' requirement for a person to be a manager. Even the much-hailed MBA is, on its own, no guarantee that the candidate will be eligible for appointment to management. This is the problem that any researcher encounters who seeks to quantify the 'demand' in relation to the supply of managers. No other high-level profession, whose members carry such serious responsibilities, is so difficult to define, quantify and specify. The present report relies heavily on documentary evidence to ascertain the nature of demand or scarcity. This evidence includes job advertisements from a particular newspaper, over a specific period of time. The DoL's *State of Skills in South Africa* report recognises this problem (2003: 27), noting that '[i]n the case of other skills, determining needs is not straightforward. Most economies lack adequate information on the skills composition of the population. In many situations workers may be stuck in jobs where they cannot utilize their skills and many will be working in other capacities. Many engineers, for example, work as managers. For these reasons analysis of skills needs should be undertaken with caution. And it is important to adopt a multidimensional approach in identifying skills needs.'

The *State of Skills in South Africa* report (DoL 2003: 28–29) makes reference to a pilot project by the DoL's Skills Development Planning Unit. In this project Job Opportunity Index (JOI) vacancy levels for various occupations were identified in Gauteng between April and June 2003. This involved tracing job vacancies advertised in 'Workplace', a weekly supplement of *The Star* newspaper, published on the first Wednesday of each month. All vacancies were coded using the SASCO classification codes, using four or five digits as appropriate. In terms of this pilot JOI, relatively high proportions of vacancies could be noted for personnel and careers professionals (human resources managers, remuneration managers, recruitment consultants). These fields accounted for 10.4%, 5% and 15.8% of all the vacancies in April 2003, May 2003 and June

2003, respectively. So this constitutes the first ‘empirical’ piece of evidence concerning the demand for skills in ‘management’ as well as the range of activities included in the field of management.

More significantly, the Skills Development Planning Unit of the DoL analysed the original Sector Skills Plans that were submitted by the SETAs in 2000. From this analysis an indicative list of skills needs in the South African labour force was compiled. According to the *State of Skills in South Africa* report (DoL 2003: 29), ‘[t]he overwhelming majority of identified skills needs occur at managerial, professional technician and associate professional level.’ This then constitutes the second ‘shred’ of evidence that there is a ‘need’ for ‘managerial skills’. Furthermore, the *State of Skills* report (2003: 29–30) also makes reference to the Indicative List of Scarce Skills that was approved by the South African Cabinet as the basis for prioritising investments in skills development and implementing the Immigration Act of 2002. In this list (DoL 2003: 30) ‘[s]cientists and researchers’ are at the top (out of four categories). The second highest category is for ‘experienced and qualified senior managers’ in the specific areas of:

- project management
- financial management
- production planning
- logistics management
- business leadership

The general ‘open-systems’ nature of the management profession has already been alluded to. One of the consequence of this is the difficulty of understanding what some of the above ‘skills’ or jobs actually entail (e.g. ‘business leadership’). The lack of a common qualification for ‘management’ has also been discussed. This makes it impossible to ascertain what is meant by the need for ‘qualified’ senior managers, as specified in the list. The Centre for Development and Enterprise (CDE), in its *Focus Report on the South African Skills Crisis* (CDE 2007a) raises a concern about the fact that most of the 40 employers that it surveyed were more concerned about the shortage of experienced and competent employees (in the various fields) than about specific technical or professional qualifications or graduates. This may face us with the proverbial chicken-and-egg conundrum. How do employers expect to ‘obtain’ people who have the experience and competences that they want if these people are not being developed (by employers themselves as well as by the country in general)?

The NSA *Briefing Paper on Scarce and Critical Skills* provides more evidence of the shortage of managers. The paper notes that the first national scarce skills list that was developed by the DoL reflected a total scarcity of some 58 000 managers (excluding farmers and farm managers), 106 000 professionals and 40 000 artisans and technicians out of a total scarcity of some 300 000 (NSA 2007: 2). The paper goes on to note that ‘in total, at a face count, scarcity across all SETAs stands at some 968 000 – an eighth of the

estimated total formally employed population'. The report claims that after adjusting for farmers, farm managers and elementary occupations, 'the count of scarce skills leaves the country facing an estimated occupational scarcity of half a million people'. However, the briefing paper itself recognises 'how confusing and conflicting the national picture on scarce and critical skills is'. In acknowledging the difficulties that confront an enquiry into skills shortages in South Africa, it refers to 'a nexus of problems which stretch from the lack of coherent application of definitions to mechanisms for calculating the level and severity of the skills crisis, to developing and implementing interventions to address scarce skills' (NSA 2007: 2). So, although there is some evidence of the shortage of managers in South Africa, the reports on this are very scant on the detail, which should not be surprising to the reader at this stage, given the complex nature of the phenomenon that we are dealing with.

Press clippings as a source of evidence

Organised black business formations such as the Black Management Forum (BMF) have been stressing the need for companies in South Africa to take the development of skills seriously. These organisations have been sceptical of generalisations about 'skills shortages' and they have questioned why companies and government departments have not addressed this problem over the past two decades or so. *The Star* newspaper (30 August 2006) reports on the views of Mpho Nkeli, the Executive Director of Human Resources and BEE at Alexander Forbes. Nkeli (who is also a member of the Black Business Executive Circle) argues that the financial sector skills shortage is a myth. She argues that '[i]n fact, the main shortage we face is a shortage of adequate research, the financial services industry is poor at defining specifically where scarcity exists.'

From a survey of press clippings (courtesy of SA Media at the University of the Free State), it would appear that a number of companies have indeed been experiencing a shortage of managers and other occupations. A brief review of some of this evidence is covered here, to verify the existence of this shortage. Roux van Zyl surveyed some companies in the Nelson Mandela Bay Metropolitan area for the *Weekend Post* (April 2006). Responses included that of Coca-Cola Fortune southern region HR manager, Willie van Wyk, who said that the company experienced problems across all segments, but more frequently in middle to senior management level; and that of General Motors SA human resource manager, Jeffrey McGuire, who said that they experienced skills shortages especially in technical areas such as engineering, information technology and finance, particularly technicians and supervisors.

Erica Webster (*Business Day*, 2004) interviewed Karl Hofmeyr, professor of organisational behaviour at the Gordon Institute of Business Science (GIBS), on South Africa's demand for skilled managers. Webster (2004) reports that, according to Hofmeyr, there is a massive demand for skilled managers, 'from foundational level through to middle management and up into the executive ranks'.

In summary, then, it can be stated that there is not much empirical evidence on the actual shortage of managers in South Africa. As will be argued in later sections of this report, high demand does not necessarily amount to scarcity. Even if the posts are not filled (i.e. there is a low 'fill rate'), this may not mean that the jobs in question are scarce. In South Africa the issue of skills shortage is also clouded by emotional/political sentiment, as is evident in media clippings. Most black business and professional groupings (e.g. the Black Management Forum) have rejected statements about the existence of a dire skills shortage in the South African population as apartheid's self-fulfilling prophecy. These organisations have been campaigning for the development of talent among the black population for decades, without much success. They tend to lay the blame for the lack of human capital development, particularly among the black majority, at the door of white senior management. There are statements to this effect in the press clippings (e.g. those by the general secretary of NAFBI as well as that of Mpho Nkeli cited above). On the other hand, some senior leaders in industry and commerce are quoted as saying that they have been experiencing a shortage of managers. Unfortunately such a shortage cannot easily be ascertained on an individual company-by-company basis (usually one is dealing with a handful of management vacancies, per company). It is for this reason that evidence ought to be gleaned at a broader, national level. This is attempted in the following sections of this report, in which sectoral trends in employment and vacancy rates are analysed.

The next section provides a review of some key economic data, in order to place the supply of and demand for managers within the broader economic context of South Africa.

KEY EMPLOYMENT INDICATORS IN THE SOUTH AFRICAN LABOUR MARKET

Before proceeding to an analysis of the data relating specifically to demand for and supply of managers in the South African economy, the broader national economic growth trends are analysed by sector in Tables 1–4. The growth in demand for certain types of managerial skill can then be understood against the backdrop of the growth (or decline) in specific sectors of the economy. This is important in view of the general concern that the skills that are being produced or supplied by the higher education sector (among others) may not necessarily be aligned with the demands arising from industry and commerce.

Table 1 presents changes in employment, by sector and gender, for the years 1995 and 2005. Table 2 analyses the share of total employment growth, by sector and gender, for the period 1995–2005. Table 3 analyses changes in employment, by occupational group and gender, for the same period. Table 4 presents a breakdown of characteristics of the broad labour force, by race and gender, also for 1995–2005. The tables are followed by a discussion of the data that highlights features relevant to the present study.

Table 1: Changes in employment, by sector and gender, 1995 and 2005

	1995			2005			Average growth	Annual rate	
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	‘000s	‘000s	‘000s	‘000s	‘000s	‘000s	%	%	%
Primary Sectors	1 400	277	1 677	996	340	1 336	-3.3	2.1	-2.2
	83.5%	16.5%	100%	74.6%	25.4%	100%			
<i>Agriculture</i>	978	258	1 236	608	317	925	-4.6	2.1	-2.9
	79.1%	20.9	100%	65.7%	34.3%	100%			
<i>Mining and quarrying</i>	422	19	441	388	23	411	-0.8	1.9	-0.7
	95.7%	4.3%	100%	94.4%	5.6%	100%			
Secondary sectors	1 467	499	1 968	2 047	694	2 741	3.4	3.3	3.4
	74.5%	25.4%	100%	74.7%	25.3%	100%			
<i>Manufacturing</i>	976	461	1 437	1 113	593	1 707	1.3	2.6	1.7
	67.9%	32.1%	100%	65.2%	34.8%	100%			
<i>Utilities</i>	74	10	85	77	23	100	0.3	8.8	1.6
	87.1%	11.8%	100%	76.8%	23.2%	100%			
<i>Construction</i>	417	28	446	858	77	935	7.5	10.7	7.7
	93.5%	6.3%	100%	91.7%	8.2%	100%			
Tertiary sectors	2 823	2 876	5 700	3 990	4 202	8 195	3.5	3.9	3.7
	49.5%	50.5%	100%	48.7%	51.3%	100%			
<i>Wholesale and Retail Trade</i>	920	748	1 668	1 543	1 480	3 024	5.3	7.1	6.1
	55.2%	44.8%	100%	51%	49%	100%			
<i>Transport, Storage and Communication</i>	406	71	447	491	125	616	1.9	5.8	2.6
	85.1%	14.9%	100%	79.7%	20.3%	100%			

<i>Financial and Business Services</i>	318	262	581	739	556	1 296	8.8	7.8	8.4
	54.7%	45.1%	100%	57%	43%	100%			
<i>Community, Social and Personal Services</i>	1 080	1 095	2 175	1 000	1 192	2 192	-0.8	0.8	0.1
	49.7%	50.3%	100%	45.6%	54.4%	100%			
<i>Private Households</i>	99	700	799	217	850	1 067	8.2	2.0	2.9
	12.4%	87.6%	100%	20.4%	79.6%	100%			
Total	5 798	3 717	9 515	7 055	5 242	12 301	2.0	3.5	2.6
	60.9%	39.1%	100%	57.4%	42.6%	100%			

Source: Adapted from the 'Women in the South African Labour Market Report: 1995–2005'. DoL 2007b: 123.

Table 2: Share of total employment growth, by sector and gender, 1995–2005

	Male %	Female %
Primary Sectors	-14.5	2.2
<i>Agriculture</i>	-13.3	2.1
<i>Mining and Quarrying</i>	-1.2	0.1
Secondary Sectors	20.8	7.0
<i>Manufacturing</i>	4.9	4.8
<i>Utilities</i>	0.1	0.5
<i>Construction</i>	15.8	1.8
Tertiary Sectors	41.9	47.6
<i>Wholesale and Retail Trade</i>	22.4	26.3
<i>Transport, Storage and Communication</i>	3.0	1.9
<i>Financial and Business Services</i>	15.1	10.5
<i>Community, Social and Personal Services</i>	-2.9	3.5
<i>Private Households</i>	4.2	5.4
Total	45.1	54.7

Table 3: Changes in employment, by occupational group and gender, 1995–2005

	1995			2005			Average annual growth rates			Share in total growth	
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s	'000s
Managers	389	111	500	606	248	857	4.5	8.4	5.5	7.8	4.9
	77.8%	22.2%	100%	70.8%	28.9%	100%					
Professional	692	694	1 387	891	894	1 785	2.6	2.6	2.6	7.1	7.2
	49.9%	50%	100%	49.9%	50.1%	100%					
Clerks	410	726	1 136	364	824	1 188	-1.2	1.3	0.4	-1.7	3.5
	36.1%	63.9%	100%	30.6%	69.4%	100%					
Services and sales workers	636	447	1 083	896	711	1 607	3.5	4.7	4.0	9.3	9.5
	58.7%	41.3%	100%	55.8%	44.2%	100%					
Skilled agricultural and fishery workers	99	16	115	163	138	302	5.1	24.0	10.1	2.3	4.4
	86.1%	13.9%	100%	54.1%	45.8%	100%					
Craft and trade workers	989	130	1 119	1 458	286	1 744	4.0	8.2	4.5	16.8	5.6
	88.4%	11.6%	100%	83.6%	16.4%	100%					
Operators and assemblers	947	161	1 108	986	142	1 127	0.4	-1.3	0.2	1.4	-0.7
	85.5%	14.5%	100%	87.4%	12.6%	100%					
Elementary occupations	1 419	460	1 879	1 644	1 167	2 811	1.5	9.8	4.1	8.1	25.4
	75.5%	24.5%	100%	58.5%	41.5%	100%					
Domestic workers	137	938	1 075	29	831	859	-14.4	-1.2	-2.2	-3.9	-3.9
	12.7%	87.3%	100%	3.4%	96.6%	100%					
Total	5 798	3 717	9 515	7 055	5 242	12 301	2.0	3.5	2.6	45.1	54.7
	60.9%	39.1%	100%	57.4%	42.6%	100%					

Source: Adapted from the DoL's Report on Women in the South African Labour Market: 1995–2005 (17: Table 8).

Table 4: Characteristics of the broad labour force, by race and gender, 1995–2005

	1995			2005			Average annual growth rate		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	'000s	'000s	'000s	'000s	'000s	'000s	%	%	%
Total	7 598	6 155	13 754	10 281	9 810	20 100	3.7	5.5	4.6
African	5 374	4 501	9 875	7 734	7 670	15 410	3.7	5.5	4.6
	54.4%	45.6%	100%	50.2%	49.8%	100%			
Coloured	804	682	1 485	999	928	1 927	2.2	3.1	2.6
	54.1%	45.9%	100%	51.8%	48.1%	100%			
Asian	269	148	417	335	223	559	2.2	4.2	3.0
	64.5%	35.5%	100%	60%	40%	100%			
White	1 152	825	1 976	1 189	972	2 164	0.3	1.7	0.9
	58.3%	41.8%	100%	55%	45%	100%			
Matric	1 596	1 278	2 873	2 733	2 674	5 385	5.5	7.6	6.5
	55.6%	44.5%	100%	50.8%	49.2%	100%			
Diploma/ Cert. with Matric	492	475	966	599	648	1 247	2.0	3.1	2.6
	50.9%	49.2%	100%	48%	52%	100%			
Degree	296	168	464	447	372	820	4.2	8.3	5.9
	63.8%	36.2%	100%	54.5%	45.5%	100%			

Source: Adapted from the DoL's Report on Women in Management: 1995–2005 (7: Table 3).

The following observations can be made based on the data presented in Tables 1–4:

1. There were 13 754 000 employees in the South African labour force in 1995 (according to the official definitions of employment, which are not the subject of discussion in this report).
2. The workforce had increased to 20.1 million by 2005, signalling an average annual growth rate of 4.6% in the overall employed workforce.
3. Of the 13.754 million employees in 1995, 7.598 million were male, and 6.155 million were female. The men constituted 55.3% of the total working population; the women constituted 44.7%.
4. By 2005, the number of employed women had increased to 9.810 million, while the number of employed men had increased to 10.281 million. While male employees remained in the majority in 2005, the fastest growth rate in employment over the period was experienced by women (an average of 5% annual growth between 1995 and 2005). The average annual growth rate for men during the same period was 3.7%.
5. For employment equity purposes, it is significant to note that the highest employment growth rate among women was experienced by African women. This group grew from some 4.5 million in 1995 to 7.6 million by 2005 (a

- growth rate of 5.5%, which is statistically significant at the 5% level) (DoL 2007b: 7).
6. Asian women registered an increase in employment of 4.2% during the same period, but off a very low base (from 148 000 employees in 1995 to 223 000 in 2005). This growth was not statistically significant at the 5% level (DoL 2007b: 7).
 7. White female employees registered the lowest growth of all women (1.7%). In fact, only 147 000 white women were additional entrants into the labour force between 1995 and 2005 (which took their numbers from 825 000 in 1995 to 972 000 by 2005). This fact becomes very telling when the trends in management appointments and promotions are analysed later in this report.
 8. Coloured women (unlike coloured men) registered a statistically significant increase from 682 000 employees in 1995 to 928 000 in 2005 (an average annual growth rate of 3.1%. The number of coloured male employees grew from 804 000 to 999 000 during the same period (an average annual growth rate of 2.2%).
 9. The number of African male employees also grew at a statistically significant 3.7%, moving from 5.4 million employees in 1995 to 7.7 million in 2005.
 10. Pertaining to degree qualifications, it is evident from Table 4 that the number of women with degrees has been growing faster than the number of men (in fact almost double the growth rate). There were 464 000 employees with degrees in the South African labour force in 1995. This increased to 820 000 by 2005. Of the 464 000 employees with degrees in 1995, 168 000 (36.2%) were female. By 2005, of the 820 000 employees with degrees, 372 000 were female (45%). So the gap between males and females with higher education qualifications moved almost to parity within the short space of ten years.

The graphs in the following section will give some indication of the further breakdown of the workforce in terms of degree qualifications by race and gender. This is with specific reference to business and management offerings, which are the main focus of this study. It ought to be borne in mind that there are many routes to management, as science and humanities graduates also become managers. At the same time, it is safe to assume that people who study business and management, especially at post-graduate levels, actually want to become managers (if they are not already at one level of management or another). For this reason, an analysis of these types of students and graduates is the closest that one can get to determining the supply of potential managers from the higher education sector.

KEY MANAGEMENT PROFESSION DEMOGRAPHICS AND TRENDS

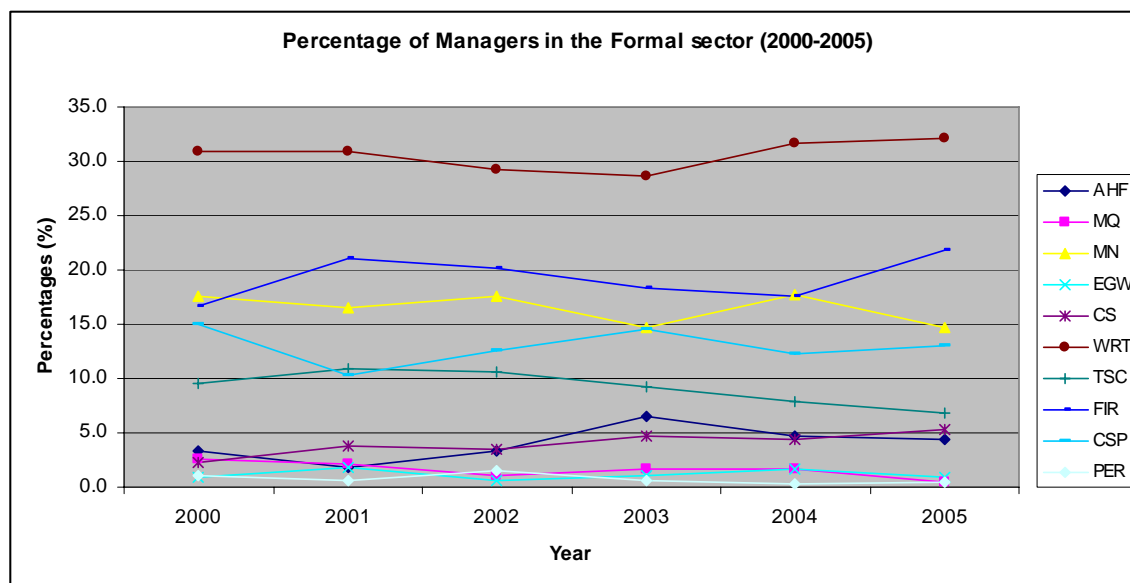
This section of the report analyses the data on management in South Africa available in data sets that were compiled by the Human Sciences Research Council (HSRC) in 2006–2007. The HSRC, in turn, consulted several labour market data sources as well as official statistical sources. These sources include the census data from 2001; October Household Surveys (OHSs) and information from the Higher Education Management System (HEMIS) over the period 2000–2005.

We start the analysis with graphs and tables that seek to indicate the quantity of managers in South Africa, in relation to other professions (e.g. in relation to the category ‘professionals’). We then look at proportions and distribution patterns that seek to indicate the types of managers that are in the system as well as the categories that have been growing and/or declining over the period 2000–2005. Once again, the main focus is on the private sector, but inferences are drawn for the public sector; wherever reliable data are available.

Percentage of managers in the formal sector

Figure 1 shows the percentage share of managers in different sectors of the formal economy for the period 2000–2005.

Figure 1: Percentage of managers in the formal sector, 2000–2005



Note:
 AHF = Agriculture, Hunting, Forestry and Fishing
 MQ = Mining and Quarrying
 MN = Manufacturing
 EGW = Electricity, Gas and Water supply

CS = Construction

WRT = Wholesale and Retail Trade: Repair of Motor Vehicles, Motor Cycles and Personal and Household Goods; Hotels and Restaurants

TSC = Transport, Storage and Communication

FIR = Financial Intermediation, Insurance, Real Estate and Business Services

CSP = Community, Social and Personal Services

PER = Private Households, Extraterritorial Organizations, Representatives of Foreign Governments and Other Activities Not Adequately Defined

The following trends and patterns are observable from Figure 1.

Firstly, the top three sectors in terms of distribution of managers in the formal sector are the Wholesale and Retail Trade: Repair of Motor Vehicles; Motor Cycles and Personal and Household Goods; Hotels and Restaurants' (WRT) sector, the Financial Intermediation; Insurance; Real Estate and Business Services (FIR) sector and the Manufacturing sector. In relation to trends in these sectors the following points can be made.

- a. The WRT sector is by far the sector with the largest percentage of managers in relation to all managers in the formal sector. More than 30% of all managers in the formal sector come from the retail sector (ranging from motor vehicle repairs, household goods and personal goods to hotels and restaurants). This sector also registered the second-largest total employment growth between 1995 and 2005 for both men (22.4%) and women (26.3%) (see Table 2).
- b. The FIR sector is the second-largest sector in terms of the percentage of managers it includes. This sector is some 10% below the leading sector. By 2005 the Financial, Insurance and Real Estate sub-sectors jointly accounted for some 23% of all managers in South Africa, as opposed to the leading sector (at about 33%). This is consistent with the data from Table 2. The Financial and Business Services sub-sector registered high growth in employment between 1995 and 2005 (15% for men and 10.5% for women).
- c. Manufacturing has the third-largest number of managers, although it experienced the biggest percentage drop between 2004 and 2005 in relation to the two sectors discussed above and contrary to the upward trends in almost every other sector in 2004–2005. This category accounted for some 13% of all the managers in 2000 and increased its share to about 18% in 2004, before dropping to just below 15% in 2005. The manufacturing sector also performed poorly in terms of employment in the

period 1995–2005), as can be seen in Table 2. It lagged far behind the retail and financial services sectors, with growth figures just below 5%.

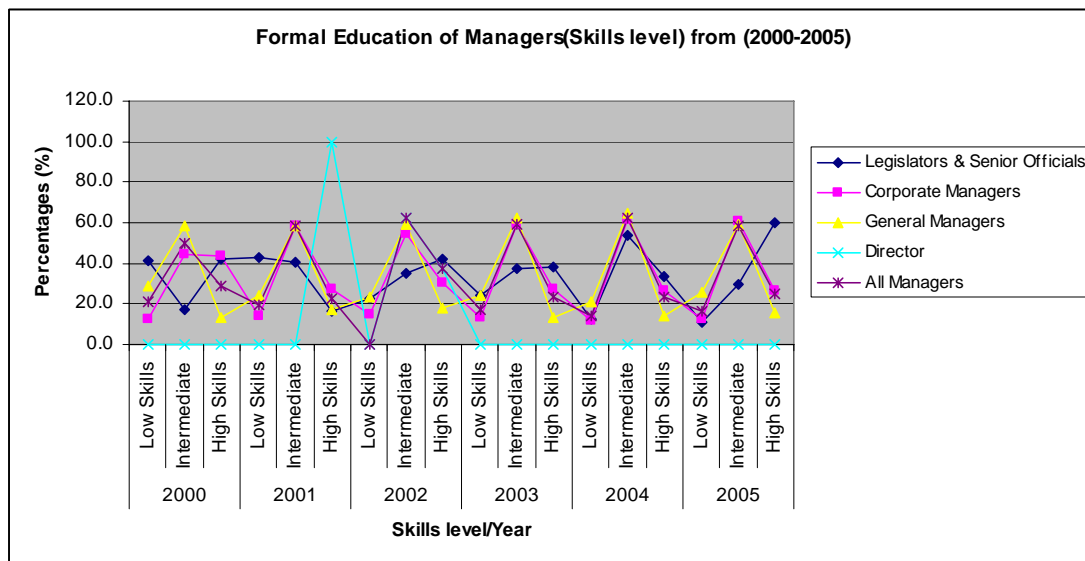
Secondly, the bottom sectors in terms of percentage share of managers are the Private Households, Extraterritorial Organisations, Representatives of Foreign Governments and Other Activities not Adequately Defined (PER) sector, the Electricity, Gas and Water Supply (EGW) sector and the Agriculture, Hunting and Fishing (AHF) and Mining and Quarrying (MQ) sectors:

- d. The lowest management representation was in the PER sector (below 2% and declining even from this low base). This is also consistent with data from Table 2 on total employment growth figures in the economy between 1995 and 2005.
- e. The EGW sector also accounts for a low percentage of managers in the formal sector (also below 5%). This reflects the below-1% employment growth performance of the Utilities sector between 1995 and 2005 (see Table 2).
- f. The lowest share is the 5% to be found in the AHF and MQ sectors.

Skill levels of managers

Figure 2 provides a breakdown of the skill levels of managers, in terms of formal education, for the period 2000–2005.

Figure 2: Breakdown of educational levels of managers, by ‘skills level’, 2002–2005



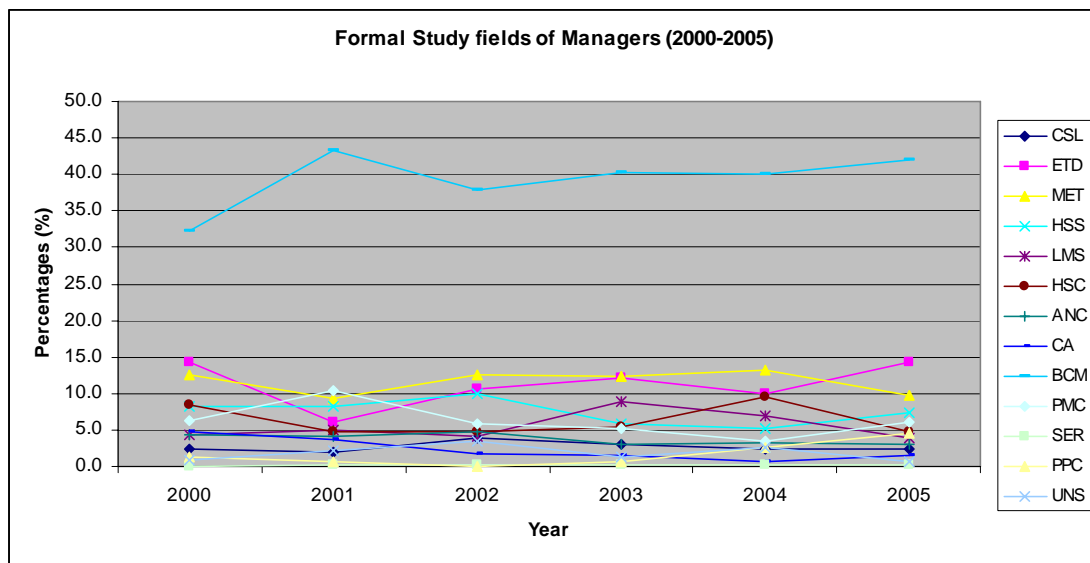
From Figure 2, it would seem that the skills levels of directors were at their highest in 2001. This can be read in relation to Figure 5, which shows that this was also the year that saw an unprecedented entry of women into directorships. Perhaps it is these women who raised the ‘educational standards’ of directors. In general, the most highly qualified managers seem to be in the private sector, particularly in the positions ‘Corporate Managers’ and ‘Retail Managers’ (both at 60%). It would appear that less stringent educational qualifications have been required for the category of ‘Legislators and Senior Officials’. These would mostly be public-sector managers and directors, for which the general requirement has been a bachelor’s degree and some relevant experience. This raises the issue of the appropriateness of the ‘formal qualifications’ that are required. Perhaps the stringent requirements in the private sector contribute to the ‘supply’ problem. This may point to the need for some flexibility in this regard. The ‘formal qualifications’ issue becomes critical in an enquiry on scarce skills such as this one, especially when viewed in the context of the graphs in the next section of this report which indicate that among graduates with higher educational qualifications in the field of business and management, there are still very few black people and women. In fact the number of white men who graduated with MBAs increased between 2000 and 2005, while the number of white women obtaining this qualification remained static. The number of African men rose, from a very low base, to equal that of white women. The most disadvantaged ‘race and gender’ group, namely African women, hardly appears on the radar screen when it comes to MBAs.

In view of this situation, which can be observed in detail in the data dealing with graduation rates in higher education presented in the next section, any stringent requirement for management posts (particularly the MBA), would definitely be a major barrier to the entry of all groups other than white men.

Fields of study undertaken by managers

Figure 3 analyses the range of fields of study in which managers obtained qualifications in the period 2000–2005.

Figure 3: Percentages of the fields of study of managers, 2000–2005



Note:

CSL = Communication studies and language
 ETD = Education, training and development
 MET = Manufacturing, engineering and technology
 HSS = Human and social studies
 LMS = Law, military science and security
 HSC = Health sciences and social services
 ANC = Agriculture and nature conservation
 CA = Culture and arts
 BCM = Business, commerce and management studies
 PMC = Physical, mathematical, computer and life sciences
 SER = Services
 PPC = Physical planning and construction
 UNS = Unspecified

As Figure 3 clearly shows, the vast majority of managers studied Business, Commerce and Management (BCM) during the period 2000–2005. This field accounted for 33% of all studies undertaken by managers in 2000, and this increased

to 42% in 2005, after a slight dip in 2002. The second-largest field of study was Education, Training and Development (ETD), although this accounted for less than half the percentage of BCM. The inconsistent performance of ETD and its subsequent decline may reflect the public service share of managers in the HSRC database from which this analysis is derived. The number of managers who have studied in the Manufacturing, Engineering and Technology (MET) field also dropped from a high of 13% in 2000 to 9% in 2001, and then rose to 13% by 2004 before dropping again in 2005 (to 10% of the total qualifications). This reflects the performance of the manufacturing sector and its contribution to the South African economy in general during the period under review.

In terms of the economic performance of the various sectors between 1995 and 2005 (see Table 1), the manufacturing sector registered an average annual growth rate of only 1.7% between 1995 and 2005, compared to the Financial and Business Services sector (which showed 8.4% average annual growth per annum). Construction, on the other hand, grew at an average annual rate of 7.7% during the same period, whilst the Wholesale and Retail Trade sector registered an average annual growth rate of 6.1% per annum during the same 10-year period. The percentage growth rates in the number of managers generally reflect the economic performance of the sectors. There was some growth in the percentage of managers with qualifications in Human and Social Studies (HSS) between 2000 and 2002, albeit off a very low base. The HSS field's share of management studies was about 7% in 2000; it rose to 10% in 2002 before dropping to 7% again in 2005. Culture and Arts (CA) constitutes a very small percentage of the qualifications of managers. It dropped from the very low share of 5% in 2000 to a paltry 3% in 2005. The most significant point in this regard, though, is that we do have some managers with qualifications in the CA field. The other field that had a very low percentage (below 5%) was Physical Planning and Construction.

This section has attempted to throw some light on the nature of the skills obtained by the management profession in South Africa, in terms of skill levels and fields of study. The actual nature of this education will be unpacked in a later section. But first the analysis turns to a breakdown of the racial and gender composition of the management profession. This will later be linked to the endeavours by the country to

de-racialise the workforce and to empower more black people, women and people with disabilities.

Racial and gender composition of the management profession

Figures 4 and 5 present breakdowns of different categories of managers by race and gender, respectively, for the period 2000–2005.

Figure 4: Racial breakdown of managers, by professional category, 2000–2005

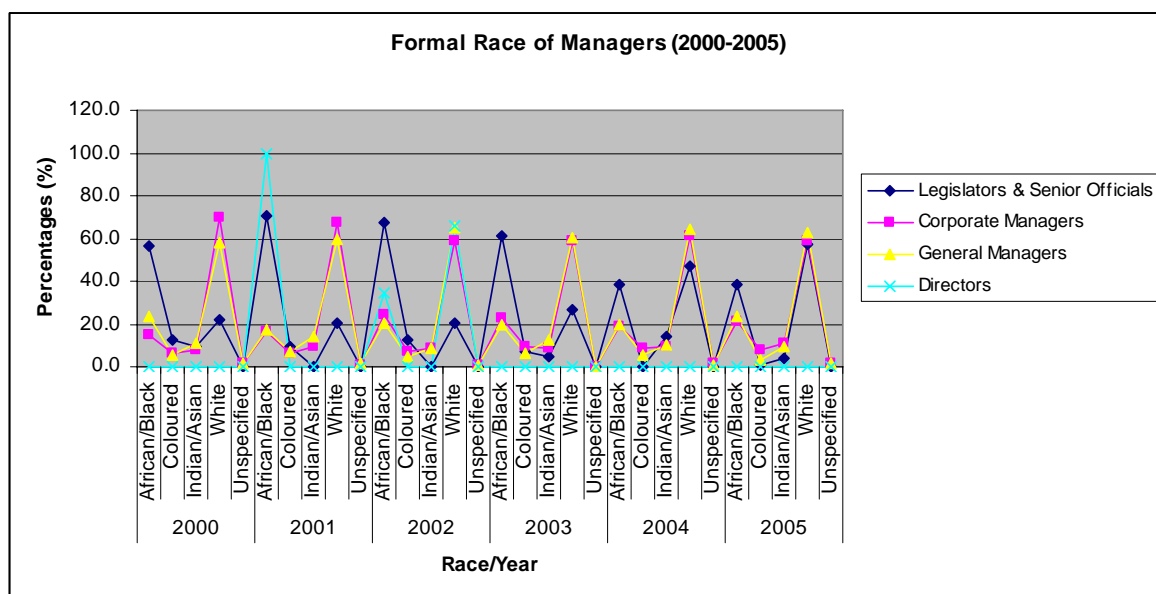
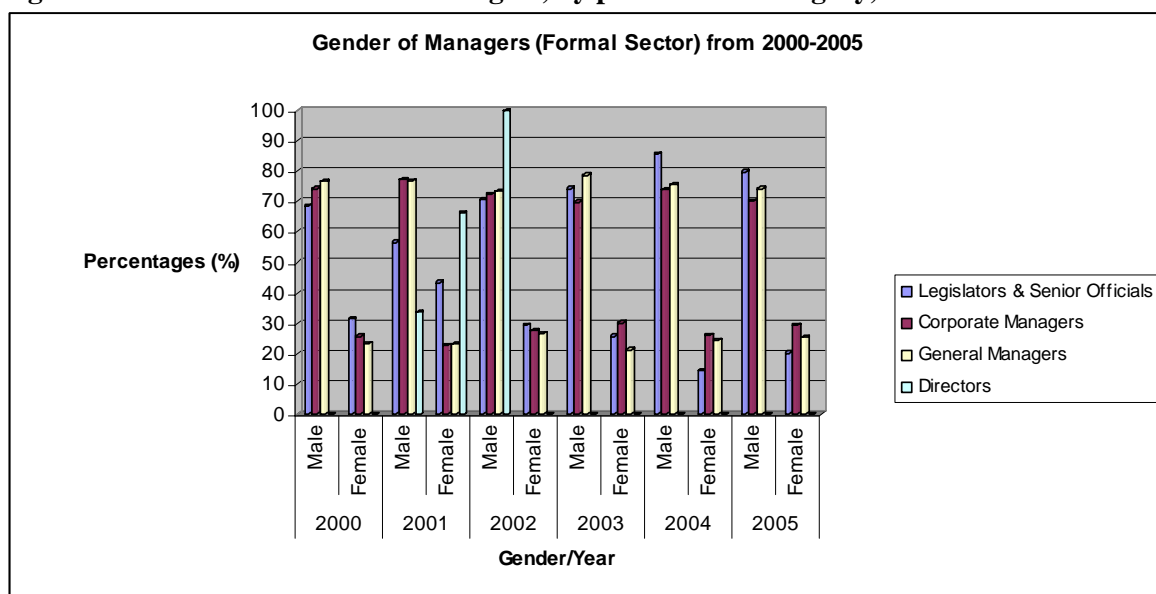


Figure 5: Gender breakdown of managers, by professional category, 2000–2005



One of the obvious features of the management profession revealed by Figure 4 is that there was no significant de-racialisation of management in South Africa over the 5-year period 2000–2005. The percentage of corporate and general managers who were white did not change at all between 2000 (60%) and 2005 (60%). The ‘legislators and senior officials’ category, which mostly represents managers from the public sector, was predominantly black and African. There was therefore a clear racial divide between the profiles of managers in the private sector and those in the public sector. Unlike the private-sector scenario, the number of managers in the public sector declined from 65% in 2001 to 60% in 2005. The sector that experienced the fastest and highest rate of racial transformation between 2000 and 2005 was also the one that experienced the highest decline in the number of managers. This raises concerns about the sustainability of the country’s transformation programme. It also signals a major risk for the country in terms of its efforts to create a racially- and gender-representative cadre of managers for the present and the future. The very low percentages of coloured people in management are a serious cause for concern, given the fact that coloured people constitute a sizeable percentage of the overall population of South Africa. In fact, the percentage of coloured people in the South African population is almost the same as that of white people. Yet, in both the public sector and the private sector, coloured managers constitute less than 20 per cent of the total complement of managers. Indians/Asians seem to be well-represented in the private sector, in relation to their representation in the total South African population. The percentage representation of this group ranges from 5% to 10% among general managers and corporate managers, which is high in comparison with the demographic representation of the Indian/ Asian population in the country (less than 2%).

With respect to gender, there is no sector where female managers are on a par with male managers (let alone where they are in the majority). The percentage of male managers is generally 3 times that of female managers during the period 2000–2005 (about 75% male as against 25% female). A few female directors appeared in the scenario in 2001. That year experienced a reversal of the gender imbalance against female managers and the percentage of female directors rose to 65% as opposed to males at 35%. This pattern was not sustained after 2001. The advent of Black Economic Empowerment (BEE) Charters in the mining industry as well as in the

liquid fuels sector could have been one of the factors that influenced this. The *Black Economic Empowerment Commission Report* also came out in 2001 (BEE Commission 2001). A more worrying observation is the reduction in the number of female managers within the public sector. While the percentage of men increased among 'legislators and senior officials' between 2000 (65%) and 2005 (80%), the percentage of women actually declined from 30% to 20% during the same period. The private sector therefore seems to be doing better than the public sector with respect to the advancement of women into management. In fact, the percentage of female corporate managers overtook that of female managers in the category of 'legislators and senior officials' in 2003 and it has remained higher ever since. Women managers in the 'general managers' category also surpassed the women managers in the 'legislators and senior officials' category in 2004; the percentage of the former was almost twice as high (in the private sector) as their counterparts in the public sector. The BEE (Employment Equity and Skills Development) section of the *BEE Commission Report* reveals that the largest increase in managers, among women, occurred among 'white women'. This was particularly so in the private sector. This then accounts for the seemingly better performance of the private sector in relation to female managers. The issue of racial transformation of South Africa, in this case, is still not being addressed. So, while the gender imbalance in the management echelons of the private sector is being redressed in the desirable direction, this is taking place in a racist manner. As a result, the gender situation ends up being racialised. The biggest losers in this scenario remain African women.

This section has provided a glimpse of the actual situation regarding the distribution of managers in the South African economy, based on sectoral and demographic analyses. The next section turns to an analysis of the demand side of the profession.

KEY AREAS OF GROWTH AND DEMAND IN THE MANAGEMENT PROFESSION

The DoL Job Opportunity Index 2004–2007

Reference has already been made to the pilot Job Opportunity Index (JOI) that was compiled by the DoL in 2003. More recently, the DoL produced a more detailed JOI covering a much longer period, 2004–2007 (DoL 2007a). The 2004–2007 JOI analysed vacancies for managers from April 2004 up to March 2007. This involved the capturing of all vacancies that appeared in job advertisements in the Careers section of the *Sunday Times* (*Business Times* section). This gave rise to a substantial database involving a total of 117 981 vacancies over the 3-year period. Even if one considers the advertisements that may have been repeated (over a longer period), this in itself would be an indication of the continued demand for managers/professionals in the posts or at the levels concerned. In this section, a detailed review of the JOI for 2004–2007 is conducted.

The JOI classified vacancies according to the Organisational Framework of Occupations (OFO). The OFO ranks occupations from managers (at the top), through the categories professionals, technicians and trade workers, to elementary workers at the bottom of the scale. Each of these categories is then defined in detail. Tables 5 and 6 and Figures 6–11 summarise the findings of the 2004–2007 JOI with respect to the category ‘managers’. This is not necessarily an indication of the ‘shortage’ of skills in the market. It is more an indication of the ‘demand’ and the specific areas of management in which employers were recruiting over the three years. A shortage would arise if such posts were not filled due to lack of skills and if this lack of skills was due to unavailability of suitably qualified candidates (as opposed to unattractiveness of the sector and ‘demand-side’ factors). This would be difficult to ascertain as it would involve a very detailed analysis of each job advertisement and whether or not the vacancy was filled. One would then need to analyse whether the candidate who ended up being hired was ‘fit for the job’ in terms of the original requirements and expectations of the employer concerned. Even this would be based on the assumption that the advertisement and the requirements that it set were a true reflection of the real need of the employer (as opposed to a compromise due to lack of previously sought skills, etc.). So, as the DoL’s *State of Skills in South Africa Report* (2003) points out, there is no easy and straightforward ‘scientific’ way of measuring the shortage of skills or the exact nature of demand for particular skills.

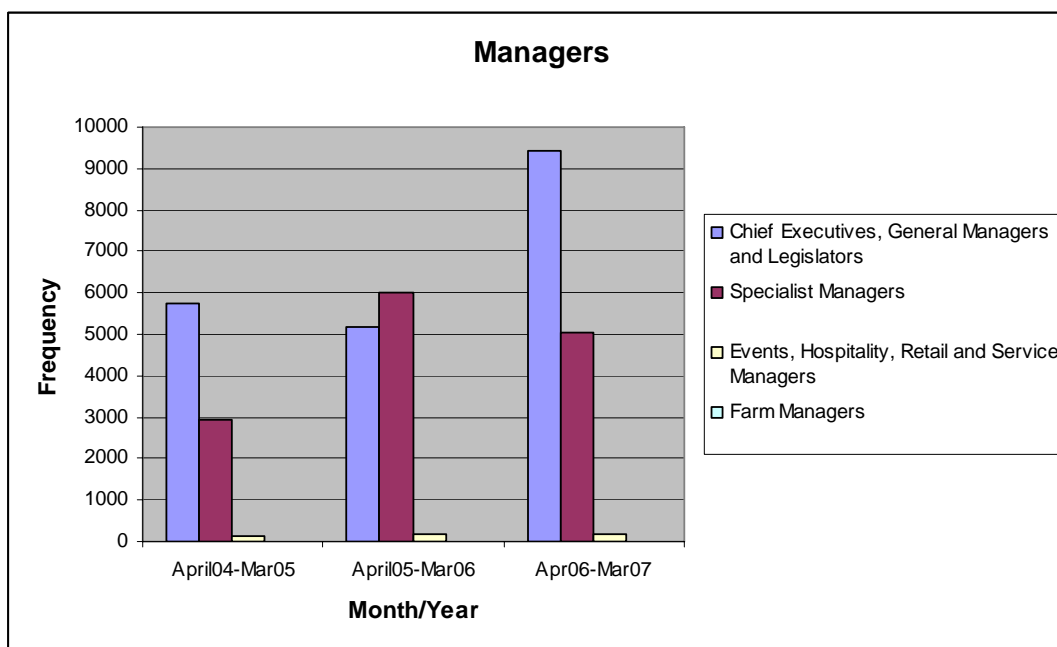
The JOI provides a very useful database for assessing the specific areas of management that are in demand. The changes that took place from 2004 to 2007 also assist in pinpointing the trends in each occupational category. Inferences can then be drawn as to which areas of management are growing in terms of industry demand. The main focus of the following analysis will be on ‘business management’ but some comparisons will be made with public service management where valid and reliable data are available.

Table 5: Summary of the main areas of demand for managers in the JOI, April 2004–March 2007

MANAGERS	2004/2005	2005/2006	2006/2007	TOTAL	Average growth Rate 04-07
All managers together (34 860 vacancies)	8 857	11 335 (27% growth)	14 668 (29% growth)	34 860	28%
PROFESSIONALS (for comparison purposes only)					
(58 011 vacancies)	14 109	20 718 (47% growth)	23 184 (12% growth)	58 011	29.5%
TYPES OF MANAGER					
Chief Executives; General Managers & Legislators	5 761	5 162 (–10.4% decline)	9 411 (82% growth)	20 334	35.8%
Specialist Managers	2 927	6 003 (105% growth)	5 059 (–15.7% decline)	13 989	44.6%
Events, Hospitality, Retail And Service Managers	153	162 (5.8% growth)	183 (12.9% growth)	498	9.35%
Farm Managers	16	8 (–50% decline)	15 (87.5% growth)	39	18.75%

The frequency distribution shown in Table 5 is also depicted in Figure 6.

Figure 6: Histogram of managers per area/ specialisation, April 2004–March 2007



According to the JOI, the number of job advertisements placed between April 2004 and March 2007 was 117 981. Not all these advertisements could be classified according to the OFO; 3.5% (or a total of 4 214) could not be classified due to unclear job titles, among other reasons. The total number of advertisements that were analysed is therefore 113 767. Table 5 summarises the outcome of this analysis. Among others, the following observations can be made:

1. Half of all the classified/ analysed advertisements (58 011 out of 113 767 or 50.99%) were for professionals –the highest demand. Although these are not necessarily ‘managers’ it was noted earlier that many ‘professionals’, such as engineers and accountants, actually act as managers. It is also from this category of employees that many of the managers of the future may emerge. It is therefore of interest to note that the demand for professionals grew at almost exactly the same rate as that for managers from 2004 to 2007 (an average 29.5% growth rate over the 3-year period, similar to the management vacancies’ growth rate of 28%).
2. The total number of advertisements for ‘managers’ was 34 860, which constitutes 60% of the vacancies for professionals. There was a steady and upward growth in the demand for managers over the period 2004–2007.
3. An interesting dynamic can be observed in the interaction between the top management level ‘Chief Executives, General Managers & Legislators’ and the ‘Specialist Managers’ level. The former are greater in number (145%) than the latter. In the 2005/2006 year, there was a rapid growth in the demand for ‘Specialist Managers’ and advertisements for this category doubled from the previous year. This meant that the demand for ‘Specialist Managers’ was almost equal in number to that for

‘Chief Executives; General Managers & Legislators’ (6 003 for the former versus 5162 for the latter). However in 2006/2007 the demand for the ‘Chief Executives’ category, ‘shot through the roof’, jumping by 82% to 9 411, while there was a slight decline in the vacancies for ‘Specialist Managers’ (registering a 15.7% dip). This could indicate some ‘displacement effect’ between the two levels, whereby a rapid demand for one has a negative effect on the demand for the other. Put simply, the above observation could be interpreted to mean that companies filled up vacancies for ‘Specialist Managers’ in 2005/2006 and then shifted upwards, to focus on higher levels in 2006/2007. This would need a detailed study of its own to be verified empirically. The main point, though, is that these variations illustrate the complex interaction between the various ‘occupations’ in the private sector. This makes it difficult, if not meaningless, to draw clear lines between ‘Professionals’ and ‘Specialist Managers’ and between the latter and ‘Chief Executives, Managing Directors and General Managers’. One ‘level’ or occupation could be a mere ‘two years’ promotion difference’ from the other, rather than a matter of ‘skill’.

The following section seeks to throw more light on the specific demand for ‘managers’ as per the 2004–2007 JOI. The ‘Specialist Management’ occupation is unbundled further in order to illustrate the specific areas of demand as well as the nature of the demand. Firstly a summary of the ‘Specialist Managers’ vacancies is presented, denoting the frequency distribution. Table 6 ‘unpacks’ this category and reveals the specific areas of demand within it.

Specialist managers

Forty per cent of the job advertisements that were analysed between 2004 and 2007 were for ‘Specialist Managers’. Not only was this the largest category of vacancies, in terms of demand, but it also experienced a 44.6% growth rate over the 3-year period. This saw the number of job advertisements for the category jump from 2 927 in 2004 to 5 059 in 2007. The category is broken down into its constituent elements in Table 6, to show the share of the total demand of each respective component. It can be observed from the table that Business Administration Managers were the most in demand (29% of the ‘Specialist Managers’ group), followed closely by ‘Small Business, Office, Programme and Project Managers’ (who constituted 25% of the category). A surprising finding (given the ‘information age’ explosion) is the small number of managers sought in the Information and Communication Technology (ICT) field. Table 6 and the graphs that follow also reveal that some jobs may have been in demand over a specific period and that this could have been a once-off demand. This would explain the surge in the demand for ICT managers in 2005/2006, which ebbed away in 2006/2007.

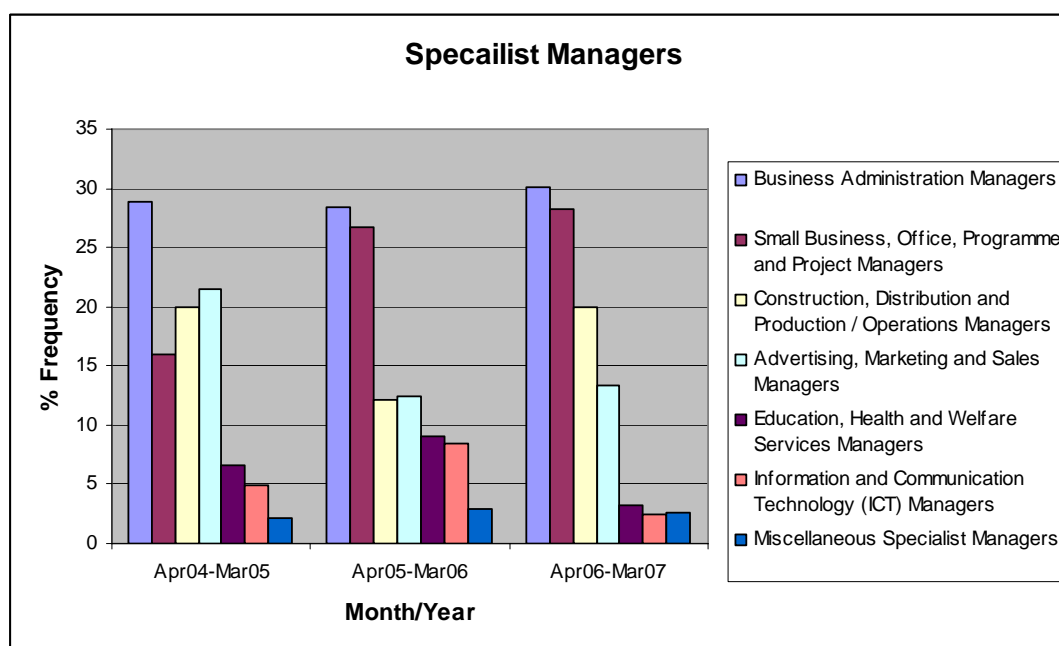
Table 6: Frequency distribution of specialist manager vacancies from the JOI, April 2004–March 2007

Breakdown of specialist managers	2004/2005	2005/2006	2006/2007	Total	Percentage of all specialist managers
Business Administration Managers	847	1 702	1 521	4 070	29.09%
Small Business; Office, Programme and Project Managers	467	1 600	1 426	3 494	24.97%
Construction, Distribution And Production/ Operations Managers	583	729	1 010	2 322	16.60%
Advertising, Marketing And Sales Managers	630	748	672	2 050	14.65% o
Education, Health and Welfare Services	192	542	173	907	6.48%
Information and Communication Technology (ICT)	143	505	127	775	5.54%
Miscellaneous Specialist Managers	65	177	130	372	2.66%
Total	2 927	6 003	5 059	13 989	100%

It is clear from Table 6, as well as from Figure 7, that ‘Business Administration Managers’ are in demand and that this was a constant demand over the 3-year period in question. Also of significance is the rise in the demand for ‘Small Business, Office, Programme and Project Managers’. This sub-group increased more than threefold between 2004 and 2007. Of all the sub-categories of ‘Specialist Managers’ the latter group experienced the highest rise, and by 2007 demand for them was almost on par with that for ‘Business Administration Managers’, notwithstanding the low base from which the latter group rose. This is in contrast to the trend in the vacancies for the ‘Advertising, Marketing and Sales Managers’. This sub-group experienced a downward trend in demand over the period 2004–2007 (with a slight upward turn at the end). Once again, this could be due to a high demand in 2004/2005 for managers in this sub-group, which could have been sated by 2005/2006. This would explain the plateau in the vacancies by 2007. ‘Construction, Distribution and Production/ Operation Managers’ exhibited a drastic dip in 2005/2006, where the demand dropped by almost half, only to shoot up to the peak evident in 2004/2005. The seemingly inconsistent findings may arise from the lumping together of two different sectors (Construction and Manufacturing) in one category. Construction performed very well as a sector, between

1995 and 2005 (see Table 1). Manufacturing, on the other hand, showed the opposite performance trend. It grew at a measly 1.7% during the same 10-year period. ‘Production and Operations Managers’ are more likely to belong to the poorly performing manufacturing sector than to the construction sector (here we are more likely to be dealing with project managers, engineering managers and the like). Construction is the one sector that may experience further growth in demand over the next five years (2008–2013) due to the Expanded Public Works Programmes, the Gautrain project, 2010 World Cup-related projects and the trickle-down from these. The same may not apply to manufacturing.

Figure 7: Breakdown of demand for specialist managers into component sub-groups, April 2004–March 2007



The other sub-components of the ‘Specialist Managers’ group are analysed further in Figures 8–11, in order to illustrate the exact nature of the demand in terms of vacancies, as well as the direction of the demand. Some of the sub-categories experienced a slight rise in demand between 2004 and 2007, while others experienced a slight decline. Some of the vacancies, e.g. ‘Farm Managers’, are off a very low base and cannot be seen to be reflecting a major need or a sustainable demand by the private sector.

Figure 8: Demand for advertising, marketing and sales managers, April 2004–March 2007

Figure 8 shows that there is a smaller demand for the ‘Public Relations’ sub-category within ‘Advertising, Marketing and Sales’ and more for the actual advertising, marketing and sales-related management as well as for business development- and market/sales/accounts-related management.

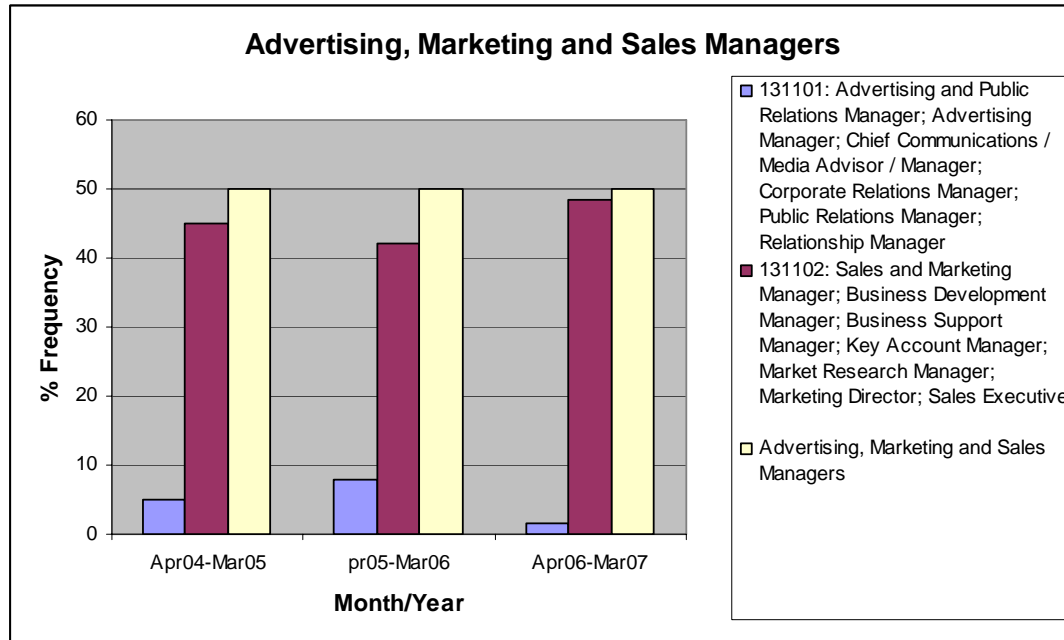


Figure 9: Demand for ICT managers, April 2004–March 2007

Figure 9 shows that the main demand within the ‘ICT Managers’ group is for the ‘harder’ side of ICT rather than for ‘Chief Information Officers’ or ‘Chief Technology Officers’. That is, the demand is more on the operational side, including project managers, data management/ processing managers and computer operations managers.

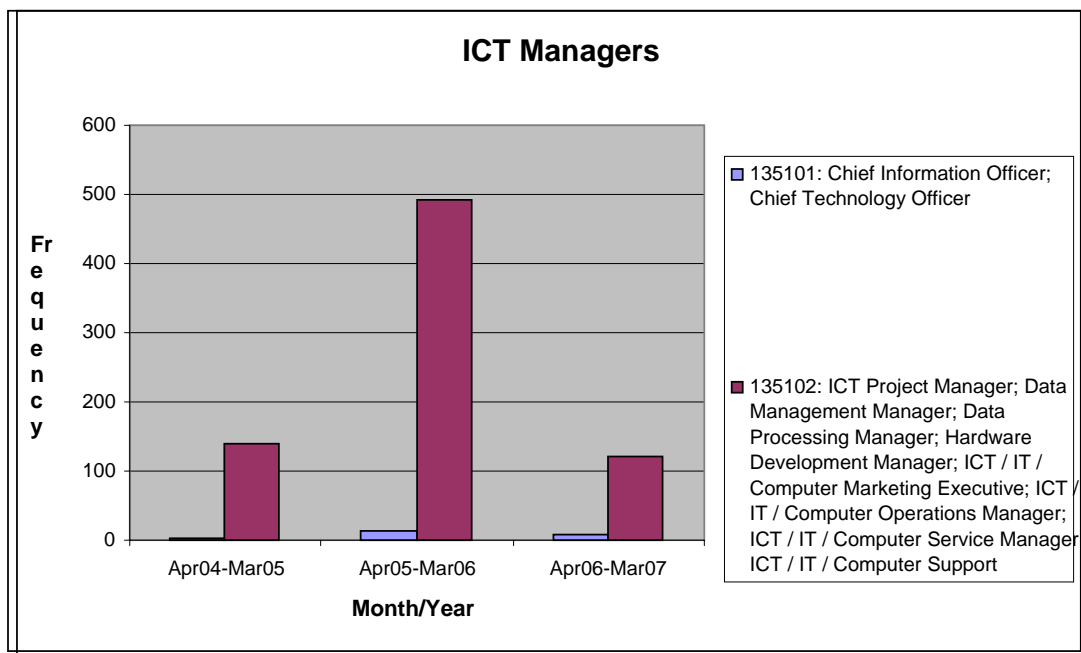
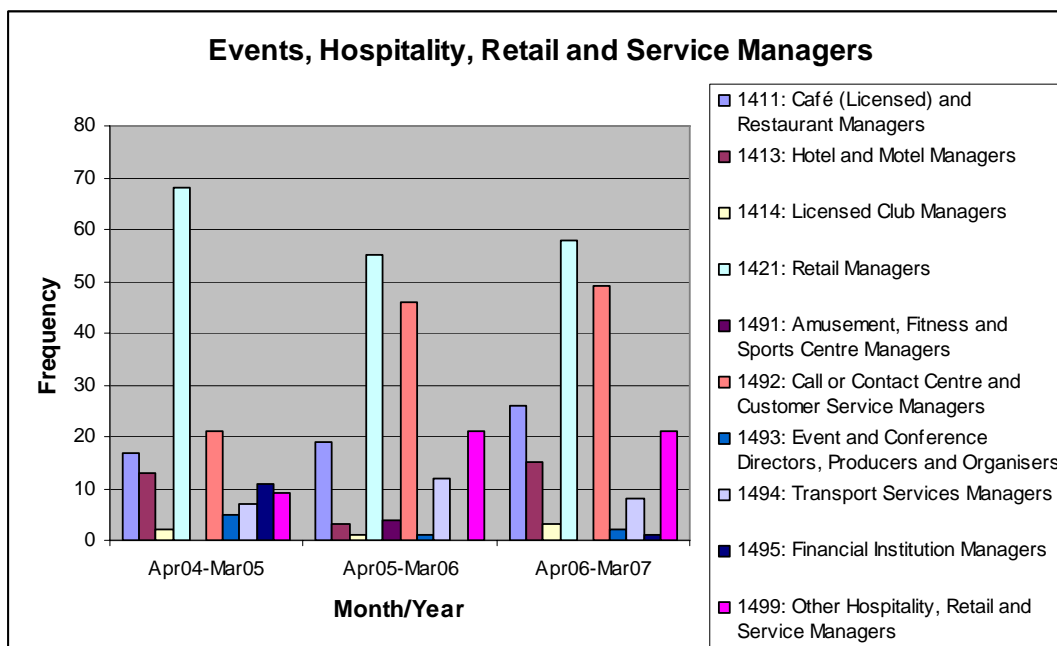


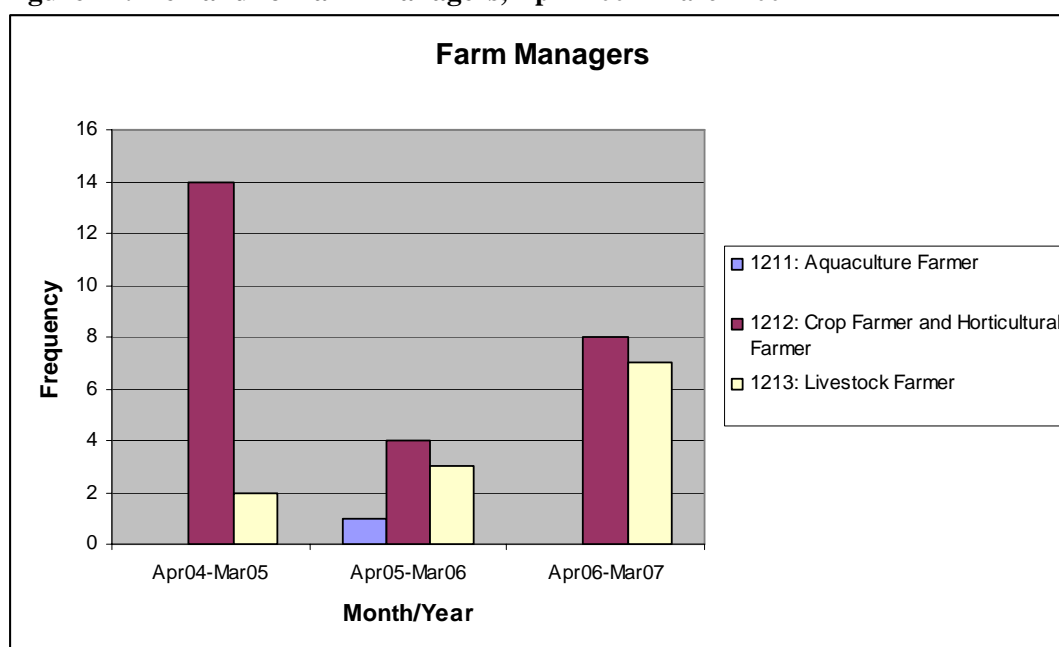
Figure 10: Demand for events, hospitality, retail and service managers, April 2004–March 2007



There was a clear demand for retail managers over the 3-year period, according to Figure 10. This may reflect the dominance of the retail industry in the economy. The growth in the 'Call or Contact Centre' industry is also evident from the increased demand for managers in this sub-sector shown in the figure. There is also a steady,

but interesting upward demand for ‘Café and Restaurant’ managers. This may also be a reflection of the boom in the tourism industry and the rise in middle-class’ lifestyles, including those of the expanding black middle class. Broad-based BEE may be fingered as the culprit for the latter phenomenon, among other factors, given the tendency for business activities to be conducted in restaurants. The same factors may be behind the rise in demand in the ‘Other Hospitality, Retail and Service Managers’ sub-sector. It ought to be pointed out, however, that the category ‘Events, Hospitality, Retail and Services Managers’ constitutes a very small proportion (1.43%) of the total number of vacancies for managers.

Figure 11: Demand for farm managers, April 2004–March 2007



The category ‘Farm Managers’ only constituted 0.11% of the total number of vacancies for managers. The actual numbers of vacancies were 16, 8 and 15 for 2004, 2005 and 2007 respectively (a total of 39). It is significant, however, that some 15 farms were in need of managers by 2007 and that this was advertised in the *Sunday Times Business Times*. This is good for transparency and the transformation of the sector. It means that the ‘farm management’ profession is now open to outside influence. This may be good for employment equity and BEE. Hopefully some of the vacancies were filled by women managers. This would signify the advent of a new, post-apartheid farming elite with different demographic characteristics.

Revisiting the question of management skills shortages

At this juncture it is appropriate to return to the point that was made earlier in the discussion of skills and skills shortages. There is no scientific method of working out the exact quantity of skills that are 'scarce', as this involves a range of variables some of which are exogenous to the sector or industry concerned. One of the indicators that is used by the HSRC is the 'fill rate'. The fill rate is used by the New Zealand Department of Labour (2005) with some reservations and many caveats. It simply refers to the number of vacancies that are filled by employers after they had been advertised. To work out the fill rate a number of employers are interviewed/ surveyed to determine the percentage of vacancies that were filled, over a specific period of time, on the assumption (which can be challenged) that those vacancies that were not filled must be for positions/occupations that are 'scarce'. The New Zealand Department of Labour (2005: 1) views occupations that have a fill rate lower than 80% as being in short supply. This evidence is normally derived from interviews with at least 10 employers per respective occupation (Infometrics Ltd 2006).

The HSRC conducted a short questionnaire survey among employers who had recently advertised vacancies in the *Sunday Times* in 2007 (see later discussion in this report). A total of 1 107 employers were interviewed concerning vacancies across the first six major occupational groups of the OFO. Major occupational groups in which a fill rate of lower than 80% was recorded were Technicians and Trades Workers (48.72%) and Professionals (77.40%). 'Managers' recorded the highest fill rates, at 95.15%, along with Community Workers and Personal Service Workers (99.33%), as well as Clerical and Administrative Workers (95.94%). However, the 'sub-major' group-level fill rates examined in the HSRC survey reveal that some shortages may exist for certain managerial occupations. Those managerial occupations with the lowest fill rates are Chief Executives and Managing Directors (Enterprises/ Organisations); Engineering Project Managers; Construction Managers; Production/ Operations Managers; Contract, Programme and Project Managers and Information and Communication (ICT) Technology Managers (HSRC 2008). As the HSRC survey cautions, the veracity of the 'fill rate' indicator may be in question. Only 17 vacancies for Chief Executives and Managing Directors were involved in the survey, of which

12 were filled, resulting in a fill rate of 70.59% (which is technically below the 80% threshold, thus rendering the positions 'scarce'). The HSRC survey also highlights another factor which raises doubts about the usefulness of the fill rate statistic. It notes that in spite of the fact that vacancies for 'Head of Local Office' recorded fill rates of below 80%, the related employers did not regard the occupation as being short of skilled people. So, the mere inability (or even decision) by employers to fill or not to fill certain posts is, of itself, not an indicator of shortage.

From the above analysis, as well as the HSRC questionnaire survey results (HSRC 2008), the following could be identified as 'being in short supply':

- Chief Executives and Managing Directors (Enterprises/ Organisations). This group had a fill rate of 70.59%, as noted above, and it also measured constant year-on-year growth. It also had an r-squared value well above the 90% confidence level, which indicates that an increase in the number of advertised vacancies may continue in 2008.
- Statistically, 'Head of Local Office' posts had the lowest fill rate (60.61%) (40 out of 66 vacancies were filled) and yet the employers interviewed by the HSRC did not regard the occupation as experiencing a shortage of skills. Maybe the conditions of employment and/or the levels of the posts are not attractive to prospective employees, given the demands. This would highlight the endogenous aspects of the definition of scarcity, by which a shortage that is due to 'job-related' or 'environment-related' factors (as opposed to actual lack of supply) is not tantamount to a 'scarce skills' situation. There is also a subjective element involved.
- In terms of fill rates, none of the occupations in the Business Administration Manager group (including Financial Managers) can be regarded as experiencing a shortage. Being in demand is not tantamount to a shortage (if the demand is easily matched by suitable supply!).
- Contract, Programme and Project Managers can be regarded as being in short supply (with a vacancy fill rate of 61.22%). According to the HSRC survey, Contract, Programme and Project Managers showed the strongest growth (312.25%) in advertised vacancies for managers over the three years under review.
- ICT Managers recorded the lowest fill rate (42.86%) and can be regarded as being in short supply.

The foregoing section has covered the demand side of the management profession, and the specific areas of demand were outlined in detail. This was made possible by the very accurate capturing of job advertisements by the DoL. It goes without saying that not all employers will place their advertisements in the *Sunday Times*, if they opt to advertise their posts in any paper at all. At best the analysis presented above provides a good sense of the major employers and their main demand for management skills. It ought to be pointed out, though, that at the formal level, management is a high-level occupation and the more serious and larger employers would indeed tend to advertise such posts in a leading, national weekend newspaper such as the *Sunday Times*. In that sense the vacancies can be viewed as a very good indicator of the demand for management skills in the formal and larger sectors of the South African economy; this would include a fair proportion of medium-sized employers.

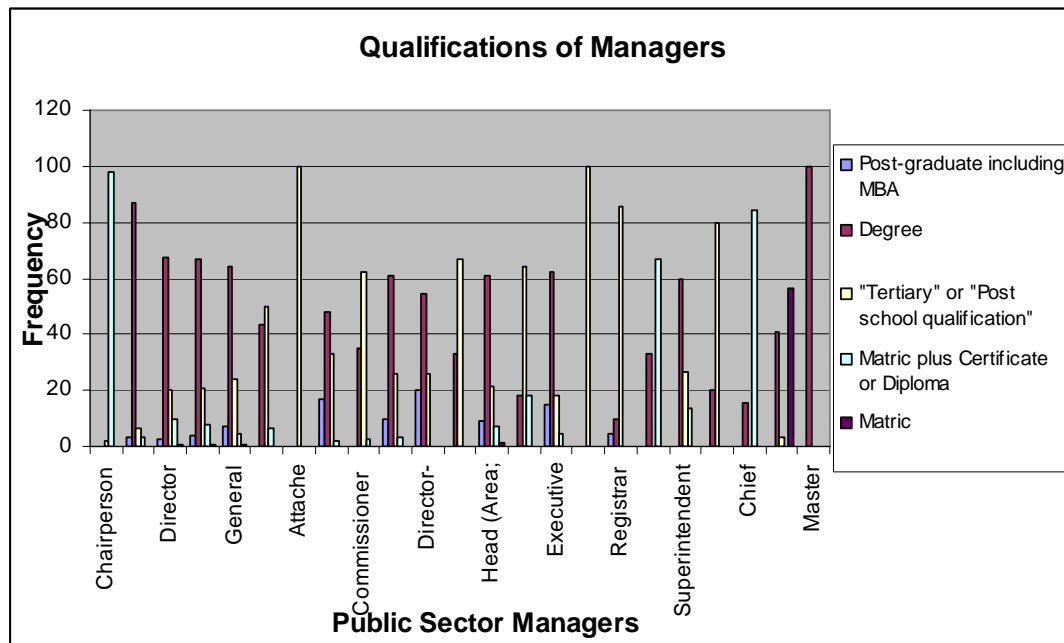
There are two sides to the story of 'skills shortages' or 'scarce skills'. The one that has been covered thus far in this report is the 'demand side'. As alluded to earlier, the frequency of advertisements, on its own, does not prove scarcity or shortage. If most of the vacancies could be filled by suitably qualified candidates, over a reasonable period of time, then there would be no 'skills shortage' problem. The scarcity arises mainly where the given demand cannot be met by the available supply. In turn, such unavailability should be due to a real shortage of qualified people rather than the unattractiveness of the sector to people who are otherwise available and qualified (the unwillingness of qualified people to join the police service in South Africa under apartheid could therefore not be attributed to a 'skills shortage' per se). The shortage should be due to factors that are exogenous to the sector or industry concerned (i.e. not caused or exacerbated by factors within the sector's control or influence, but by external factors, beyond its influence). It is for this reason that indicators of what skills and qualifications are in supply becomes the critical other side of the story. Once again, there is no scientific way of determining that there are, for example, 1 000 engineers being produced by universities per year and 1 000 needed and being hired by companies per year; and therefore there is a perfect match of supply and demand. This equation is made even harder to formulate by the fluid nature of the management profession; the issue of 'relevant experience'; the lack of a common professional qualification; and all the other challenges that were noted in the

introductory section of this report. Nevertheless a sense of what skills or qualifications are being produced by universities and universities of technology (formerly known as technikons) in the general field of business and management can help us to understand the supply side, despite all these constraints. The output of the higher education sector in the field of Business and Management, taken together with other sources of skills – internal training by companies, and immigration of skilled managers – can add up to a good picture of the supply. The next section therefore deals with the output from the higher education sector as well as the qualifications that companies are looking for, since the latter is a key indicator of the type of supply that is required.

SUPPLY-SIDE ANALYSIS

If we understand the formal requirements that most companies are looking for in their managers, then we can match this against what the higher education system is producing. So let us start this section by considering the qualification requirements specified by employers. Figure 12 summarises the formal requirements for senior management positions in the public service, which is obliged in terms of official policy to specify these requirements. Unfortunately most private-sector companies do not specify their actual formal requirements in the same way, and comparable data for the private sector are therefore not available.

Figure 12: Required qualifications for public-sector managers



It is clear from Figure 12 that higher-level posts tend to require post-graduate qualifications up to MBA level. It would be safe to conclude that in the case of the majority of vacancies for managers, the general requirement is for a 'tertiary' or 'post-matric' qualification. What this means is that employers recognise the role of higher education in qualifying people for management. The exact nature of the degree or tertiary qualification requirement would vary from industry to industry and from job to job. This would also have to be interpreted together with the unique skills/competencies as well as the experience that would be required.

Let us now turn to the higher education sector in South Africa to glean a sense of its output over the past decade. Given the specific focus of this study on ‘business management’ in the private sector, qualifications in the ‘business’ or ‘commerce’ field will be analysed in terms of the potential supply of candidates for management. This will be for purposes of approximating the availability of potentially qualified people (i.e. the pool of skills) rather than quantifying the exact supply of skills in relation to the exact shortage. The limitations of attempting to do the latter have been adequately discussed above. The analysis will include discussion of the racial and gender demographic outputs of the higher education sector, which are very pertinent to an enquiry on the supply of managers in South Africa.

Business & management qualifications, 1996–2005

‘Many executives tell us they prefer to hire liberal arts graduates or PhD physicists. They find them adaptive and creative, while the MBAs’ imaginations seem calcified by irrelevant – but rigorous – theory and questionable ethical attitudes.’ (Spender (2005: 1290)

A good starting point for this section would be a review of the qualifications of the labour force in South Africa. Once we get a good sense of the educational levels of the workforce, we will be in a position to interpret the output of universities (including universities of technology). This output will help us to understand whether we are producing the right quantities and qualities of students (with specific reference to business management), in relation to the trends in the labour market. This section ought to be read in conjunction with the previous section, to see if the qualifications and occupational levels of management that are in demand (in terms of the JOI analysis) are matched by the supply.

Table 7, which sets out the headcount enrolments in public higher education institutions by major field of study and formal qualification in 2005, is reproduced from Department of Education (DoE) statistics (DoE 2006) published in the report *Education Statistics in South Africa at a Glance in 2005*. The table summarises and collates data from three tables in the *Report*: Table 15 on headcount enrolments in public higher education institutions, by major field of study and formal qualification; Table 17, which focuses on actual graduates and diplomates from public higher education institutions in 2005; and Table 18, which outlines the ‘key graduates’ rates’ from each of the public higher education institutions in South Africa for 2005 (DoE 2006: 30, 34, 35). This is done in order to construct a picture of the enrolments in

relation to graduations at the country's higher education institutions. From this picture some projections can be made regarding outputs in the coming years, at the given graduation rates, assuming of course that these rates remain steady.

Table 7: Headcount enrolments in public higher education institutions, by major field of study and formal qualification, 2005

	Major field of study		Graduation rates	
	Business & Management			
	Headcount enrolments	Graduates & diplomates	Under-graduates	Master's
Institution				
Cape Peninsula Univ. of Technology	9 448	1 727	19	11
Univ. of Cape Town	5 372	2 006	24	33
Central Univ. of Tech., Free State	3606	745	21	5
Durban Univ. of Tech	7 891	1745	19	23
Univ. of Fort Hare	1 320	161	19	15
Univ. of Free State	3 206	671	17	21
Univ. of Johannesburg	15 025	2 753	20	23
Univ. of Kwazulu-Natal	10 547	2 324	19	16
Univ. of Limpopo	2 467	246	17	7
Nelson Mandela Metropolitan University	5 762	1 151	22	21
North West University	6 734	1 440	19	26
Univ. of Pretoria	6 504	1831	24	20
Rhodes University	944	257	30	28
Univ. of South Africa	85 639	4 128	6	10
Univ. of Stellenbosch	3 001	918	19	23
Tshwane Univ. of Tech.	17 328	2 314	16	4
Univ. of Venda	2 343	224	15	11
Vaal Univ. of Tech.	8 754	1 394	13	8
Walter Sisulu Univ. for Technology and Science	8 126	519	10	5
Univ. of Western Cape	2 150	287	16	25
Univ. of Witwatersrand	4 004	764	18	16
Univ. of Zululand	1 243	94	11	13
Mangosuthu Technikon	3 096	428	12	0
Total for Business & Management	214 509 (29% of total)		Average: 15	18
- Science, Eng. & Tech.	211 069 (28.6%)			
- Education	107 503 (14.6%)			
- Other Humanities & Social Sciences	204 391 (27.7%)			
<i>(Education & Humanities combined)</i>	<i>(311 894) (42.3%)</i>			
Total enrolments	737 472			

Source: DoE 2006: 30, 34, 35

From Table 7 the following observations can be made:

1. In 2005, some 737 472 students were enrolled at public universities and technikons/universities of technology in South Africa. Of these, some 214 509 were enrolled in business and management studies (degrees and diplomas). This constituted 29% of the total. These figures represent total enrolments and not necessarily full-time equivalent students. The point is raised below that for management studies, especially for professionals who are already at work and who want to gain better management skills, post-graduate diplomas and other part-time forms of study are the most likely route.
2. Some 28% of the total number of students were enrolled in science, engineering and technology programmes, while 42% were enrolled in education, social sciences and humanities courses.
3. It was noted earlier that there is, as yet, no direct link between the study of business and management and appointment or qualification to management positions. At some future time this link may become a formality in one way or another. This would most probably be through the mandatory requirement of a post-graduate diploma in business management (with specialisation in one's respective field) as the basic qualification for registration as a manager (among other requirements, such as experience and actual management competence, which can be examined via the testing and formal assessment of each candidate).
4. Many of the students who study science and technology end up being managers, as they rise up the ranks in their professions and employment. It is at this level that the attainment of a management and/or business diploma, post-graduate diploma and/or MBA becomes a significant preparation for professional management. Management is essentially a post-graduate type of qualification.
5. This applies also to students who study social science and humanities. The 'selling point' of business and management education should be that anyone who is ready to assume a 'management role' and/or position should be able to study for a formal qualification in business management. It should therefore pride itself on being an 'open' profession, which is available to those who want to pursue management as a professional career after gaining the

necessary technical or operational experience. The responsibility level or experience element that is inherent in being appointed a manager distinguishes the management profession from many other professions. It is not one of those professions where a person obtains a four-year under-graduate degree, does some form of two-year internship or apprenticeship and then gets fully accredited to be a professional in their respective field, after passing one examination. It is for this reason that almost all business schools require students to have worked as a manager for a few years before they can actually study management!

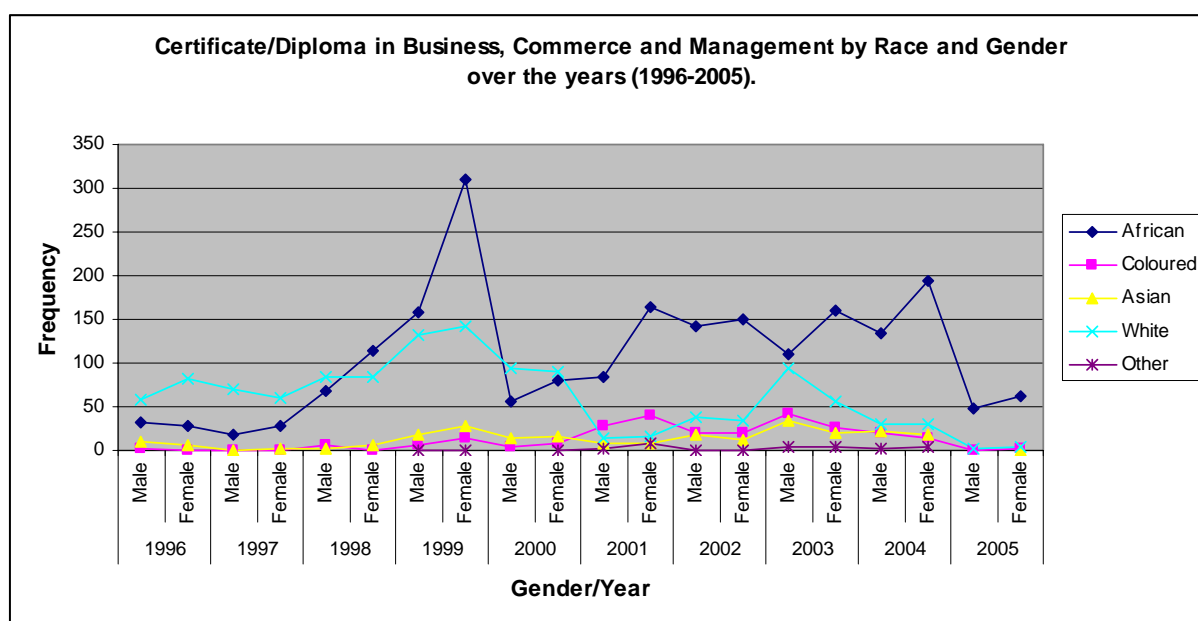
6. The implications of the above scenario are that every graduate in any field is potentially a manager. However, this does not mean that these graduates understand business management or that they will be good managers. This is why business management studies are still very significant for future and current managers, whichever field or operational discipline they come from.
7. The issue of the formalisation of business management as a profession was discussed earlier. It is the hope of this researcher that at some stage (hopefully within the next five years) 'management' will become a registered profession in South Africa, in the strict sense that was adumbrated in the first section of this chapter. In view of the above, the route to 'management' would have to be more complicated and multifaceted than that of other straightforward professions. The requirements for enrolment in most MBAs are a good indication of the type of requirements that would have to be included in registration as a professional manager. Even stricter requirements would be required for registration as a corporate director (whether executive or non-executive).

Table 7 provides a broad overview of the potential pool of business managers, not only among students who are enrolled in business management, but also including those who graduate from this field as well as other fields. The following sub-section examines in more detail the demography of business management studies graduates in South Africa during 2005.

Demographic profiles of business studies graduates

Figures 13–22 plot trends, in terms of race and gender, at various levels of business management qualification (from under-graduate certificates to doctorates) for the decade commencing in 1996.

Figure 13: Certificates/diplomas, by race and gender, 1996–2005



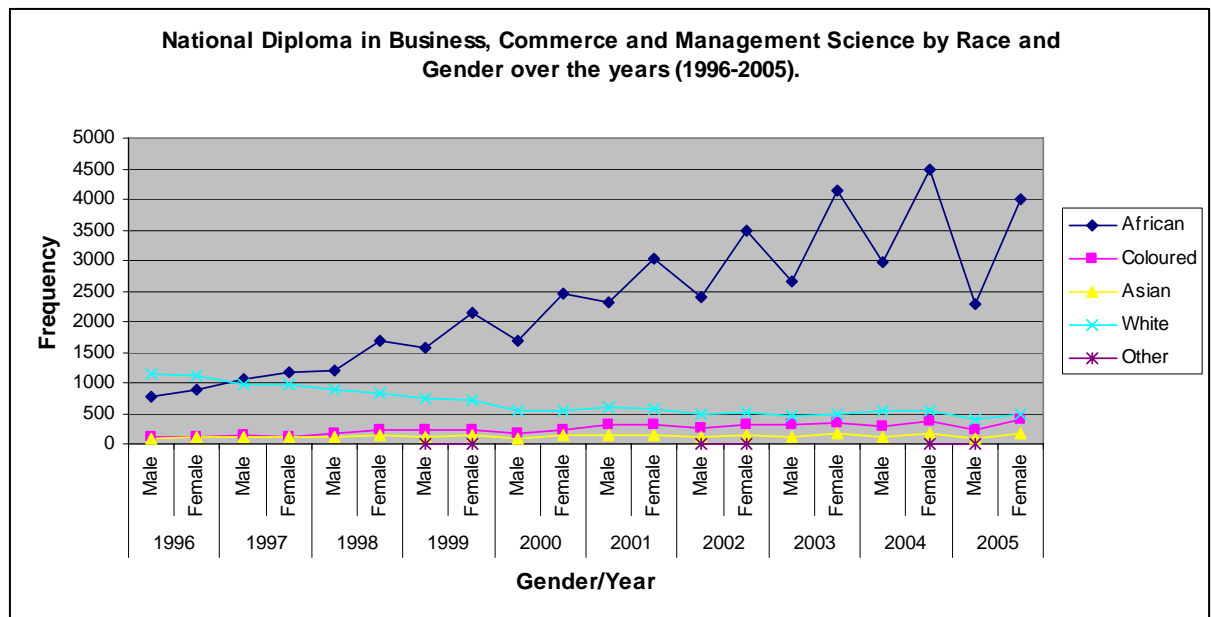
Source: DoE 2006: 34

As is evident from Figure 13, there are more African women who possess a certificate/diploma in Business, Commerce and Management (BCM) Sciences than any other group. The number was particularly high in 1999. A particularly troubling observation that arises when the situation depicted in Figure 13 is related to the data in subsequent figures is how this African female domination of business and management qualifications is reversed as one moves into higher-level qualifications. The same pattern is present in the case of racial categories. The implication of these trends is that South Africa is still reproducing the racial and gender hegemony of the apartheid era. As students move towards higher degrees, from honours upward, the majority of graduates become white and most of them become white men. The racial dominance of white men at higher skill levels is particularly disconcerting in view of the demands for employment equity and the BEE targets that various companies are pursuing (particularly regarding racial and gender representation in management). If the racial and gender distribution of higher degrees in BCM remains as it is reflected

in the graphs in this section, we are not likely to see a gender- and racially-representative management workforce for another decade or even two, unless other measures, such as in-company and overseas training, are introduced to equip women and black people, particularly black women, with higher-quality skills and with the relevant experience/competencies.

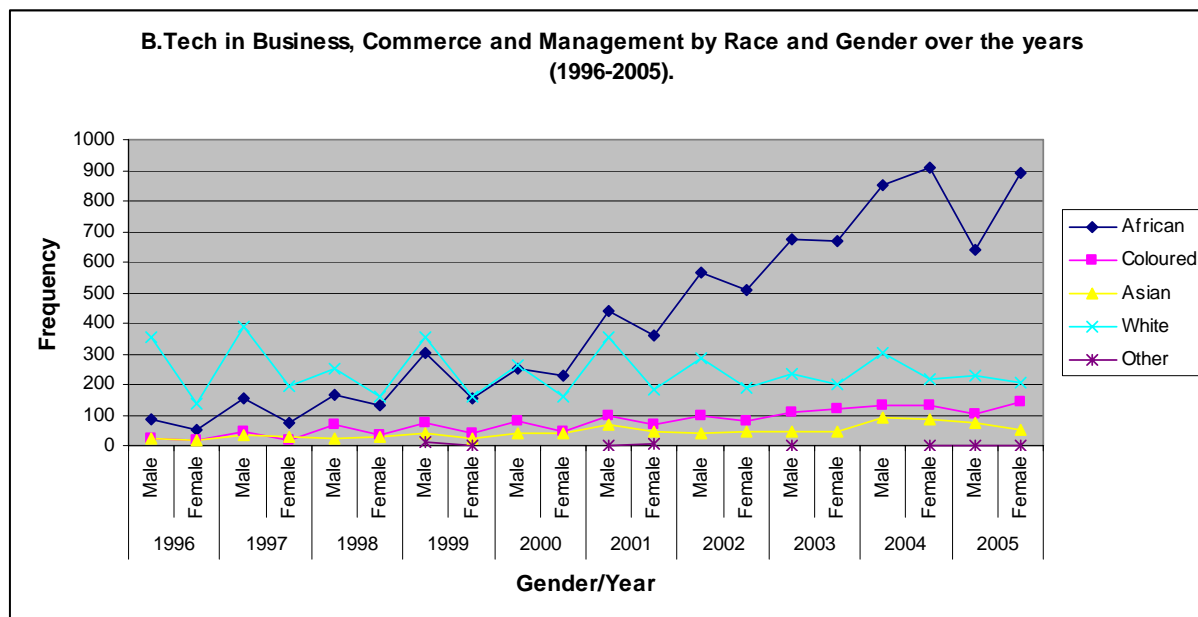
At the National Diploma (ND) level, Figure 14 seems to indicate that it is predominantly African people who enrolled for these qualifications in the period 1996–2005. The steep increase in the number of Africans is particularly stark. This would be a normal trend, in line with national demographics, if the pattern was consistent across all the higher-level degrees. But this demographic pattern is reversed in a counter-intuitive (and illogical) manner as the levels of education increase. One can conjecture that most men, particularly white men, have realised that their future lies in equipping themselves with higher degrees in fields such as business and commerce, in order to enhance their chances of employability (given the stiff competition that they now face within an equal-opportunity field). However, one would expect this strategy also to be adopted by black people, including African women, who likewise have to compete with thousands of other black people for the same posts. Yet the actual statistics point to the opposite situation.

Figure 14: National Diploma in BCM Science, by race and gender, 1996–2005



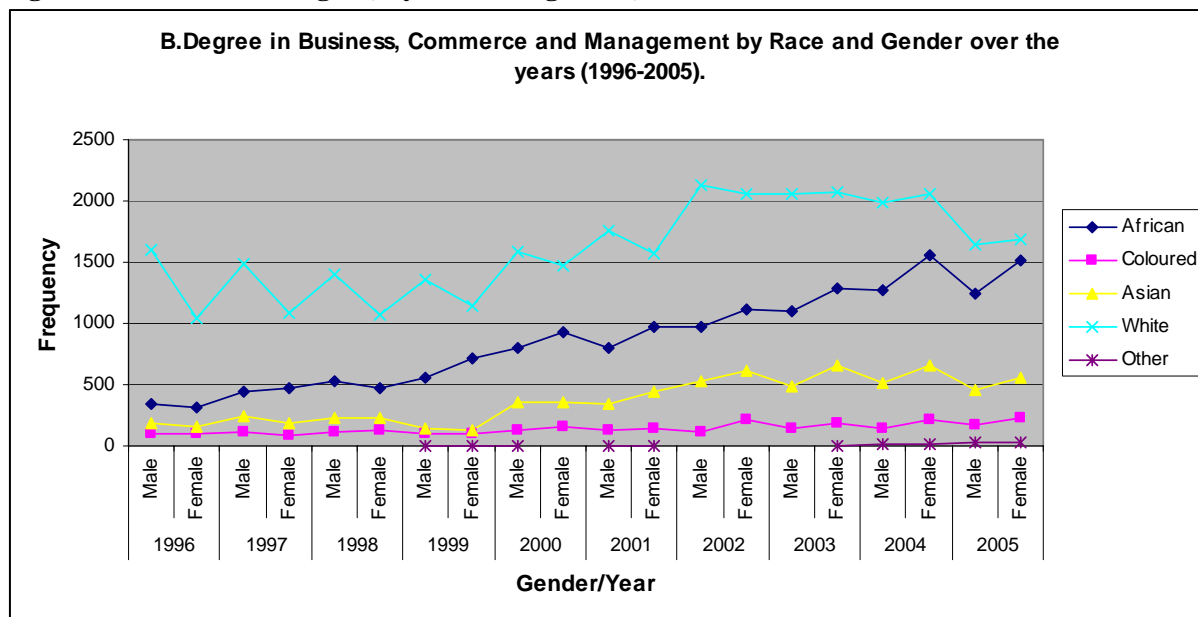
Source: DoE 2006: 35

Figure 15: BTech, by race and gender, 1996–2005



Source: DoE 2006: 35-40

Figure 16: Bachelor's degree, by race and gender, 1996–2005



Source: DoE 2006: 35-40

From Figures 14–16, the following observations can be made:

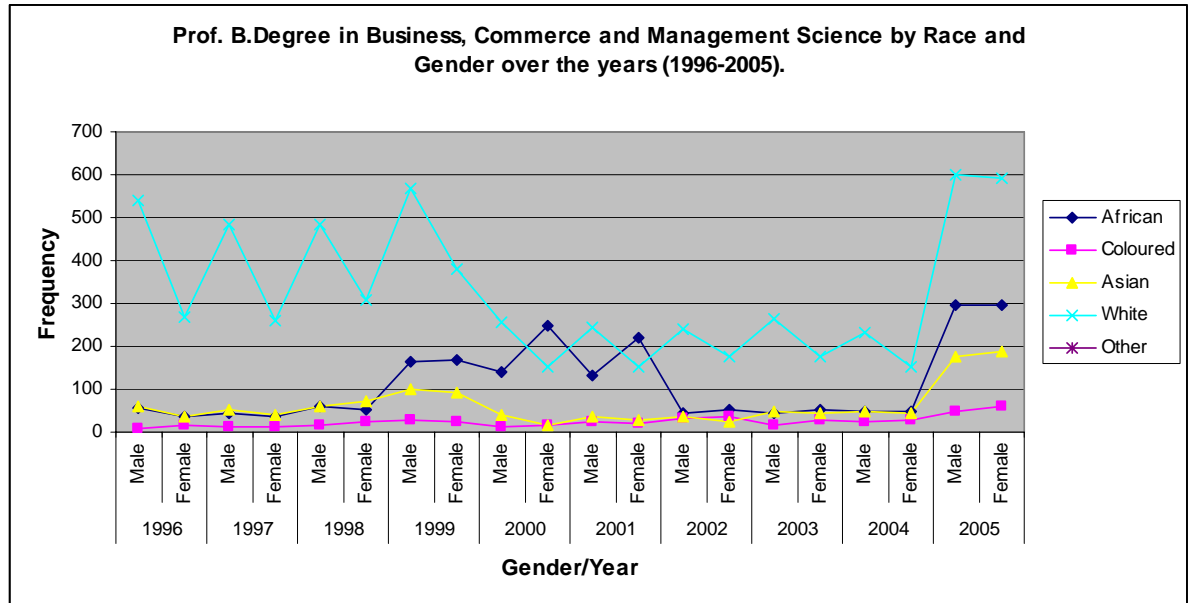
1. As was noted earlier, African women are over-concentrated at the lower-level qualifications or the entry-level ND in BCM. In fact their proportion at this

level increases dramatically after 1999. The number of African women doing the ND more than quadrupled over a 9-year period, from some 1 000 students in 1996 to 4 500 by 2004, at the peak. This represents a staggering 350% average growth each year, from 1996 to 2004. There is also an observable decline in the number of white people doing NDs in BCM, during the same period. They decline from a very low base of some 1 500 to fewer than 500 graduates by 2005.

2. The gender imbalances in society are also played out in the progression from national diploma to degree. It is noticeable how even within the African group, men start dominating as we look at the BTech degree in comparison to the ND. From 2001, the BTech, in which the majority of graduates had previously been white men, starts to have black men as the majority of graduates. This black male domination is reversed, however, by 2003, when African women start dominating the graduates at this level. White graduates with a BTech in BCM start declining gradually in 2001, a trend that is dramatically reversed when it comes to university degrees.
3. A remarkable rise in the number of white graduates with bachelor's degrees in BCM takes place in 2001. This group swells from 1 500 graduates to just above 2 000 (over a mere 12-month period), a jump of 33.3%. An interesting phenomenon also takes place with regard to white bachelor's degree graduates from 2001. The gender imbalance between white male graduates and white female graduates is almost completely eliminated. This gender imbalance, which was evident before 2001, is eliminated consistently, even when the number of white graduates with bachelor's degrees drops in 2005. In fact, white women start dominating numerically.
4. Africans almost catch up with white graduates in about 2005. The BTech trend is maintained here, with African women starting to dominate from 2003 onward. We will notice in the next figures that this pattern is not maintained as we move to post-graduate diplomas and master's degrees, which are the degrees that most managers (full-time and part-time) would complete in order to increase their knowledge of management. The post-graduate degree in business and/or management is also the degree that is important for 'non-management' professionals who find themselves in management or who want

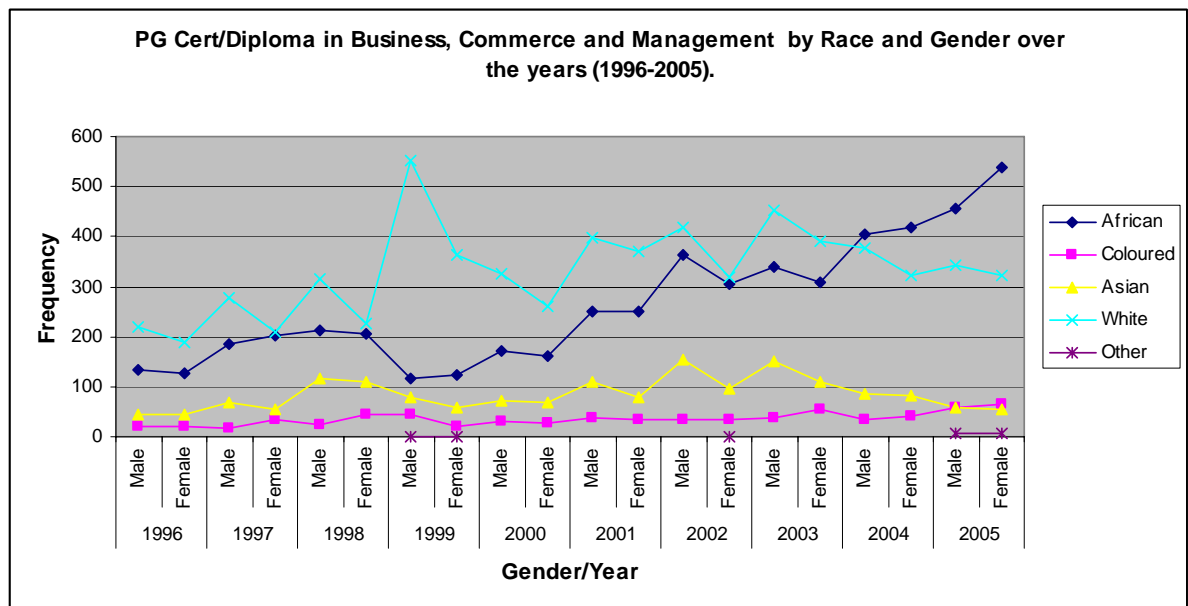
to work in this field. It is the post-graduate diploma and MBA offerings, therefore, that would most closely reflect the supply of ‘potential’ managers.

Figure 17: Bachelor’s degree, by race and gender, 1996–2005



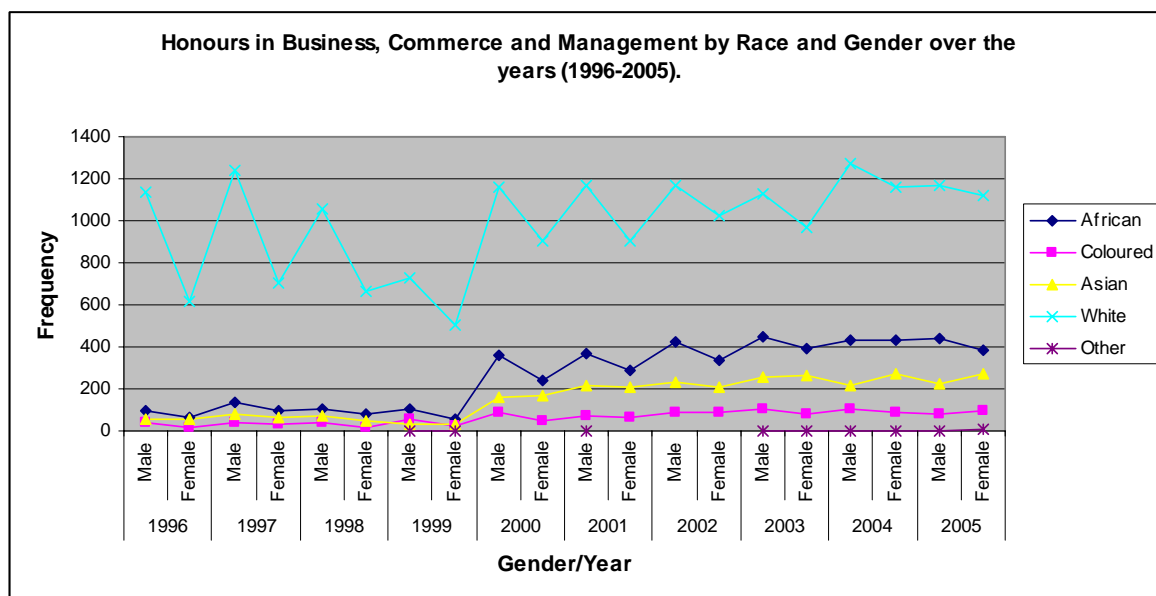
Source: DoE 2006: 35-40

Figure 18: PG certificate/diploma by race and gender, 1996–2005



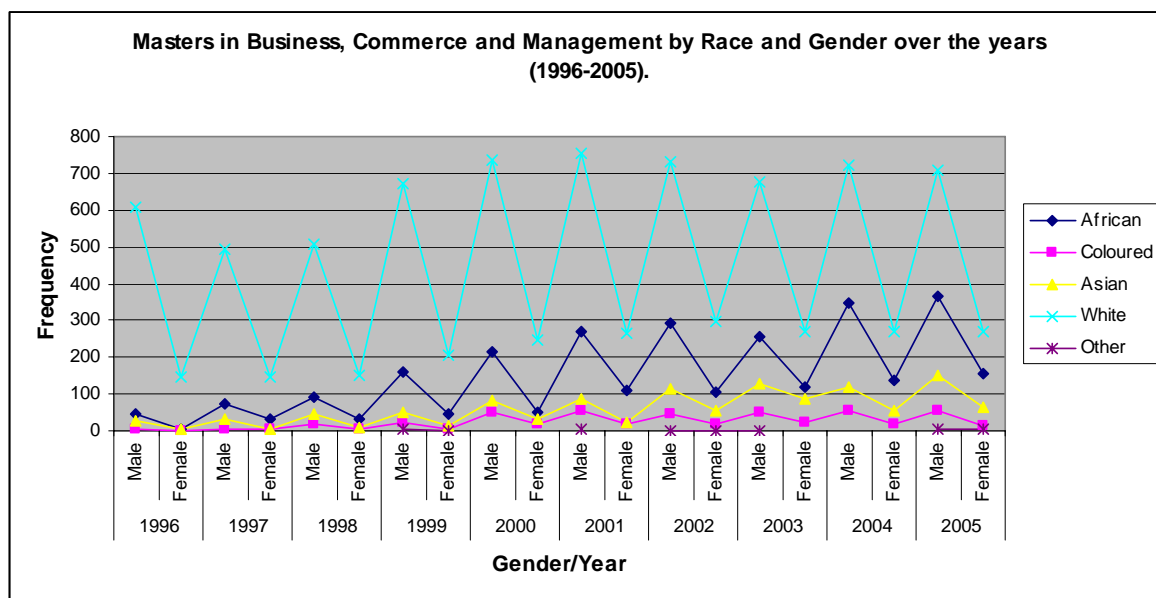
Source: DoE 2006: 35-40

Figure 19: Honours degree, by race and gender, 1996–2005



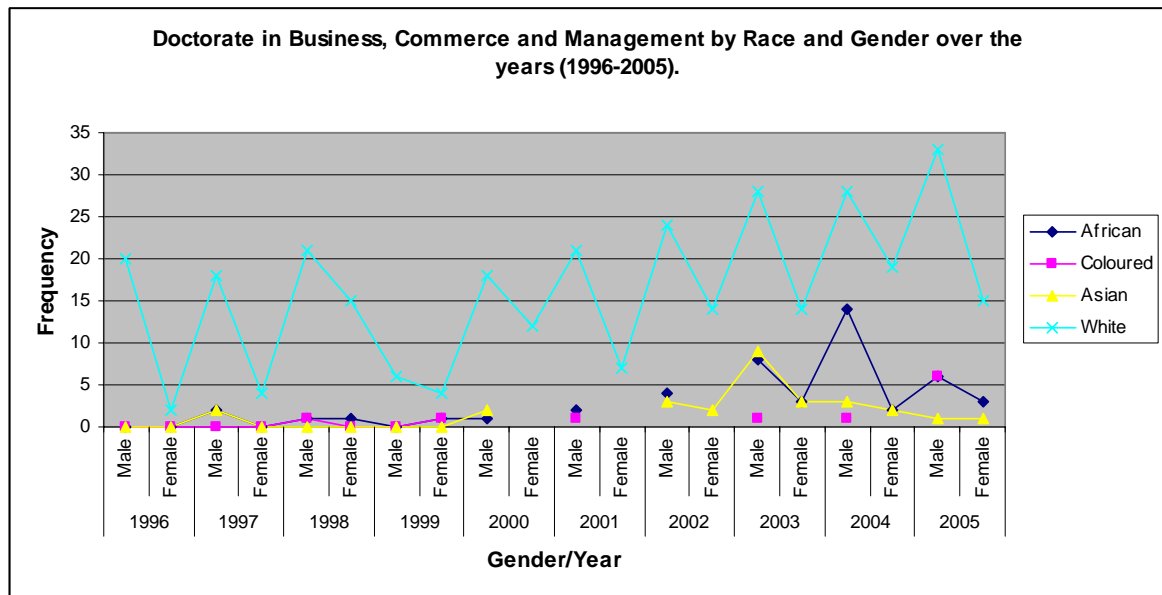
Source: DoE 2006: 35-40

Figure 20: Master's degree, by race and gender, 1996–2005



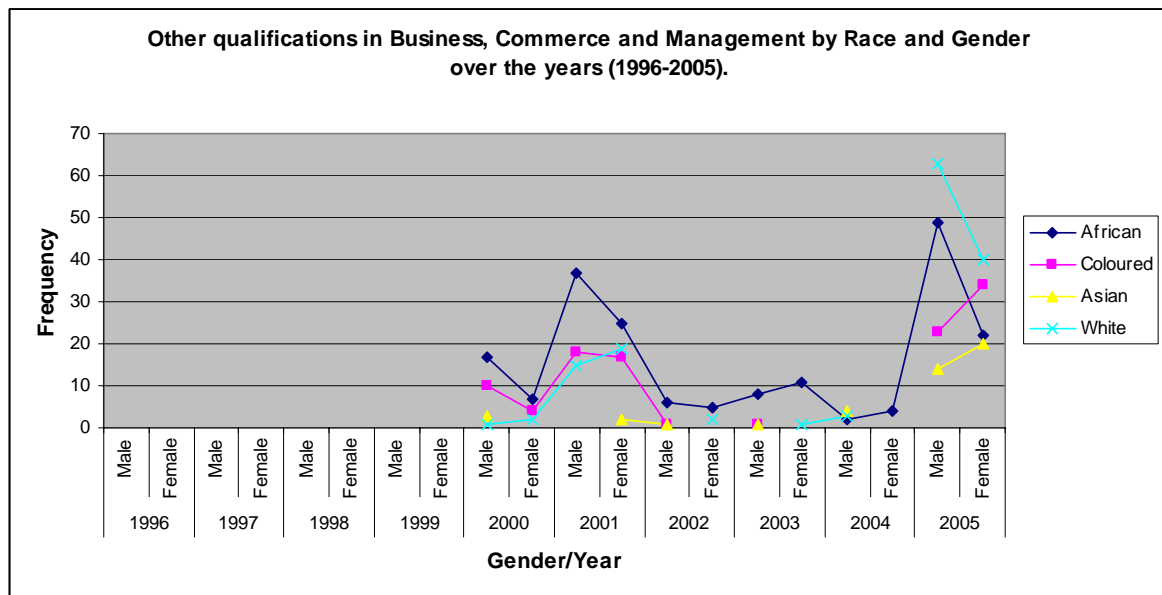
Source: DoE 2006: 35-40

Figure 21: Doctorate in BCM, by race and gender, 1996–2005



Source: DoE 2006: 35-40

Figure 22: Other qualifications in BCM, by race and gender, 1996–2005



source: doe 2006: 35-40

As observed above, the ND and BTech supplies of graduates are completely and dramatically reversed when it comes to honour's, master's and PhD graduate levels. The latter are all totally dominated by white men, and this trend actually strengthened over the period 1996–2005, contrary to expectations or common belief.

Figures 17–22 reveal that, among other things:

1. At honour's level the number of white male graduates increased from 1 200 in 1997 to 1 300 in 2004. This constitutes an average annual growth rate of 0.6%, but from a very high base, in relation to the number of black and female graduates.
2. The number of white female graduates at honour's level made a remarkable ascent from 600 graduates in 1997 to 1 150 in 2004, a 6.4% average annual growth rate over that 7-year period.
3. The highest growth rate at honour's level was, however, experienced by black men and women, albeit at far lower levels, in real numerical terms, compared to white men and women. The number of black male graduates increased from a little less than 20 in 1996 to just more than 400 in 2004. This is a staggering 133% growth rate per annum over the 7-year period.
4. The number of African female graduates also registered a remarkable increase, almost catching up with the number of African male graduates. They increased from less than 20 in 1996 to just above 380 in 2004 (a 126% average increase per year). The number of white graduates with honour's degrees in Business Management and Business Science in 2005, when combined, was 2 500. The number of black graduates at the same level was less than 900.
5. The graduation statistics for MBA and other master's degrees in the BCM Sciences also show similar trends, although the male domination within this group is startling, for both blacks and whites. There were some 600 white male master's graduates in 2005, compared to 250 white women. There were 350 African male graduates as opposed to some 130 African female graduates.
6. The number of white female graduates trailed far below that of white male graduates over the 9-year period from 1997 to 2004. In fact, the number of white female master's graduates in the BCM field remained static (at some 280) between 2001 and 2005.
7. Black male master's graduates caught up with white female master's graduates in 2001, with 280 graduates in both groups. Black male graduates accelerated to 380 graduates by 2005, while the number of white female graduates remained at 280.
8. The number of black female master's graduates witnessed a steadier upward rise, from 100 in 2001 to 150 in 2005.

9. From honour's through to doctoral level, the number of coloured graduates was very low. Indian/Asian graduates showed notable representation and increase at these levels, although from a very low base.
10. There were hardly any women doing doctorates in business and/or management. Black people started graduating with doctorates in 2002 (3 people) and by 2004 this had increased to 14. There was also a notable representation of Indian/Asian people at doctoral level (7 men and 3 women in 2003). The latter reduced in number by 2005, however. This is in contrast to white male PhD graduates whose numbers actually increased from 20 in 1996 to 33 in 2005. This is a 5.2% average growth rate over the 8-year period. This is complemented by a surprising increase (especially in view of the master's-level trend) in the number of white female PhD graduates, which increased from 3 in 1996 to 15 in 2005. This amounts to a 32% growth rate per year. The number of African PhD graduates in 2005 had dropped to 5, and there were 7 Indian/Asian graduates, while the number of white female graduates decreased from 18 in 2004 to 15 in 2005. It can be said, therefore, that by 2005 there were twice as many white female PhD graduates as all the black PhD graduates combined. The number of white male PhD graduates was more than four times the number of black PhD graduates by 2005. This speaks volumes for the profile of academics, researchers and professors that South Africa is still producing for the future. The doctoral statistics signal no transformation in this regard.

If the data in Figures 13–22 are interpreted within the context of employment equity and BEE (which are discussed in detail in the following sections of this report), then the trends should be cause for grave national concern. It is a concern that the country is sitting with thousands of black people (particularly African women) with certificates and NDs in the fields of business and commerce who will not find jobs, due to the availability of better-qualified candidates in the same fields. This calls into question the ongoing saturation of the market with people who possess these inadequate qualifications. The point must be made once again that, without the existence of a specific requirement for qualification as a manager (e.g. a post-graduate diploma in Business Management/Administration at the entry or junior management level and an MBA at a senior level) institutions will continue churning out graduates

with these certificates and diplomas. The students, particularly poorer students, are the main losers in this scenario.

A precedent was set by the law profession in South Africa in the mid 1990s when it streamlined its formal requirements for qualification as a Candidate Attorney and for pupillage. The LLB was made the only qualifying degree and the BJuris, BProc and other BA (Law) degrees were done away with (or they were streamlined and linked to the LLB). Recently the social work profession has also gone through a similar process (only finalised after 2005), whereby the Bachelor of Social Work has been made the only degree that can lead to formal registration as a social worker. It is time that the management profession started regulating the qualification of candidates for 'management'. This will mean more than the stipulation of a degree for entry, and it will have to include registration as a member of one professional body for all managers, adherence to a code of conduct, and so on. These are the characteristics that distinguish a 'profession' from other spheres of employment, as was discussed at the start of this report. Their absence in this profession is its own nemesis.

The setting of a particular requirement for entry into business management (through regulation by the profession) would still not solve the problem of students accumulating qualifications but not finding employment. It would have a serious impact only after a few years. The effect would be to force students out of the low-value-adding certificates and national diplomas into post-graduate diplomas, MBAs and even PhDs. At the moment the cost of doing an MBA is prohibitive if this is not even a guaranteed means of becoming a senior manager. The regulation and formalisation of the profession would push the standards upward and force institutions to link their qualifications to industry requirements (as the accounting profession has done, under the auspices of the South African Institute for Chartered Accountants). Regulation would also help to introduce ethical standards, which have been an issue among some Chief Executive Officers and managers in South Africa (e.g. the Fidentia débâcle as well as many cases of corruption, fronting and bad labour relations practices). The management profession therefore needs more than just clarity concerning entry qualifications and a common body of knowledge; it needs to have its soul restored in the form of strict monitoring of the conduct of managers. Sanctions should be introduced for management-based malpractice and misdemeanour, which mostly affect

innocent employees and families. For now universities and service providers in the skills development field will continue harvesting millions of rands in revenue by churning out certificates, and diplomas in BCM to desperate students who will swell the ranks of the 'degreed unemployed' (Bhorat 2004).

Now that we have analysed the pool of formally qualified individuals, which gives an indication of the nature of the supply of future managers, it remains for us to look at the actual employment and promotion trends within the management field. This analysis is made possible by the Employment Equity Act of 1998, which makes it a legal requirement for employers who employ more than 50 employees (among other requirements) to submit formal reports, called Employment Equity Reports, on their employees numbers. These reports are detailed, and they seek to define the racial, gender and disability profile of each employer's staff. More significantly for this study, the Employment Equity Reports also have a section that enquires about the past human resource (HR) practices of the reporting employer. It is because of the availability of this information that this research report is able to analyse the recruitment and appointment patterns of companies in South Africa over the past five years. A number of other comparative analyses can then be undertaken, based on these identified patterns. From such a comprehensive analysis, which is attempted in the following section, one can get a sense of what is actually happening within the field of employment. In this way one is able to ascertain the extent to which employers are complying with the BEE legislation (including Employment Equity and Skills Development) in their recruitment, promotion and skills development practices. One is also able to check the racial, gender and disability preferences of employers in relation to the labour market demographics. Hence one can interrogate whether there is any relationship between the skills that employers are seeking and the skills that they themselves are investing in (based on the mandatory requirement for employers to disclose the number of people that they have trained over the preceding year and to break this down by race, gender and disability).

The actual practices of employers, once subjected to such scrutiny, demonstrate a puzzling inconsistency with the Employment Equity and BEE requirements for the de-racialisation of the workforce. In fact, these practices perpetuate the apartheid-era racial and gender imbalances (including racial preferences within gender). The implications

of this are that employers' own practices militate against the redressing of the racial and gender discrimination of the past. They are also not in line with the actual increase in the supply of graduates with qualifications in BCM fields. Race is still very clearly the determining factor. This has been the most disconcerting finding of this study, and it offers a very bleak view of the future. It also questions the bona fides of employers who claim that there is a lack of skills, when their own statistics concerning whom they have been training (broken down by race, gender and disability) tell a different story. It is clear that the country is still investing in ivory and expecting to reap returns in ebony.

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT POLICY AND CODES

‘Transformation remains at the forefront of skills development activities so as to create employment opportunities for previously disadvantaged communities in our country. Even though a high number of people have been put through skills development programmes, the equity profile was below the expected rate. It is imperative that more blacks, women and people with disabilities need to be taken into learning programmes to ensure that the strategy contributes towards addressing inequalities in the workplaces and economic activities.’

(DoL 2007c: 41, section 7.1).

This section commences with an overview of the legislative framework pertaining to BEE, employment equity and skills development. This is essential for an understanding of the background to the skills situation in South Africa. Much as we all would like to put the past behind us, this does not mean that we should deny the seriousness of its effects on the current quality and quantity of skills. In fact, if there is any sector of South African society that is still a replica of the apartheid-era racial preferential policies and practices, it is the top echelons of management in the private sector. The statistics in this section speak for themselves in this regard. So this is one area where we need to have a thorough understanding of the country’s past and to juxtapose this against the constitutional and post-apartheid project to de-racialise access to opportunities. The latter is the aim of the labyrinth of laws and policies that are discussed below. It is a matter of grave concern to the present researcher that the spirit and letter of these policies are not reflected in the actual de-racialisation of management in South Africa. This is analysed further after the discussion of relevant legislation in this section. The section begins with an overview of the rationale for employment equity and BEE in South Africa.

In 1994, the democratically elected government of the Republic of South Africa inherited a country in which there were obvious wealth inequalities between blacks and whites. The economy excluded the vast majority of its people from ownership of productive assets and there was a lack of effective participation of the majority of South Africans in economic activity (DTI 2003; Broad Based Black Economic Empowerment Act No. 53 of 2003). This situation was a result of the structured

exclusion of black people from economic power that began in the late 1800s with the first mass dispossession of land, and continued throughout the 20th century, with repressive legislation being enacted such as the Mines and Works Act of 1911, followed by the Land Act of 1913 and the notorious apartheid laws instituted in 1948 (Terreblanche 2002).

One of the main challenges of the first post-apartheid government (1994–1999), the Government of National Unity, was to address the problems of poverty and gross inequality that had resulted from the apartheid system. In order to achieve this goal the Reconstruction and Development Programme (RDP) was introduced; its central objectives were, among others, to eradicate the effects of apartheid and build a democratic, non-racial and non-sexist future (RDP 1994). The RDP was the result of the refined and contemporary version of the vision of an economy that would meet the needs of the people as documented in the Freedom Charter of 1955. Within the RDP, provisions were made for the state and state-owned enterprises to provide capital for the attainment of BEE objectives (BEE Commission Report 2001).

A wide range of policies have been introduced and laws passed since the advent of democracy in 1994 which have included measures to implement this vision of a de-racialised national economy. These include the White Paper on Reconstruction and Development (1994), the National Small Business Act (1995), the Constitution of the Republic of South Africa Act (No. 108 of 1996), the Green Paper on Public Sector Procurement Reform in South Africa (1997), the Employment Equity Act (No. 55 of 1998), the Skills Development Act (No. 97 of 1998), the Competition Act (No. 89 of 1998) with subsequent amendments, the Promotion of Equality and Prevention of Unfair Discrimination Act (No. 4 of 2000), the Preferential Procurement Policy Framework Act (No. 5 of 2000), and the Policy Framework of the Department of Public Enterprises (2002) ‘An Accelerated Agenda towards the Restructuring of State Owned Enterprises’.

However, four years after the election of a democratic government, many were of the opinion that virtually no change in the overall inequality and distribution of wealth in the country had taken place, with the result that black people remained in poverty and marginalised from ownership, control and management of economic activities. The

BEE Commission (1998–2001) was formed due to the frustration felt by many that true empowerment (as defined by black people) did not exist, nor did a common definition or benchmark which could serve as a minimum requirement (BEE Commission 2001). The *BEE Commission Report* (2001) offered an insight into the BEE process, together with the obstacles involved, made recommendations on policies and developed benchmarks and guidelines to monitor the implementation of the national BEE Strategy.

The BEE Commission was an independent, non-statutory commission. It was constituted by organised black business formations in South Africa, led by the Black Management Forum (BEE Commission 2001). It originated from a resolution of a Black Management Forum Conference in Cape Town, in December 1997. The Commission's recommendations, while influential, did not carry any official status, as it was a non-statutory body. It was left to the government, under the Department of Trade and Industry (DTI) to follow up on the recommendations of the Commission. The DTI came under enormous pressure from organised black business formations (including members of the BEE Commission) to develop and promulgate the necessary legislation as well as the official policy guidelines. Organised black business formations also received the support of the country's president as well as the Cabinet, through the Presidential Black Business Working Group, where all the latter parties would meet. The DTI was then mandated by the government to regulate BEE. It took another two years for the official, government-sanctioned, BEE Strategy and Policy framework to be published. This was in the form of the Broad Based Black Economic Empowerment Strategy (DTI 2003). Shortly thereafter the Broad Based Black Economic Empowerment Act (No. 53 of 2003) was enacted by parliament. These two policy instruments officially introduced the concept 'broad-based' to what had been hitherto simply referred to as 'Black Economic Empowerment'. Subsequently all official references to 'Black Economic Empowerment' were changed to 'Broad-Based Black Economic Empowerment' (BBBEE).

The state also embarked on a process to regulate and guide the process of developing BBBEE strategies and plans. This was made necessary by the range of independent initiatives taking place in different sectors of the economy (e.g. in the mining sector in 2002; the liquid fuel sector also in 2002; the financial sector in 2003; and the information and telecommunications sector in

2004) to self-regulate their BEE strategies. Most of the initial sectors that had to develop their own BBBEE strategies were compelled to do so by the lingering threat of having their licences (e.g. mining licences, gambling licences, licences for gas exploration, licences to operate banks, etc.) either revoked by the government or not renewed when they expired (if they were found not to be compliant with BEE policies). Other sectors, including the government sector, were also in need of more detailed guidelines on how to implement BBBEE. The legislation and the strategic framework of 2003 were not seen as detailed enough in this regard. This led to the development of BBBEE Codes of Good Practice. The first generic codes were embedded in the BBBEE Scorecard which accompanied the BBBEE Strategy document of 2003 (DTI 2003). Subsequent to this some more detailed codes were developed on the financing of BBBEE. This was later followed by the 'Second Phase' of BBBEE, which culminated in the release of the Draft BBBEE Codes of Good Practice in December 2005 (DTI 2003, 2005, 2007). The BBBEE codes cover the seven key areas of BBBEE: ownership, management control (executive control), employment equity, skills development, enterprise development, preferential procurement and socio-economic development (previously known as the 'residual' element and as corporate social investment before this). For purposes of analysing the 'management' skills situation in South Africa in terms of the actual progress made, including progress in the equalisation of opportunities, this section focuses on the scorecards for skills development and employment equity. These scorecards are part of the BBBEE Codes of Good Practice which were promulgated by the government in February 2007 (DTI 2007). The scorecards are significant because they actually stipulate the target amount of money that companies need to spend on skills development for black people, for women and for people with disabilities. They also require the skills development to be focused on scarce skills for the latter groups. Both the Management Control Scorecard and the Employment Equity Scorecard stipulate targets for the representation of black people, women and people with disabilities at the various levels of management. Most medium-to-large employers therefore now have clearly defined goals to meet for achieving representation and equity in their skills development as well as in the deracialisation of their management profiles. The targets in the BBEE Scorecards thus provide an objective base for evaluating progress.

The DTI's Scorecards

Tables 8–10 present summaries of the Skills Development, Management Control and Employment Equity Scorecards (DTI 2007). The detailed scorecards appear in the Appendix.

The Skills Development Scorecard (2007) (Table 8) requires employers to focus on ‘core skills’ and/ or ‘critical skills (DTI 2007). This focus is important in relation to skills development, for the same reasons that it is important in relation to employment equity. The issue of the articulation between the various elements of BBBEE applies also to skills development.

Table 8: Skills Development Scorecard (summary)

Category	Skills development element	Weighting points	Compliance target
2.1.1.	Skills development expenditure on any programme specified in the Learning Programmes Matrix:		
	2.1.1.1 Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for black employees as a percentage of Leviable Amount using the Adjusted Recognition for Gender.	6	3%
	2.1.1.2 Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for black employees with disabilities as a percentage of Leviable Amount using the Adjusted Recognition for gender.	3	0.3%
2.1.2	Learnerships		
	2.1.2.1 Number of black employees participating in Learnerships or Category B, C and D Programmes as a percentage of total employees using the Adjusted Recognition for Gender	6	5%

Source: DTI 2007

Table 9:
Management Control Scorecard (summary)

Category	Management Control Indicator	Weighting points	Compliance Target
2.1	Board participation		
	Exercisable Voting Rights for black Board members using the Adjusted Recognition for Gender	3	50%
	2.1.2 Black Executive Directors using the Adjusted Recognition for Gender	2	50%
2.2	Top Management		
	2.2.1 Black Senior Top Management using the Adjusted Recognition for Gender.	3	40%
	2.2.2 Black Other Top Management using the Adjusted Recognition for Gender.	2	40%
2.3.	Bonus Points		
	Black Independent Non-Executive Board Members.	1	40%

Source: Code Series 200 of the BBBEE Codes, DTI (2007: 46). See Appendix for details.

Table 10: Employment Equity Scorecard (summary)

Category	Criteria	Weighting points	Compliance Targets: Years 0-5	Compliance target : Years 6-10
2.1.1	Black Disabled Employees as a percentage of all employees, using the Adjusted Recognition for Gender	2	2%	3%
2.1.2	Black employees in Senior Management as a percentage of all such employees, using the Adjusted Recognition for Gender.	5	43%	60%
2.1.3	Black employees in middle management as a percentage of all such employees using the	4	63%	75%

	Adjusted Recognition for Gender			
2.1.4	Black employees in Junior Management as a percentage of all such employees, using the Adjusted Recognition for Gender.	4	68%	80%
2.1.5	Bonus points for meeting or exceeding the EAP targets in each category under 2.1.1 to 2.1.4			

Source: DTI's BBBEE Codes of Good Practice (2007: 51). See Appendix for more details, including the Adjusted Recognition for Gender.

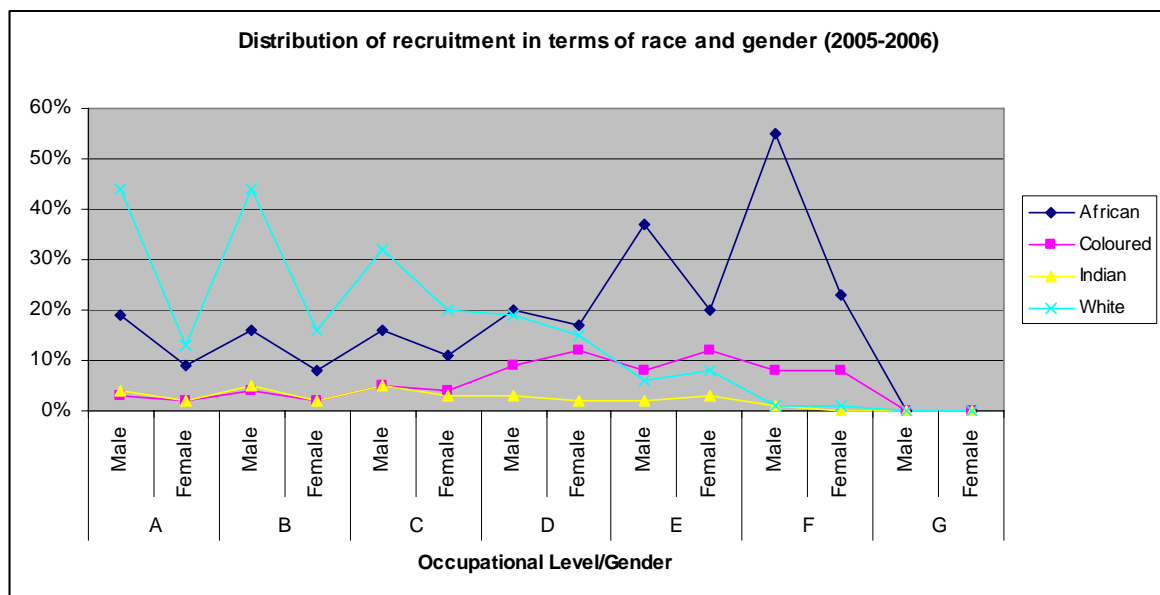
The Skills Development, Management Control and Employment Equity Scorecards summarised in Tables 8–10 set out the ‘outcomes’ (or desired profile) of the management and skills that employers are supposed to reflect at their various workplaces. To this effect, the nature of the ‘demand’ for managers has been legislated, as far as race, gender, disability and skills spend are concerned. It is therefore important that the scorecards should be incorporated into all discussions, strategies and plans about management in South Africa. With the above in mind, this report now turns to an empirical analysis of the actual progress that has been made by employers in the areas of skills development, employment equity and management control, in order to ascertain the level of compliance by employers with the country's equity and empowerment policy and strategy.

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT PROGRESS

This section reviews the extent to which the management echelon in South Africa mirrors the targets set in the Management Control, Skills Development and Employment Equity Scorecards. The point of all the legislation, charters and scorecards introduced in recent years is to create a truly diverse and non-racial workforce. It is pertinent therefore for an enquiry into management skills in South Africa to examine the actual practices of employers, since it is these practices that matter in the long run. If the recruitment, training and development, promotion and other such HR practices do not change to promote racial and gender equity, the country will continue to replicate the apartheid colour bar in its distribution of skills. Not only will this be against the Constitution and the laws of the country, but it would be a counter-productive tendency. The DoL emphasises this point in its *National Skills Development Strategy Implementation Report* (2007c: 44). The report concludes that ‘[t]he equity targets in all categories could not be met in the 2006/07 financial year. Employers need to be encouraged to take more blacks, women and people with disabilities into their programmes. This will help in the eradication of inequality that was created by the past apartheid system.’

Figure 23 presents data on recruitment practices in terms of race and gender, for the period 2005–2006.

Figure 23: Distribution of recruitment, by race and gender, 2005–2006



Notes:

Occupational Levels:

- A – Top management
- B – Senior management
- C – Professionally qualified and experienced specialists and mid-management
- D – Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents
- E – Semi-skilled and discretionary decision-making
- F – Unskilled and defined decision-making
- G – Total permanent
- H – Non-permanent employees

Demographics of the sample:

930 individuals, includes all races; males and females only in South Africa

Source: Commission for Employment Equity 2006: 34, Table 8

The data shown in Figure 23 suggest a number of observations. Firstly, there was limited recruitment of people into the top three layers of management during the period 2005–2006. The little recruitment that took place seems to have been of African men, in the main. This would constitute a few posts in real numerical terms. The representation base is very low, to begin with.

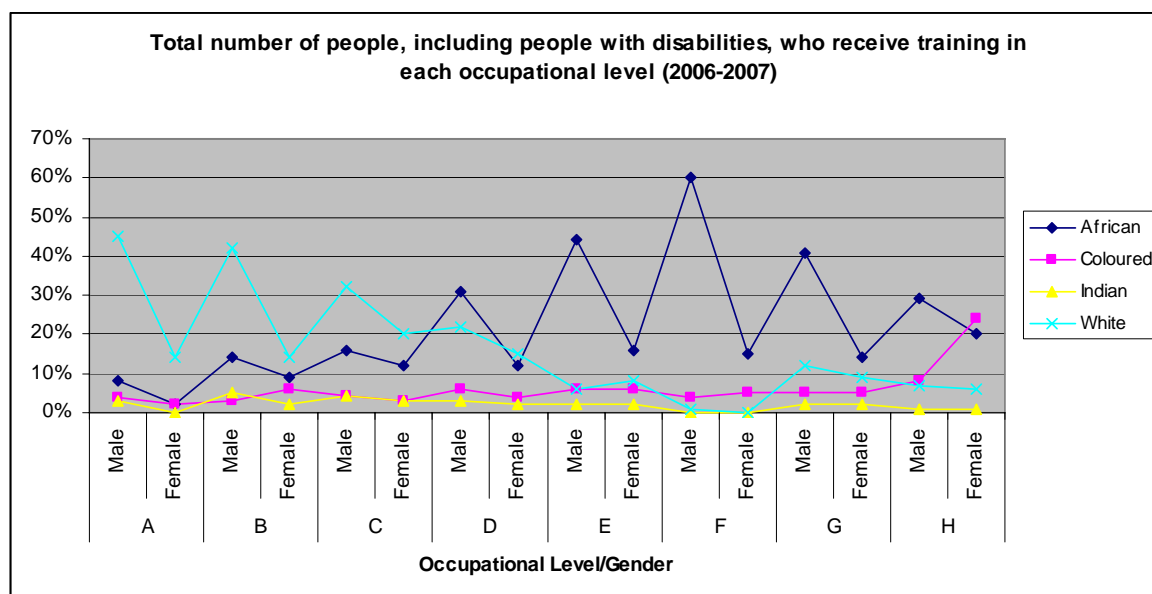
Secondly, at the lower levels, the ‘Irish Coffee’ syndrome continues to be replicated (with white people on top and black people at the bottom). The overwhelming percentage of people who were recruited into the lowest three levels are black people (almost exclusively Africans). These are the semi-skilled to unskilled levels.

Thirdly, at the lowest level, ‘Unskilled occupations’, African women dominate. This is the only category where there are more African women than any other group. In other words, African women are still going to dominate the lowest levels of employment for the foreseeable future. Claims that this group is the most disadvantaged of all groups in South Africa are therefore corroborated by the statistics that employers submitted to the DoL on their actual recruitment statistics for 2005 and 2006.

So, in terms of the most recent trends, black people constitute the largest recruits at the lowest levels. African women are at the bottom of the employment hierarchy and this trend is being reinforced.

Figure 24 shows percentages of people receiving training at the different occupational levels in the period 2006–2007. The data include people with disabilities.

Figure 24: Percentage of people, including those with disabilities, who received training at each occupational level, 2006–2007



Source: Commission for Employment Equity 2007: 39, Table 12.

Notes:

Occupational Levels:

- A – Top management
- B – Senior management
- C – Professionally qualified and experienced specialists and mid-management
- D – Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents
- E – Semi-skilled and discretionary decision-making
- F – Unskilled and defined decision-making
- G – Total permanent
- H – Non-permanent employees

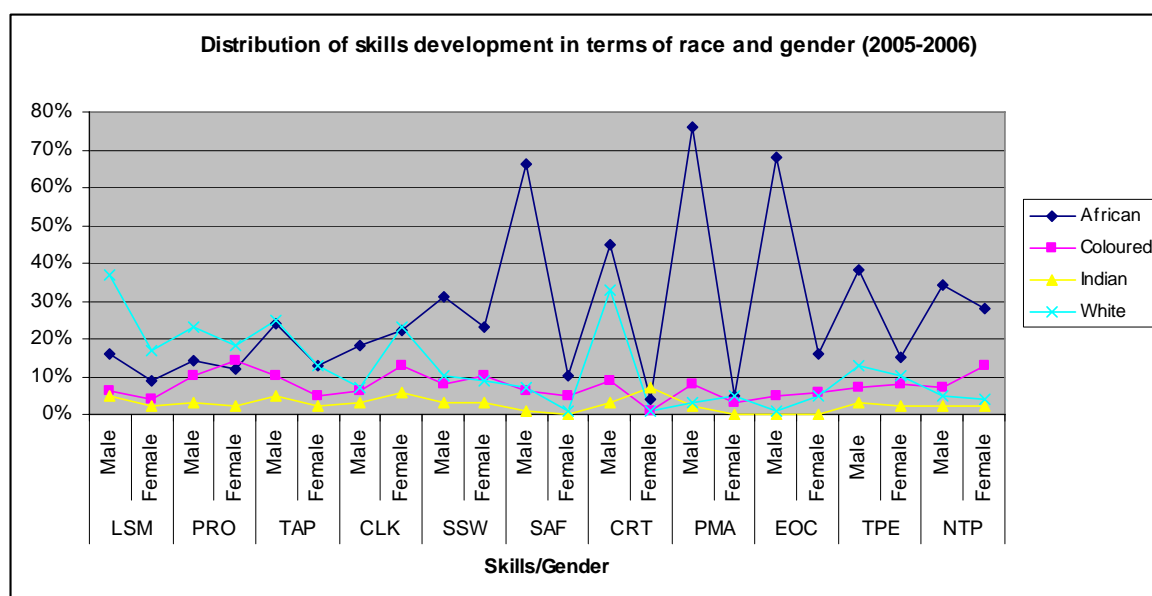
Demographics of the sample:

649 127 individuals, includes all races, males and females, excludes foreign males and females

The percentages of employees who received training between 2006 and 2007 (Figure 24) mirror the percentages of employees who were recruited between 2005 and 2006 (Figure 23). The highest number of people who received training was at the lower levels of the organisational/employment hierarchy; Levels E and F in Figure 24 represent semi-skilled to unskilled workers. This trend is not going to assist the country to develop the scarce and critical skills that are in short supply. It smacks of a tendency to spend money on the lower levels, where there are huge quantities, but

where the returns on that investment are not likely to result in improvements in the quality of skills. This may raise suspicions regarding the actual motives behind such training, including the hypothesis that it is done in order to claim rebates on skills development (according to the Skills Development Act of 1998 and the Skills Levies Act). The motive may therefore be financial, rather than commitment to human capital development.

Figure 25: Distribution of skills development, by race and gender, 2005–2006



Source: Commission for Employment Equity 2006: 50, Table15

Notes:

Skills:

LSM –Legislators, Senior officials and Managers

PRO – Professionals

TAP – Technicians and Associate Professionals

CLK – Clerks

SSW – Sales and Service Workers

SAF – Skilled Agricultural and Fishery Workers

CRT – Craft and Related Trade Workers

EOC – Elementary Occupations

PMA – Plant and Machine Operators and Assemblers

TPE – Total Permanent Employees

NTP – Non-Permanent Employees

Demographics of the sample:

1 532 207 individuals, includes all races; males and females

The following observations can be made about the data shown in Figure 25. Firstly, only about 12% of the total number of people who received training in 2005–2006 were at ‘higher levels’ in the occupational hierarchy (i.e. professionally-qualified

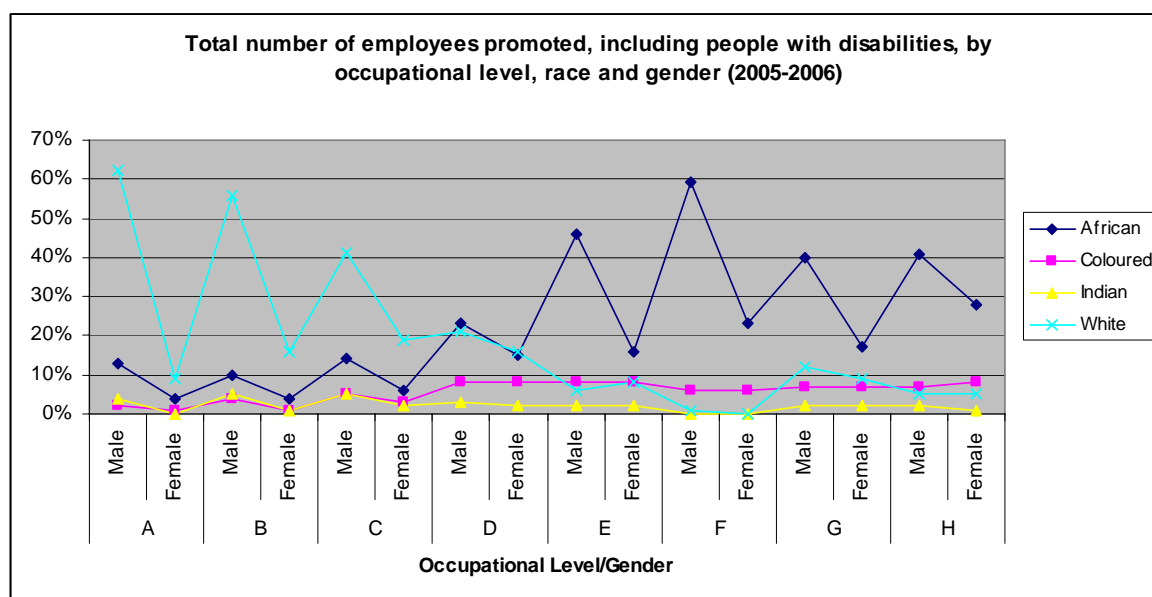
employees, including middle managers). This is a concern that is in line with the observations made in relation to the previous figure. The ‘middle layers’ are the potential source of future managers, including ‘Top Management’. The ‘Top Management’ layers are still predominantly white and male in their racial profile. The majority of skills, in terms of the country’s racial demographics (as well as its transformation project) are expected to come from the black population. It is therefore ironic that the percentage of black people who received training in 2005–2006 is exactly the same as that of white people at the ‘middle management’ level. This does not bode well for the diversification of this level, or the next level (Top Management), in the foreseeable future.

Secondly, in the category ‘Skilled Agricultural and Fishery Workers’, there are some notable positive changes in the numbers of black people (overwhelmingly male) who received training. This is a declining sector, however, in terms of the labour market trends analysis that was conducted earlier in this report.

Thirdly, a welcome finding is the amount of skills development that went into ‘Plant and Machine Operators and Assemblers’ (PMA in the figure). The fact that some 75% of the skills development went into this category is good for the development of technological and operational skills. This is one area where there is a serious skills shortage in the country. A cause for concern, though, is the almost exclusively male nature of the training that went into this category (which was dominated by African men). This is in stark contrast to the lower-level ‘Elementary Occupations’ where we start noticing the presence of some female employees. Once again the huge percentage of skills development that is allocated to ‘Elementary Occupations’ (70%) calls into question the intended purpose of such skills development. The very large volumes of people employed in ‘Elementary Occupations’ who receive skills development cannot be justified on the basis that they do not have skills. By definition, ‘Elementary Occupations’ do not require skills. More research would need to be done to probe this, but for now the most obvious implication is that the incentive or motive for providing such training would be to gain access to skills development levy rebates.

Figure 26 shows a race and gender breakdown of percentages of employees promoted at the different occupational levels in the period 2005–2006. The data include people with disabilities.

Figure 26: Percentages of people promoted at the different occupational levels, by race and gender, 2005–2006



Source: Commission for Employment Equity 2006: 22, Table 6

Notes:

Occupational levels:

- A – Top Management
- B – Senior Management
- C – Professionally qualified and experienced specialists and mid-management
- D – Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents
- E – Semi-skilled and discretionary decision making
- F – Unskilled and defined decision making
- G – Total Permanent
- H – Non-Permanent employees

Demographics of the sample:

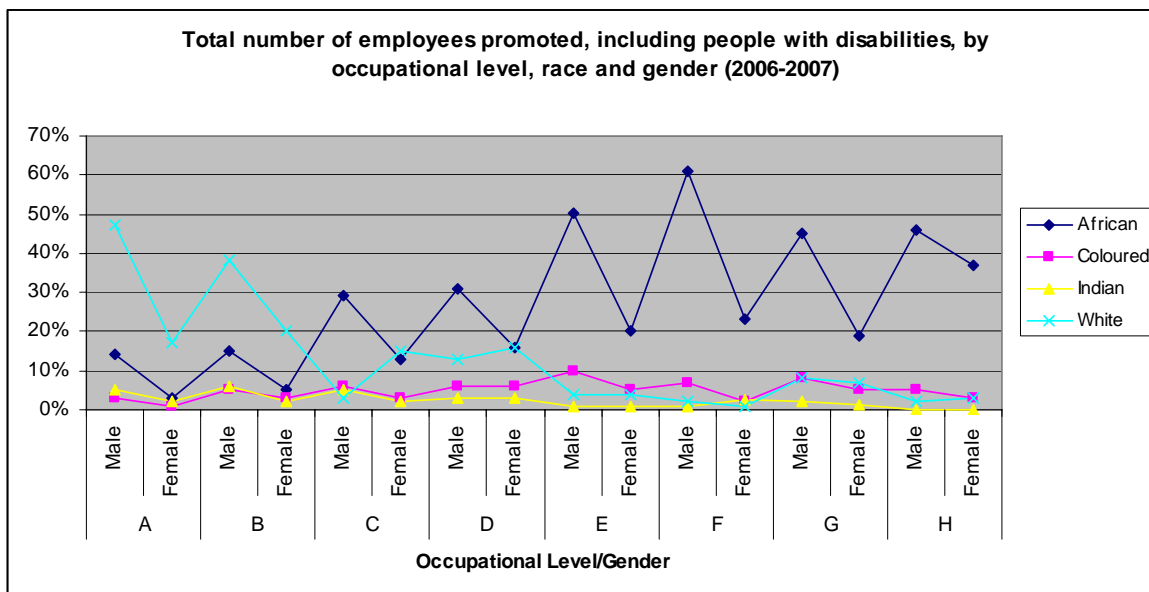
2 365 259 individuals, includes all races, males and females

Figure 26 shows that of all the promotions that were reported in 2005–2006, the majority were at the ‘Semi-skilled to Unskilled’ levels. So the picture is that of a country that is spending money on elementary employees (when in fact the shortage is at higher levels) and also promoting semi-skilled and unskilled employees. The critical level, ‘skilled technical and academically-qualified workers, junior management, supervisors, foremen and superintendents’ (Level D in the figures in

this section) is not the focus of training, nor are people being promoted from this level. This again begs the question of how the country will ever solve its alleged skills shortage. These trends do not make any sense, whether viewed in terms of human capital development (where investment is needed in scarce and critical skills), employment equity (where diversity is required at the senior levels) or competitiveness (which is linked to the improvement of critical skills, particularly at Level D).

Figure 27 shows a race and gender breakdown of percentages of employees promoted at the different occupational levels in the period 2006–2007. The data include people with disabilities. It indicates that the ‘lower-level’ promotions of 2005–2006 are repeated in the reports for 2006–2007. This means that it is an established trend to focus on the very low levels, where promotions have no impact on the management of the company or on the acquisition of high-level skills by the incumbents. The slight increase in the number of black people who were promoted at Level C (‘professionally qualified and experienced specialists and mid-management’) in 2006 is a very welcome development. More promotions are required at this level (e.g. rising to 60%) rather than the reverse, where they only account for 30%; whilst Level F (‘unskilled and defined decision-making’) accounts for a staggering 60% of ‘employees promoted’.

Figure 27: Percentages of people promoted at the different occupational levels, by race and gender, 2006–2007



Source: Commission for Employment Equity 2007: 31, Table10

Notes:

Occupational levels:

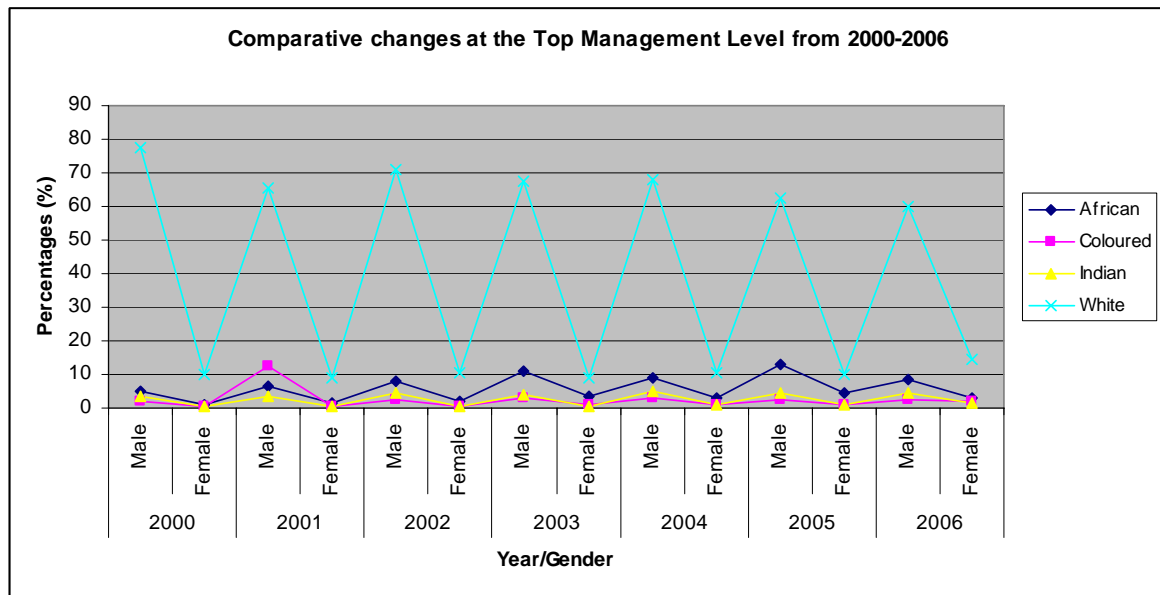
- A – Top Management
- B – Senior Management
- C – Professionally qualified and experienced specialists and mid-management
- D – Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents
- E – Semi-skilled and discretionary decision making
- F – Unskilled and defined decision making
- G – Total Permanent
- H – Non-Permanent employees

Demographics of the sample:

156 700 individuals, includes all races, males and females

Figure 28 shows the changes in racial and gender composition of top management for the period 2000–2006. It indicates that the quantum of change in the racial and gender profile of ‘Top Management’ hardly shifted between 2000 and 2006. This is in spite of the Employment Equity Act of 1998, the Skills Development Act of 1998, the Black Economic Empowerment Act of 2003, the Black Economic Empowerment Codes of Good Practice of 2003, 2005 and 2007 and the numerous BEE charters and scorecards that almost every industry has received. These policy and strategy interventions are not bearing fruit in terms of the actual numbers of employees affected. This applies to the ‘Top Management’ level as well as the next level, ‘Senior Management’, discussed below.

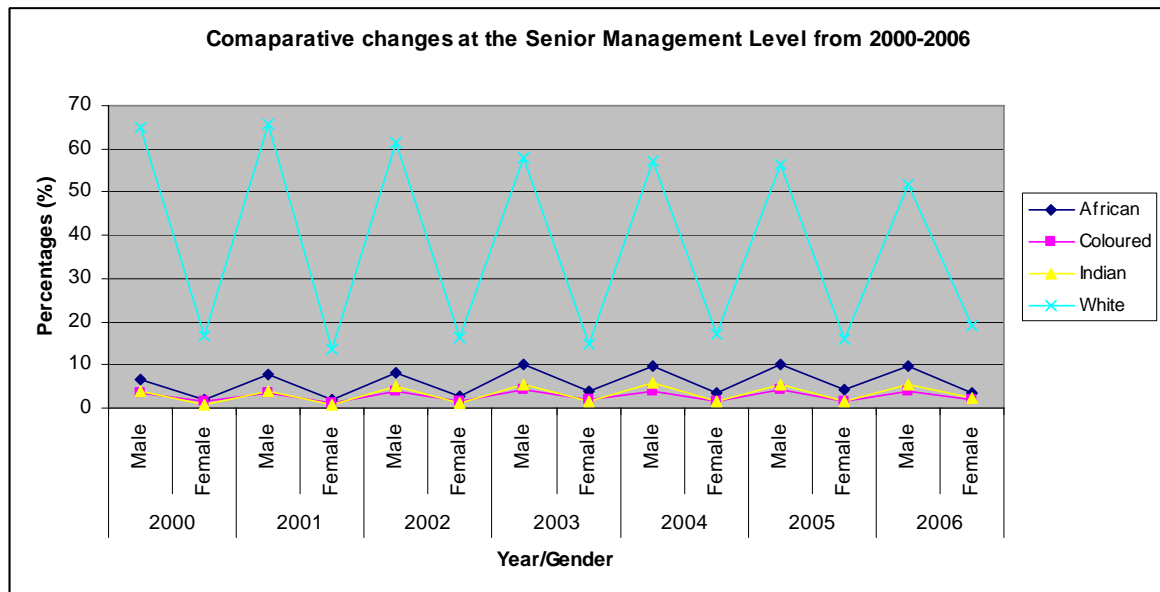
Figure 28: Comparative changes at the top management level, by race and gender, 2000–2006



Source: Commission for Employment Equity 2006: 56, Table17

Figure 29 shows the changes in racial and gender composition of the ‘Senior Management’ level for the period 2000–2006. This level also experienced negligible improvement in terms of race and gender diversification between 2000 and 2006. White men are by far the most dominant group at both top management and senior management levels, hovering between 65% in 2000 and 50% in 2006. It is noteworthy that white women are far greater in number than all black groups. This is the case at the top management level (although the various black groups are on par with white women from time to time); but it is more stark at the senior management level. It is interesting to observe that white women have been hovering around 15% of senior management since 2000 and they have maintained this share of management. The share of black managers remained below 10% during this period, with African men locked at 10% for the entire period, while coloured and Indian men stayed at about 5% and coloured and Indian women at less than 2%. It is the static nature of the graph in Figure 29 that should be of most concern. One would have expected a radical decolonisation of this particular layer, given the laws and charters noted above. The fact that black women’s representation has remained so low also means that the country is not shifting from its apartheid-era employment practices. The radical change in the policies are not matched by the practices.

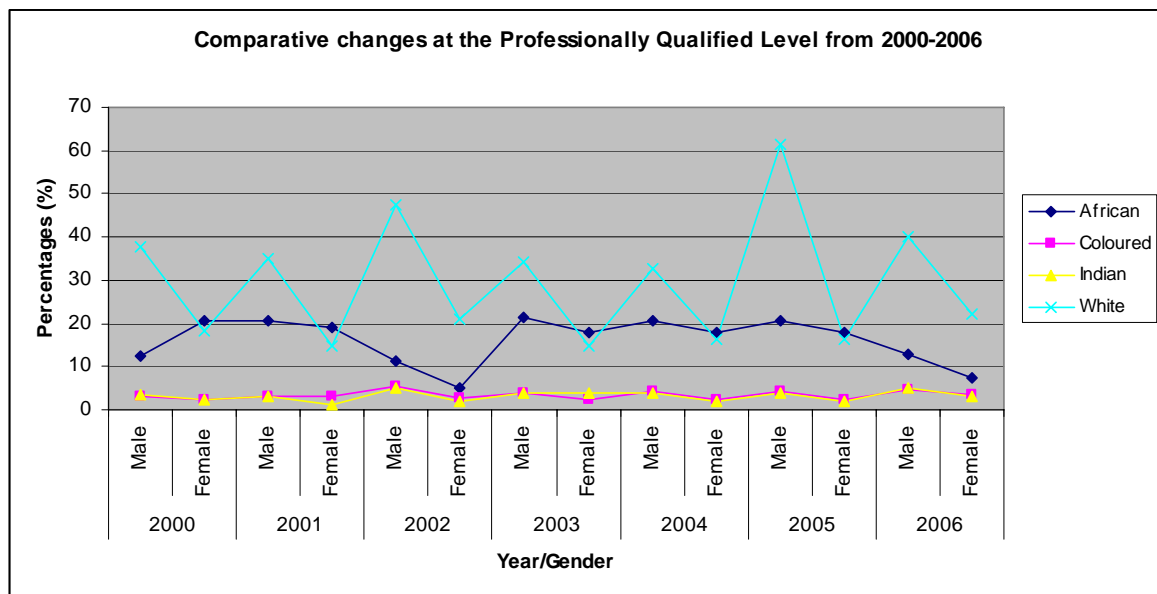
Figure 29: Comparative changes at the senior management level, by race and gender, 2000–2006



Source: Commission for Employment Equity 2006: 57, Table 18

Figure 30 presents a breakdown of race and gender changes at the ‘Professionally Qualified Level’ for 2000–2006. At this level, which includes middle management, the ratio of black people to white people has actually been narrowing, but in the wrong direction. One would expect the number of black professionals and middle managers to increase at a faster rate than that of white people (given the demographic over-representation of white people that the country is seeking to correct). Instead, from 2003, the number of black people started to decline and this worsened in 2005.

Figure 30: Comparative changes at the professionally qualified level, by race and gender, 2000–2006



Source: Commission for Employment Equity 2006: 58, Table19

The Commission for Employment Equity's *Annual Report for 2006–2007* reveals that the number of black 'professionally-qualified employees, including middle managers' actually declined by half between 2003 (when blacks constituted just above 20%) and 2006 (when their share went down to 10%). This was not due to a reduction in the level in general, because the number of white people at the same level did not go down in a similar manner. On the contrary, the decline in the number of black men at professionally qualified and middle management levels in 2006 was offset by the increase in the number of white men. So, in 2006, the country experienced virtually the same percentage change in the number of black people at the middle management level as the change in the number of white people at the same level. At this rate it should be obvious that the transformation, diversification and empowerment process will take a few more decades before anything like racial parity is approached at the middle to senior levels of employment, particularly in the private sector. The skills that will be developed will continue to mirror the apartheid colour bar at work, unless something drastic happens.

It is not just the training and promotion practices that ought to change; the quality of these practices and the levels that they are targeting would also need to improve radically. In this regard, the more targeted approach of the BBBEE Codes for Management Control, Employment Equity and Skills Development seems to hold promise for introducing this much-needed focus. It is only through a targeted and

focused approach to employment equity and skills development that we are likely to see any major change in the racial and gender profile at the key levels of employment.

In summarising the findings discussed in this section, it can be stated that the statistics on employment equity and skills development trends in South Africa between 2000 and 2006 demonstrate a lack of substantive progress in the reversal of white domination at the middle to top management levels. Most of the findings are contrary to what one would expect after some ten years of employment equity and skills development legislation, both of which were enacted in 1998. Closer scrutiny of the data from the various Commission for Employment Equity Reports (2002–2007) reveals inconsistencies between the levels at which employers are focusing their skills training and the levels where training is most needed. Most of the training is targeted at the elementary levels, where skills development is least needed, and not so much at professional and middle management levels, which is where the supply of senior managers is likely to come from. This raises concerns that most employers may simply be playing the numbers game, training en masse at low-skill levels where there are high volumes, and therefore higher skills development rebates. This hypothesis is also reinforced by the virtual lack of any movement in the percentage of black people (both male and female) at professional to senior management levels between 2000 and 2006. In fact, more white men seem to have been appointed to middle management during this period than black people (in percentage terms). This calls into question the real commitment of the current cadre of corporate leaders to providing equal opportunities to all the citizens of South Africa.

Unfortunately the statistics seem to support the notion that business will only make serious transformational changes if forced to do so by other stakeholders, particularly where such stakeholders have serious leverage (such as access to procurement powers, ability to impose fines for non-compliance, shareholder activism, etc.). The findings of this study on employment practices with respect to the actual skills training and promotion of employees are an indictment of employers, who are certainly not ‘coming to the party’ with respect to moving the country away from its past of white privilege, and towards a truly non-racial future where diversity and equity are the rule. This also has negative implications for national attempts to develop skills. The statistics seem to corroborate some concerns that solutions that focus on the recruitment of foreign skills are sending the wrong signal to employers, namely that they can continue to disinvest in their own employees and that the solution lies elsewhere.

The last section of this report turns to the question of emigration and immigration, and their impact on skills shortages in South Africa.

THE IMPACT OF EMIGRATION AND IMMIGRATION ON THE SKILLS SHORTAGE

The Centre for Development and Enterprise (CDE) notes that ‘the skills shortage is not getting better; in fact, it is getting worse because of the emigration of skilled people, the ageing of skilled staff, their movement to more senior positions, and interventions by the government itself’. Without much empirical evidence or data to corroborate its claims, the CDE (2007: 11) then makes bold to conclude that ‘[t]he government’s growing emphasis on employment equity is making the skills market far tighter because the most skilled people – whites – are no longer freely employable.’

There is a serious limitation to arguments that presume that white people are the only group that possesses ‘skills’ to meet the current and future needs of South Africa. Once this argument is invoked as the point of departure, all the other interventions that the country has embarked on since the demise of apartheid will have been in vain. In fact, the above sentiments ignore the entire history of South Africa and the reasons why only the white population group ended up possessing certain skills. To argue that the country should abandon all attempts to redress the history and current legacy of racial discrimination and simply return to the practice of preferring white people (who, for obvious reasons, possess skills that most black people do not possess) is not only counter-productive, but will leave the country in a worse situation ten to twenty years from now. A more robust and well-considered approach is needed to deal with the challenge of human capital development in the country, without using the skills shortage crisis as an excuse to take the country back to the days of white minority privilege.

The issue of immigration also requires a balanced strategy that takes the above factors into account. This is especially in view of the CDE’s own acknowledgement (2007b: 13) that ‘great national success stories are driven by the development of a country’s own human capital, by all means, across all fronts – including education, training, and the encouragement of enterprises’. The CDE’s *In Depth Analysis of Skills* does acknowledge the need for a balance between the imperative to advance and develop the citizens of South Africa, particularly the black majority, via affirmative action and BBBEE and an approach which draws on available skills globally. To this effect, the CDE notes that ‘[d]rawing on the global skills market will not threaten black South Africans, but will improve the education and training system that is currently failing them, manage development projects that will improve their lives, and create businesses that will

expand opportunities for employment' (2007b: 48). Yet, as noted earlier, the CDE does not substantiate its claims, including the benefits that are supposed to flow from immigration; it does not produce any empirical evidence for the country and policy-makers to consider. This should be a source of concern, particularly given the hostility of other developed countries to unbridled immigration of foreign nationals. An 'open door' policy toward immigration (which seems to be suggested by the CDE, as well as by Daniels (2007)) goes against the grain of the country's desire to 'share' economic growth amongst all its citizens (e.g. via the Accelerated and Shared Growth Initiative for South Africa (Asgisa)), and not just to 'accelerate' it. It also contradicts the moves by the DTI, DoL and DoE to develop the skills of South Africans and to recognise (in government tenders, etc.) companies that invest in scarce skills. This cannot be achieved by kicking down all the border gates and letting anyone who claims to have a scarce skill or a skill that is in short supply into the country. The development of the country's human capital is also an essential component of its long-term economic development. Access to high-level skills is also important for the advancement of previously disadvantaged groups; it is part of their 'endogenous economic empowerment' growth path and this factor should be borne in mind when the issue of immigration is discussed.

Mattes and Mniki (2005: 26), in *The Southern African Migration Project*, argue that limiting emigration through 'restrictive policies' is likely, on the one hand, to hasten the rate of emigration. On the other hand, they argue, almost contradictorily, that restrictions on the emigration of students would not meet much resistance, 'if handled well, and if especially required for those students who had received some form of bursary'. Asked what factors would reduce the emigration of skilled students, the respondents in their research project ranked 'development and growth' as the most important intervention (75%), followed by measures to encourage the return of skilled nationals (60%); and a quarter of the respondents (25%) felt that, 'legislation limiting the ability of state-trained students to emigrate' would actually reduce emigration (Mattes & Mniki 2005: 36). Besides the question of 'enlightened self-interest' on the part of students who might have been planning to emigrate, and the effect that this could have had on their responses (including 'preference' for measures to stop them from emigrating), there is a potential contradiction in the extreme recommendations that are preferred. If 'development and growth' is the most favoured solution to the potential emigration crisis, then this cannot be successfully advanced by simultaneously accelerating the return of skilled nationals. One assumes that the development and growth in question are to enable people to attain higher-level skills and to occupy senior professional and managerial positions; the same positions, effectively,

that would be taken up by immigrants and other returnees. Once again, this reveals the need for more substantive thinking and planning around the issue of human capital development. A less politicised and/or emotional approach is required, based on sound empirical analysis.

South Africa also needs to strike a balance between its constitutional imperatives, including the critical project of redressing the racial imbalances in access to opportunities and wealth, and the immediate demands of industry and commerce. This may require a mixture of solutions, including measures that target short-term, medium-term and long-term goals. It may also raise issues about 'affirmative immigration', whereby preference is given to individuals who come from developing economies, particularly skilled people from Africa and the diaspora. The 'normal market' that usually comes to mind when one thinks of skilled immigrants is the same old group of countries in Europe, America and to some extent East Asia. And yet there are many skilled people, with a great deal of experience, in Africa and in the developing world. Focusing on these groups via 'affirmative immigration' will also bring in people with values, principles and paradigms that are conducive to the further development and growth of the majority of South Africans. This is the same 'development and growth' that the students are calling for in Mattes and Mniki (2005). To this effect, the government-led Joint Initiative for Priority Skills Acquisition (JIPSA) is already giving first priority to skilled people from Africa, and then to those from other parts of the developing world. This 'affirmative immigration' approach is considered the best compromise.

Daniels (2007: 35) argues that 'in order to speed up the process, you need to import skills, this is an open-economy solution. Both closed-economy and open-economy solutions to the problem of skills shortages are necessary in South Africa. At the moment, the DHA [Department of Home Affairs] is actively undermining (explicitly or implicitly) the potential of firms to import scarce skills. This completely negates the efforts to alleviate the constraints faced by firms and the country more generally.' Daniels then concludes that 'a key recommendation is therefore to drastically reduce (with a view to eliminating) restrictions on skilled foreign immigrants working in South Africa'. The NSA, on the contrary, advises exactly against this 'open season' solution to a South African problem. In its *Briefing Paper on Scarce and Critical Skills* (NSA 2007: 4), it notes that at government economic cluster level, the DoL was not able to drive the universal acceptance of the definitions of skills shortage. The paper then notes that 'in part this is due to real, often implicit, concerns that a focus on scarcity as defined above may result in a skills importation drive and a lack of focus on improving the available skills base, i.e. importing skills

rather than focussed, short-term interventions to “top up” the skills that people already have, thereby further marginalising under- and unemployed people or ensuring that general education or occupational formative education (i.e. discipline based learning) addresses the generic requirements for developing a labour force that is sufficiently resilient and has the skills and knowledge base that would enable them to be flexible and readily adapt to ever new forms of technology, new forms of work organisation and new occupation/ job requirements.’ So there is political suspicion about approaches that are quick to identify scarce or critical skills when it comes to importing them but not so quick to do so when it comes to developing them from within.

The *Financial Mail* (2006: 12) aptly sums up the balance that is required. It observes that the national skills shortage gnaws away at us like a severe toothache. ‘There is a temptation, born of desperation and even hysteria, to simply fling open the gates to let in skilled foreigners. But a careful balance has to be maintained. The training and mentorship of South Africans in all economic sectors is, and must remain, a business and social imperative.’ It avers that many businesses have shrugged off responsibility for training because they have been forced to pay levies to government agencies to do that for them (with very patchy results). Training capacity has therefore either been run down or not adequately established. More significant is the *Financial Mail*’s recommendation that ‘what the country needs, of course, to reach a critical mass is the dual route: imported skills and local training, as appropriate for both the short and long terms’. This is the balancing act that is also favoured by this researcher, particularly if it is mitigated by a good dose of ‘affirmative immigration’ to allay any concerns about a ‘neo-colonial’ plot.

In conclusion, then, and relating the general arguments about migration and skills shortages to the specific focus of this report on management skills, it can be stated that there is no empirical evidence of the number of managers who have been emigrating from South Africa and the impact of this on skills shortages. The debate on whether or not the country should import skills reflects the dichotomy between those people who believe that there is a serious skills shortage in the country and those who do not, arguing rather that there may be some degree of shortage but that this is not an ‘inherent’ problem that cannot be solved via the endogenous growth of human capital. Those who hold the latter view tend to be opposed to any solutions that are based on importing foreign labour. Yet others are calling for the border gates to be flung open and for anyone with a skill that is supposed to be in short supply to enter and leave at will. Once again,

those who are opposed to the 'open door' approach to immigration are also concerned about the message that this would send to employers, i.e. that they can get away with years of neglecting their human resources and that it is acceptable for them not to develop their own staff.

The optimal solution to this may lie somewhere between the two extremes, with some skills being imported, but within a very clear strategic framework that links such imports to the long-term development of local skills. The importing of skills should also be done in a manner that encourages some transformation in the type of immigrant that enters the country. The approach to skills immigration should bear in mind issues of the African Renaissance, gender empowerment, promotion of ubuntu and afrocentric values, diversity and so on. Perhaps fears of the revival of 'neo-colonialism' and 'neo-settlerism' may be allayed by a focus on the recruitment of scarce skills from Africa and the developing world. This 'affirmative immigration' may also discourage those who favour the importation of skills with a view to bringing in more 'pale males'. At the same time, employers should be required to play their part in the development of local human capital.

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