



The influence of capacity building on employment equity implementation and employee performance: A case study of a private company in the financial industry

Submitted in fulfilment of the requirements for the degree of
Doctor of Philosophy in Human Resource Management in the
Faculty of Management Sciences at the Durban University of Technology

REWARD UTETE

MAY 2021

Supervisor: Dr. G. Chetty (PhD)

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ABSTRACT

Balancing employment equity with employee performance stands as the prominent pressing challenge facing Human Resources Managers in South Africa. The rise in demand of employment equity appointees and the lack of skills and accommodation amongst these employees hamper employment equity implementation and their performances at the workplace. For this reason, a pool of employees from the designated groups remain stuck at the unskilled and semi-skilled skills levels. Hence, in the South African context and against this background, the purpose of this study was to investigate the influence of capacity building on employment equity implementation and employee performance in the financial industry in South Africa, with Ithala Development Finance Corporation Limited serving as a case study. For the purpose of this study, the mixed methods research design was utilised, adopting concurrent triangulation. The main data collection instrument was the questionnaire, while individual interviews were undertaken on a selective basis with a limited number of respondents. For the quantitative part of this study, the target population equated to 302 employees and a sample size of $n=172$ was considered appropriate. In respect of the qualitative part of this study, the target population was 10 respondents comprised of line managers and human resource personnel. Eight respondents were selected from this group.

Inferential statistics were used in this study to test hypotheses and predictions. The key findings revealed that capacity building is imperative in promoting the implementation of employment equity and improving equity-employee performance. The key findings also indicated that a culture of fairness is crucial in the organisation particularly in terms of opportunities for all employees. The notable key findings from the interviews revealed that employees from designated groups also neglect the available professional development programmes offered by the employer, which indicates that they are also personally not prepared to take up new challenges. Thus, based on the empirical findings in this study, an integrated model was developed which is useful for future organisational plans. The outcomes and recommendations of the study may prove beneficial for future goal-oriented strategies by human resource managers at Ithala Development Finance Corporation Limited and may also prove useful to other companies with similar organisational settings. The study contributed new insights and builds the knowledge base on how capacity building influences Employment Equity implementation and equity-employee performance. The study

concluded that future studies should be conducted with more than one organisation so that the results can be generalised.

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DECLARATION

I hereby declare that this dissertation submitted for the degree of Doctorate in Management Sciences specialising in Human Resources Management in the Department of Human Resources Management is my own original work and has not previously been submitted to any other institution of higher education. I further declare that all sources cited or quoted are indicated and acknowledged in the comprehensive bibliography.

30 November 2020

Reward Utete

Date

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LIST OF ACRONYMS

CCMA	Commission for Conciliation, Mediation and Arbitration
COIDA	Compensation for Occupational Injuries and Diseases Act
EAP	Economically Active Population
EE	Employment Equity
EEA	Employment Equity Act
EEAA	Employment Equity Amendment Act
IDFC	Ithala Development Finance Corporation
ILO	International Labour Organisation
LRA	Labour Relations Act
LRAA	Labour Relations Amendment

CHAPTER 1: OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Employment Equity (EE) as a concept gradually developed from Western developed economies. It then spread to other developing countries such as South Africa. Several governments have since instituted it in their nations. EE has gradually seeped into various levels of many organisations, from private to public companies and small to large companies in both developing and developed countries. In developing countries, in particular South Africa arising from its historical past of very little or no development of Black people, the transformation remains very slow and this is mainly attributed to a lack of required skills among designated employees. However, no research has tested the extent to which capacity building can influence employment equity implementation and employee performance. Hence this study investigates the influence of capacity building on employment equity implementation and employee performance in the financial industry in South Africa, with Ithala Development Finance Corporation Limited (IDFC) serving as a case study.

In this study, the employees from designated groups are expected to advance beyond the technical level and excel further and further. For employees to be effective at their workplace, they need new and already established skills in non-technical and technical areas. However, a remarkable number of employees from the designated groups are unable to be promoted given the managerial jobs demand high competencies. Hence, they need to be capacitated with required relevant skills before they get appointed to the high positions. However, in terms of performance, their work is assessed in their current positions, as well as their potential performance for prospective high level positions. The competency-based approach determines the needs of the organisation as well as that of the employees. Managerial positions require competent and skilful employees. The competencies of employees in a dynamic group contribute to the efficiency and effectiveness of the entire company as a compound system. Programmes related to capacity building stimulate remarkable points of interest in respect of the competence process of adapting to the needs of managerial positions (Yamoah, 2014:139). The competency of an individual can be reflected through behaviours, attitudes, knowledge, generic and technical skills which come in the form of training and education (Wassem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad and Nawab, 2019:1). Capacity building programmes are measured and rated

based on skills, knowledge, qualification systems and techniques they equip equity employees with. An individual is employed to fit certain requirements of delivery at a given time. The competencies needed for a particular career are tested, which enables the employees to take a self-assessment for the sake of identifying their professional development needs. In relation to this study, capacity building programmes that provide skill in respect of analytical and decision-making skills, social skills, interpersonal skills, communication skills, time management skills, presentation skills and conflict management skills are important in capacitating equity employees who look forward to occupy a managerial position.

Low base of external talent pool has prompted this study to concentrate on capacity building of internal employees. BASA Transformation Report (2019:1) reports there is limited base for people from designated groups to recruit from and hire them into the company. This indicates that even if the company engage in headhunting the black employees, the qualified and skilled pool of these employees is very small. BASA Transformation Report (2019:1) further indicates that there is successful representations of designated employees at lower-level management. Nevertheless, as one moves up the organisational hierarchy, few designated employees occupies the senior level position. According to IDFC's 2017 Integrated Annual Report, the scarce skills that are on exceptional demand are risk, finance and information technology. The Annual Report further indicates that there is little pool of employees from designated groups where potential employees can be recruited and selected from. This has forced the researcher to focus on capacitating those employees that are already inside the organisation.

It is important to ensure that the process of Employment Equity implementation is efficient and economical. However, the government has been radically enforcing targets and complaining of slow movement in the rate at which transformation is taking place, without intensively putting effort into finding the key reason. Employment equity creates pools of suitably skilled but inexperienced black employees, hence business organisations are hesitant and skeptical of them being appointed or promoted to board level (Hideg and Ferris, 2014:244). A study carried out by Moraka and Jansen van Rensburg (2015:669) on EE revealed that there are only a few competent designated employees available to fill managerial positions. Employers are developing a perception that when employment equity candidates are capacitated with experience and knowledge, the performance of the company rises. Although employment equity

and capacity building are perceived to be interconnected and inter-reliant processes given that equity cannot effectively occur without skills formation, no study has investigated this issue. There is only a small number of employees from previously disadvantaged group that are qualified and skilled to occupy high level positions, thereby imposing difficulties on employers who are compliantly holding onto employment equity candidates as their only preference. Due to the inexperience associated with previously disadvantaged groups, some employment equity candidates are usually not good performers (Azania, 2016:1).

Although the financial sector is hit hard by the skills revolution and shortages from designated groups, it is obliged to abide by the EE statutory requirements (Godwin and Schmulow, 2015:756). There are very few studies have been carried out specifically on EE in the financial sector of South Africa. The increase in digitisation requires brilliant skill sets of employees in order to avoid organisations from falling behind customer expectations. Therefore, enforcing demographic balances on a labour force without a corresponding increase in skills development for those employees from designated groups may result in appointing incompetent and poorly qualified employees in higher positions. There is pressure for financial sector to deliver innovation in order to satisfy customers and promote organisational growth. In addition, Vallie (2017:3) states that employees from designated groups tend to experience interactional injustice when managers fail to offer respectable treatment and provide well-defined performance goals in respect of their jobs. Israelstam (2014:1) states that managers have to maintain fairness in their interactions as well as job assignments amongst employees from designated groups. Hence this study focuses on the financial industry in South Africa.

The IDFC continues to evolve, hence increasing its operational complexity. Consequently, harnessing skilled employees should be one of the top priority within the organisation. However, IDFC being part of the designated employers is expected to fully embrace EE implementation finds it tough to quickly improve its EE targets especially at the middle management, senior management and executive, top management level as they do not have available competent potential candidates who can occupy those positions (IDFC Integrated Annual Report, 2016:18). For the organisation to remain solvent and liquid, expanding shareholder value and managing complex risk, IDFC requires best level of competence and skilled employees who are analytical and client-focused. Incompetent candidates are not only a developmental

threat, but also affect the confidence of the organisation to perform the work effectively (Johane, 2017:1). Sadly, there is severe scarcity of specialised skilled people from designated groups in South Africa, with the situation in KwaZulu-Natal also largely mirroring the rest of South Africa. Hence, it is competing for a small pool of competent and skilled employees. According to IDFC's 2017 Integrated Annual Report, the scarce skills that are on exceptional demand are risk management, finance and information technology. However, through critical evaluation of the IDFC's reports it can be observed that its development programmes are scanty and hence cannot adequately contribute to the expansion of the skills base and pool of talent which would have helped the organisation to easily choose employees from designated groups who are under-represented at the managerial level. The following section covers the background to the study, focusing on capacity building, employment equity, employee performance and Ithala Development Finance Corporation Limited.

1.2 BACKGROUND TO THE STUDY

Recently, there have been debates between the government and some companies both in the public and private sectors about the slowness at which EE is being implemented. Whilst government promulgated this legislation as a way of addressing past inequalities, some companies view this legislation as a big threat to their businesses as they have inadequately skilled EE employees available, particularly leadership and managerial skills. According to Louw (2015:594), there is much resistance on the part of some organisations as they view this legislation as an 'enemy' to their operations. Although some private and public companies accepted the enforcement of EE, some still consider it as a legal responsibility before seeing it as a transformation stance (Akbar and Wissink, 2014:1). In this case, for real organisational transformation to take place, employees can be exposed to skills that can transform them to be highly developed managers who can manage and lead in their strategic positions, as well as developing long-term visions. Once designated employees acquire skills and experiences they may become employable in managerial functions of the company where the 'fit' is both necessary and desirable. Cutting-edge knowledge and experience required at managerial levels can be obtained through capacity building. Capacity building does not only bring improved skills, but also transforms the culture to make the workplace bearable and workable according to Wasseem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad and Nawab (2019:1).

In the financial sector, the target of this study, there has been very slow progress in transformation with Black women making up 8% of the managers in senior positions, which falls behind the target of at least 10% (BASA Transformation Report, 2019:1). Although the financial sector is seen as the engine driver of the South African economy, government compels the financial sector to engage in real transformation as it deepens its legislative imperative. The Commission for Employment Equity wants to ensure that the financial sector is a de-racialised industry, which is absolutely inclusive. The slow pace of de-racialising and transforming the financial sector is frustrating the government. Most companies in the financial sector are obscuring their failures to meet the targets of the in-house Financial Service Charter and ultimately, Employment Equity provisions. However, according to Brown (2016:1), the South African country is facing an acute scarcity of professional skills for the financial sector, which contributes over 21% of South Africa's Gross Domestic Product and employs over 270 000 people across the country. In the financial sector, an audit revealed that specialised professions are scarce especially among employees from designated groups, and these includes hedge-fund managers, auditors, qualified chartered accountants and actuaries (Brown, 2016:1). Despite that employment equity remains a critical area that needs attention in the financial sector, and much research needs to be conducted in that area/sector. Hence capacity building may be key pillar for transformation and the focus of this study in this sector.

Although IDFC has shown enthusiasm in serving small businesses, poor areas in peri-urban and rural constituencies, it is facing a challenge with the legislative and regulatory climate which put the long-term viability of its financial services mandate into question. The government through its EE legislation is putting pressure on IDFC to be in compliance with the legislation. This forces IDFC to restructure its operations in order to abide by the legislation. Although IDFC in its 2018 Integrated Annual Report states that it does not have any appetite for non-compliance, it has a great under-representation of women and people with disabilities across all the races at the managerial levels of the company. However, the IDFC has a designated compliance function which identifies emerging and existing legislation applicable to the company. To some extent, due to the lack of available skills, legislation forces the IDFC to appoint employees from designated groups for the sake of meeting the equity targets. These compromises the organisation's efforts towards getting the human capital required to develop the range of products it offers to customers.

IDFC possesses great risk when compared to other commercial banks, which means that if nothing is done, in particular capacity building, there is a comparatively high chance the company may fail. It has been making losses in recent years: in 2017 it made a loss of R46.33 million, in 2018 again it made a loss of R33.32 million and in 2019, it made a loss of R28.90 million (Ithala Development Financial Corporation Integrated Report 2017; 2018 and 2019). This failure of the organization may be worrisome to the economy, particularly small businesses in KwaZulu-Natal that are benefitting through loans from this company. IDFC is supportive of small business because of its relaxed conditions for loans. However, no concrete strategic tool or mechanism has been put in place which acts as a catalyst to amplify the rate at which EE can be implemented without damaging the success of the business. The arguments are still on-going, hence the researcher deemed it worthwhile to test the extent to which capacity building mediates between these two conflicting systems. The fight may not end soon nor may a solution be found immediately, hence this study stands at the centre and seeks to test how and to what extent capacity building resolves their argument in respect of EE implementation.

Employees, particularly from designated groups, may learn new knowledge through capacity building that puts them as prospective candidates for promotion, especially to the level of senior managers and top managers in which they are not sufficiently represented (Gura, 2015:35). Preference for the previously advantaged group over the designated groups in promotions continues to hamper the process of transformation, since this former group tends to have the required experience. Real transformation in the organisation may require a robust strategy of capacity building to improve skills and give real job responsibilities. The oversupply of unskilled labour and acute shortage of managerial and leadership skills to occupy higher level positions is problematic and greatly prevalent, especially amongst African black people. In efforts to address the lack of managerial skills and experience, Roxanne (2016:1) states that Black people should gain the relevant experience in the job. Khumalo (2017:1) indicate that employment equity should be premised on the available skills and qualification of the designated groups. It is important to note that capacity building ensures that those previously disadvantaged employees who do not have the relevant skills are assisted to acquire skills, whilst those who possess the skills are assisted to upgrade them.

For the purposes of this study, capacity building is aimed at remedying historical imbalances in labour perpetuated by apartheid whilst simultaneously addressing the

performance of employees from designated groups through the provision of the site skill sets and accommodation. According to Sudhir (2012:1), to achieve equity in the workplace in South Africa, the Employment Equity Act was introduced on 12 October 1998 and took effect on 1 December 1999. Sarkar (2016:1) observes that similar and wide-ranging laws and policies of employment have been instituted in many countries around the world, including the USA, India, Canada and Malaysia with the intention of promoting proportional representation, as well as eradicating the effects of historical discriminatory practices in employment. The issue of proportional representation and the alleviation of unfair discrimination was first born in the United States of America in the mid-1960s. Despite guarantees in the constitution and sub-sections of the law that ban discrimination in the United States, President Johnson introduced a policy that addressed racial imbalances. In South Africa, Squire (2015:24) points out that the Employment Equity Act (Act 55 of 1998) was enacted to confer effect to the clause of equality (section 9) which is entrenched in the Constitution.

Capacity building at the workplace support the employees' development through the intervention of the Skills Development Act (1998) and the Skills Development Levies Act (1999) (Tahir, Faiza and Sana, 2015:61). Capacity building focuses on the provision of professional development, resources and supports, as well as creating conducive organisational environment for employees to maximise their potential (Yamoah, 2014:139). Hollenbeck, Wright, Gerhart and Noe (2014:33) note that South African organisations encounter some myriad hindrances to effectively and efficiently implement the Employment Equity Act while maintaining good employee performance. Aletter and Van Eck (2016:285) supports Hollenbeck, et al. (2014:36) view, stating that balancing employment equity with employee performance stands as the prominent pressing challenge that Human Resources Managers in South Africa are facing.

1.3 OVERVIEW OF THE SOUTH AFRICAN FINANCIAL SECTOR AND ITHALA DEVELOPMENT FINANCE CORPORATION

The Financial sector is a key catalyst that unlocks the potential for the growth of the economy and the development of the society. The financial sector of South Africa constitutes non-banks and banking (Momoniat, Havemann and Masoga, 2017:1). Non-banks incorporate unit trusts, pension funds and insurers. The financial sector is an integral enabler of the economic activities of the nation. The ability of the financial sector to chip in with finance for growth stimulates the economic transformation of the

nation. Financial companies play an important role through holding investments and trusts in the savings amongst social partners, as well as determining the course of the economy. Generally in the financial sector, there is an acute shortage of experienced and skilled candidates, particularly among people from designated groups (Muyambiri and Odhiambo, 2017:201). Organisations are fighting for experienced employees from a pool of candidates where the demand is exceeding supply.

Companies in financial sector face difficulties in finding suitably experienced and qualified candidates to occupy employment equity posts as there are very few Black actuaries, investment and risk management candidates (Mhlana, 2018:1). As a result, organizations often inescapably hire poorly-skilled employees to meet the demands of Employment Equity legislation. However, these organisations require candidates with a holistic range of skills. In addition, organisations in the financial sector face the challenge of retaining Black professionals as most Black professional employees frequently move from one job to another because there is a huge demand for experienced and skilled employment equity candidates (Carrim, Fubbs and Wicomb, 2017:1). Hence, organisations in the financial sector struggle to execute transformation at the managerial, senior managerial and top executive management levels. Due to the intensity of the problem, where some companies in financial sector due to pressure from government have no option but to appoint even staff who are deemed to be incompetent, for the sake of meeting the government's demand. Therefore an important consideration of this study is the influence that capacity building may have in accelerating EE implementation and improving the performance of appointees through the elimination of incompetence. Not only will capacity building be tested in terms of skills, but also in assisting an appointee to adapt to the new positional environment. More information about financial sector will be elaborated in Chapter 4.

Ithala Development Finance Corporation Limited is a financial company which focuses on providing a wide range of financial services across KwaZulu-Natal. It mainly specialises in offering services which incorporate retail banking services, insurance services and home loan products, as well as business finance. IDFC continues to focus on insurance, properties and banking services, serving retail, corporate and individual customers. In short, the mainstream of insurance and banking products incorporate bank insurance, transactional banking, investment and savings products, taxi and vehicle finance and mortgage lending (IDFC Integrated Annual Report, 2016/2017:18).

The main purpose of IDFC is to offer financial services to the South African people. IDFC provides financial services in the form of various products to many industries which encompasses the hospitality, tourism, retail, trade, manufacturing and service industries (IDFC Integrated Annual Report, 2014/2015:15).

In other words, IDFC focuses on promoting an entrepreneurial culture in various societies in KwaZulu-Natal. The various financial solutions packages offered by IDFC arouse the entrepreneurial spirit whilst simultaneously providing various mechanisms of business support that empower and sustain the business. IDFC targets offering financial support to businesses and projects which show long-term sustainability and profitability. It does not believe in over-burdening customers with debt that they may face difficulty in re-paying. It prioritises funding to projects the have positive impacts in developing the economy of Kwa-Zulu-Natal and that of South Africa at large. IDFC promotes a culture of saving through its support to burial societies, savings club and stokvels in both rural and peri-urban societies for more than 50 years. Currently, IDFC has a customer base totaling 700 000 in the KwaZulu-Natal province.

According to the IDFC 2017/2018 Integrated Annual Report, the executive management is comprised of a Board Chairman, the Board, Chief Executive Officer and Chief Financial Officer. It has a fully functional board and sub-committees. The support functions of IDFC include marketing, information technology, human resources, credit collections and granting, administration and finance, company secretariat, compliance, internal auditing and risk. IDFC is led by the Chairman and the Board of Directors. The Board concentrates on creating strength and value for the company in respect of offering a variety of insurance and retail banking products, thus encouraging financial inclusivity in the societies that the company serves (IDFC Integrated Annual Report, 2018:15). The Board is on the top of IDFC's hierarchy and is accountable to the shareholders in mapping the direction of the company strategically, as well as creating value for the company. More information about IDFC will be elaborated in Chapter 4.

1.4 PROBLEM STATEMENT

Racial discrimination and consistent poverty that people from previously disadvantaged groups are experiencing forced national governments to enact conventions at global level and statutes at country level that governs stakeholders and

actors in the labour market (Hashim and Wok, 2014:193). In line with that the Conventions of International Labour Organisations and United Nations, the African Union embarks on Agenda 2063 which seeks to accomplish the gender parity by 2030. The South African Constitution, in Section 9(3) and 4, dictates prohibition of discrimination of any person by any other person. Employment Equity Act focuses on affirmative action and removal of unfair discrimination measures in a bid to align with the requirements of the United Nations, International Labour Organisation, Africa Union and the Constitution of South Africa. According to Sesant (2017:1), although the economically active population of the African group comprises 77.4%, their representation is predominantly under the category of unskilled employees accounting for 83.2% and under the semi-skilled category constituting 76.3%. Although the economically active population of the Blacks (African, Indian and Coloureds) constitutes 90%, in the financial sector the senior managerial level only constitutes 48% of Blacks across the entire spectrum of financial organisations, whilst only 30% of Blacks occupy the top managerial level (Department of Economic Development and Tourism, 2014:1). Blacks at the middle management level comprise 64%.

A remarkable number of employees from the designated groups are unable to be promoted given that these jobs demand higher competencies. Hence, the pool of the employees in the designated groups remains stuck at unskilled and semi-skilled skills levels. Potgieter, Coetzee and Ximba (2017:1) also point out that the conversion of the business environment into a disability-friendly environment is often neglected by organisations in South Africa. Equally, the lack of necessary equipment to support people with disabilities tends to hinder their effectiveness and efficiency and assisting them in bringing tangible results to their appointed positions. Given an estimate that 1.2% of people with disabilities are employed, one tends to find that approximately 0.8% fall under the semi-skilled work category. The other significant constituency, namely women, make up a large percentage of the population in South Africa but account for approximately only one-third of the workforce (SA: Commission on Gender Equality, 2017:14).

Consequently, the poor accommodation and lack of both skills and experience is retarding employment equity implementation, as well as lowering performance amongst employees from designated groups in financial sector companies. Canham (2012:1) states that employment equity appointees have insufficient competences and are hence found being appointed for window dressing and in filling quotas. A skills

audit carried out by Statistics South Africa (2017:1) shows that the margin of black African technical, professional and managerial employees between the age group 25-35 years had slumped by 2% over 20 years. Decreasing in the quality of service and productivity in financial sector companies in South Africa are attributed to, amongst other aspects, employment equity appointees who do not have the skills required to perform or who are poorly accommodated, or both (Momoniat, Havemann and Masoga, 2017:1). This problem is not an exception to Ithala Development Finance Corporation Limited which falls within the financial sector.

Although IDFC in its 2017 Integrated Annual Report states that it does not have any appetite for non-compliance, it has a great under-representation of women and people with disabilities across all the races at the managerial levels of the company. The IDFC 2018 Integrated Annual Report indicates that although women comprises 64% at the workplace, they only constitute 33% of the management (D band and above). A remarkable number of employees from the designated groups are unable to be promoted given the managerial jobs demand high competencies. People from designated groups lack the experience and skills to deliver instantaneously on the job thereby lowering performance, as well as hampering employment equity implementation at IDFC. While the IDFC has made great effort in increasing the number of men from designated groups at the managerial level, it has failed to meet almost all its performance targets since year 2016 mainly because of poor skills among managers. IDFC management failed to achieve almost all its set objectives. Hence, employees from designated groups need to be capacitated with required relevant skills before they get appointed to the high positions.

Given that it is imperative that South African succeeds in its transformation plan through the successful development of its people, especially those that have been seriously prejudiced by apartheid education. It is equally important that the nation possesses high quality skills and knowledge coupled with the carefully designed practical experience which would ultimately lead to the minimisation of the current difficulties inherent in the work environment be it the public or private sector. Capacity building needs to be the vanguard of the employment equity legislative framework and implementation. Hence the focus of this study on capacity building on those employees that are already inside the organisation. This is because there is little pool of employees from designated groups with relevant skills where potential employees can

be recruited and selected from. This study may point to possible wider application in revising the employment equity legislation and implementation.

1.5 MOTIVATION OF THE STUDY

The motivation of this study is threefold. Firstly, among all the economic sectors in South Africa, the financial sector emerges as the sector least compliant with employment equity (EE) statutory requirements. This is revealed by the Commission for Employment Equity Report (2018:23) which found that the financial sector is the worst performer in respect of EE implementation. Although transformation is applauded at the skilled worker level where there is good representation across all races, there is little transformation at the upper and middle ranks of organisations in the financial sector. Van-Zyl and Roodt (2003:13) carried out a study on industries' response to EE constraints. They surveyed a sample of 4 729 employees from nine different companies representing different sectors. They found that companies in the financial sector responded differently to EE constraints compared with companies in other sectors. Instead of investing in training, organisations in the financial sector tended to embark on quick-fix solutions of poaching from competitors to comply with legislative requirements by offering designated groups improved packages. Ensor (2019:1) reports that there is over-representation of Indians and white females in the upper four levels of occupation in the financial sector. According to Mhlanga (2018:1), there is very slow pace of transformation in the financial sector. Considering this backdrop, the researcher chose to carry out this study in the financial sector.

There is a very little progress in EE. There is little progress and transformation in terms of the representation of designated employees at middle, senior and top senior management levels (Mhlanga, 2018:1). The sector demographic profile is far from representative and does not reflect the South African demographic profile. Hence, the financial sector is under severe pressure to radically transform in order to meet government demands. Meaningful progression of the representation of designated employees at middle and senior management can only be fast-tracked when junior level managers from previously disadvantaged groups are exposed to experience, thereby facilitating them to move through the ranks. In the financial sector, women and people with disabilities are still under-represented (Department of Economic Development and Tourism, 2014:1). The Black Management Forum has called for tough measures such as penalties and fines for companies which fail to abide by the

EEA (BASA Transformation Report. 2019:5). However, penalties are not seen as a lasting solution as they drain the finances of an organisation without meaningful improvements being observed.

According to Jensik (2017:1), the financial sector is a catalyst that unlocks the potential for social development and economic growth in a country. This is mainly due to the fact that many other economic sectors rely on the financial sector for their growth. Hence, economic growth tends to be unrealistic if there is no input of the financial sector. The interest in studying the financial sector is also motivated by the fact that it is the backbone of any country's economy and growth. In fact, without finance the economy cannot perform. Hence, there is need for this study to be conducted to investigate how capacity building can influence the issue of employment equity implementation and employee performance. In modern economies, the financial sector is fundamental to economic activities. The sector plays an integral mediating role between lenders and borrowers through pegging prices, thereby incentivising savings (Martin and Hill, 2015:421). Generally, it promotes the formation of fixed capital. Major economic efficiency and competitiveness is driven by the growth of fixed capital. The financial sector is crucial in enhancing globalisation by being a mediator between the purchasing and selling of risk embedded in both the production and movement of goods (Salahuddin and Gow, 2016:141).

Secondly, unlike other big financial institutions in South Africa such as ABSA, Standard Bank, Nedbank and Clintel among others, IDFC is located in one province only (KwaZulu-Natal) and is still a growing financial company so it is hard hit by the pressure from EEA which adversely affects its operation. Although the provision of loans to small businesses and the poor in KwaZulu-Natal province by IDFC has been very successful compared to other financial institutions, this does not mean that IDFC should not be affected by the EEA requirements because it is still a designated employer. The failure of the IDFC to withstand external pressure from the government to implement EE because of lack of skills in the labour market has motivated this study to investigate the influence of capacity building on EE implementation. Importantly of course is that this particular case study could point the way for similar financial organisations to arise as part of the broader economic transformation within the country. For such organisations to more closely be aligned to development in smaller cities and towns in South Africa. They will be able to successfully compete because they have the appropriate quantity and quality of diverse staff. Although IDFC is committed to comply

with the EE principles by putting an EE Committee in place to oversee EE implementation in the organisation, there is still significant under-representation of people from designated groups at the management level (IDFC Integrated Report, 2017:35). The organisation has been trying to address this problem but the challenge is that it has been failing to meet all its targets. Not only that, but IDFC has been making continuous losses every year. Further the EE policies are not fully implemented at IDFC because of insufficient skills level available particularly the leadership and managerial skills (IDFC Integrated Report, 2016:18).

Thirdly, although it is logical that capacity building leads to improved employee performance in general, skepticism exists regarding specific employees who are, in this study, potential EE appointees whose minds have been subjected to inferiority for a long time, and are labelled as poor performers. In this study, employee performance covers only employees from previously disadvantaged groups which make this study different to normal 'employee performance' studies. Employees from previously disadvantaged groups are special employees (Indians, Coloureds, Africans, women and people with disabilities) who have been previously discriminated against and deprived of education and employment in white-collar jobs, as well as high positions (Akbar and Wissink, 2014:1). In particular, women and people with disabilities have been subjected to discrimination and were labelled for years as poor performers to the extent that it is difficult for them to believe in themselves and see themselves occupying highly respected posts. Sometimes if they are capacitated with skills and are in a conducive environment, the fact is that only a few are comfortable to take high positions. No study has investigated this issue previously in financial sector. Hence, the study may make a useful contribution by empirically investigate the extent to which capacity building influences employment EE and employee performance.

1.6 RATIONALE OF THE STUDY

The rationale of this study is fourfold. Firstly, although various empirical research studies on EE implementation have been conducted in many sectors, very few have been carried out specifically in the financial sector of South Africa. According to StatsSA (2019:1), the financial sector of South Africa is a key contributor to Gross Domestic Product growth and is the largest source of new jobs. It plays a crucial role in transforming the South African economy. However, Brown (2016:1) observes that the South African country is facing an acute scarcity of professional skills in the

financial sector, especially amongst designated groups. SAICA report (2018:1), the number of men who are qualified Chartered Accountants are almost double (28 090) that of women (16 631). The number of Black qualified CAs (Africans, Coloureds and Indians) are less than half (12 675) of that of people from non-designated groups (Whites) (31 681). The total number of qualified Chartered Accountants with disabilities are very few across the country (221). According to Harris (2017:1), across the whole nation of South Africa, there are only 322 qualified female actuarial scientists out of a total of 1417 and only 268 qualified actuarial scientists from previously disadvantaged groups out of 1417. Van-Zyl and Roodt (2003:13) conducted a study on female perceptions of EE in South Africa in which data was collected from 4 729 employees from various organisations across different sectors. The findings of the study revealed that females perceive lack of relevant skills for progression to the top in their career particularly the analytical thinking and stakeholder management skills.

A study carried out by Cilliers and Stone (2005) focused on EE practices in three information technology companies in South Africa involving a survey of 285 employees and the results revealed lack of managerial and leadership skills from designated groups. A study conducted by Mason and Roman (2015) focused on EE in the retail sector in South Africa involving 1 104 participants in various retailers and found that EE tends to be numbers-driven at the expense of competence. However, the relationship between capacity building and EE implementation has not been studied. There is no research that has so far tested the contribution of capacity building to employment equity implementation. No research has been conducted in South Africa to substantiate the influence of capacity building on EE implementation in the financial sector.

Secondly, although there are a number of studies on the relationship between capacity building and employee performance that have been conducted, no study has been carried out which specifically focused on 'designated employees performance' as an analytical category rather than just 'employee performance' in general. Some recent studies conducted on capacity building and employee performance include a research study carried out by Ahmad, Farrukh and Nazir (2015) which focused on capacity building and employee performance and surveyed 150 employees in Pakistan. The results of the study revealed that capacity building leads to improved performance. Similarly, a study conducted by Wanyama and Mutsotso (2010) on capacity building and employee productivity of commercial banks in the Kakamega Central District in

Western Province in Kenya revealed that capacity building leads to employee productivity. Although most prior studies in general have indicated that capacity building leads to improved employee performance in the organisation, this finding may not be generalisable to certain specific groups which are called designated groups. In many cases feelings of powerlessness permeate the minds of designated employees such that they mainly consider themselves as followers not leaders. A study conducted by Olckers and Zyl (2016) on EE surveyed 202 respondents at a South African Mining company and found that a company which seeks to grow employees through equity initiatives needs to deal with the psychological state of these employees. This prompted the researcher to pursue a fine-grained approach to employee performance in which employees from designated groups become the focus of the study.

Thirdly, despite many challenges of poor performance and under-representation of designated employees at the IDFC, no empirical research has been conducted on EE implementation at IDFC. In terms of poor performance, IDFC management failed to achieve almost all its set objectives. By the end of 31 March 2018, the Annual Report revealed that the management of IDFC had failed to accomplish its set objective of having sound governance which focuses on external and internal audit aspects. In addition, in the years 2017 and 2018, the management of IDFC failed to reach the total planned market share, it only reached 146 870 instead of 187 558 (IDFC Integrated Report, 2017/2018:35). However, there are a number of studies that have been carried out at IDFC on other aspects. Mubonderi (2015) conducted a study at IDFC focusing on the factors that constrain the growth of funded SMMEs in KwaZulu-Natal Province. Another study conducted at IDFC was carried out by Sherbut (2008) focusing on the changing role of IDFC in serving the "unbanked" and the poor in KwaZulu-Natal. Due to the preceding challenges of this IDFC as a growing company, it has not been able to expand beyond KwaZulu-Natal province. IDFC has unique characteristics which make it different compared to well-established companies in the financial sector. The IDFC is not a small version of the other large-scale organisations in the financial sector as it has unique management style and structure which can be affected by the high expectations of EE statutory requirements.

Fourthly, Renier and Leon (2015:190) confirm that the mixed research method in the field of employment equity is underused, despite the need to have extensive and in-depth data on the subject. Oosthuizen and Naidoo (2010:1) state that research in employment equity includes both qualitative and quantitative dimensions. This radical

research methodology is rare in the area of EE. Hence, this study fills the gap by adopting a mixed research method.

In order to gain comprehensive data and draw suitable conclusions, the influence of capacity building on employment equity implementation and employee performance needs to be investigated holistically rather than on a piecemeal basis. The above discussion underlies the rationale for this study. Thus, the researcher seeks to address the identified gap in the field by investigating the influence of capacity building on employment equity implementation and employee performance with IDFC serving as a case study.

1.7 AIM OF THE STUDY

The aim of this study is to investigate the influence of capacity building on employment equity implementation and employee performance in financial industry in South Africa, with Ithala Development Finance Corporation Limited serving as a case study.

1.8 OBJECTIVES OF THE STUDY

The objectives of the study are the following:

- To investigate the influence of capacity building on employment equity implementation at the selected private company;
- To examine the provisions of the Employment Equity Amendment Act 47 of 2013 in relation to the improvement of the status of designated groups at the selected company;
- To examine the contribution that capacity building plays in respect of an equity-appointee performance;
- To develop a model that helps track and monitor the impact of capacity building on employment equity implementation;
- To develop an approach that may support the capacity of employers to successfully employ people with disabilities;
- To help devise appropriate human resources development policies for the promotion of previously disadvantaged groups in organisations; and
- To understand the role of line managers in respect of employment equity implementation and management at the selected private company.

1.9 KEY RESEARCH QUESTIONS

The research questions for the study are the following:

- What can be learnt about capacity building's influence on employment equity implementation at the selected private company?
- How does the Employment Equity Amendment Act 47 of 2013 reinforce the selected organisation to improve the state of previously disadvantage groups?
- What are the nature and type of capacity building programmes which directly help contribute to an equity-appointee's performance in organisations?
- What is the most appropriate model that helps track and monitor the impact of capacity building on employment equity implementation?
- Which is an appropriate approach that may support the capacity of employers to successfully employ people with disabilities?
- What critical elements are necessary when developing appropriate human resource development policies for the promotion of previously disadvantaged groups in organisations?
- What are the critical roles and functions of line managers in order to contribute to employment equity implementation and management at the selected private company?

1.10 HYPOTHESES

The hypothesis is utilised to statistically test the significance between two variables to give a conclusion, namely the dependent variable and independent variable (Creswell, 2014:43). For this study, the independent variable is capacity building (x), whilst the dependent variables are: employment equity and employee performance (y). The following hypotheses are tested in this study.

Hypothesis 1: There is a positive relationship between capacity building and employment equity implementation at the workplace.

Hypothesis 2: There is a positive relationship between capacity building and employee performance at the workplace.

- Hypothesis 3: There is a positive relationship between proper employment equity implementation and employee performance at the workplace.
- Hypothesis 4: There is a positive relationship between the provision of professional development and elimination of discrimination at the workplace.
- Hypothesis 5: There is a positive relationship between current organisational processes and the elimination of discrimination at the workplace.
- Hypothesis 6: There is a positive relationship between the state of the internal environment and the elimination of discrimination at the workplace.
- Hypothesis 7: There is a positive relationship between the provision of professional development and the accomplishment of affirmative action at the workplace.
- Hypothesis 8: There is a positive relationship between the existing organisational processes and the achievement of affirmative action at the workplace.
- Hypothesis 9: There is a positive relationship between the state of the internal environment and the accomplishment of affirmative action at the workplace.
- Hypothesis 10: There is a positive relationship between the elimination of discrimination and the improvement of employee performance at the workplace.
- Hypothesis 11: There is a positive relationship between the maintenance of affirmative action and the improvement of employee performance at the workplace.

1.11 PRELIMINARY LITERATURE REVIEW

The literature covers the empirical and theoretical issues concerning this study. It covers capacity building, employment equity and employee performance. This section reviews literature that aligns to the connection between capacity building and employment equity, as well as employee performance. An overview of theoretical framework underline this study is also precisely explained.

1.11.1 Introduction

A critical examination of reports over the past seventeen years reveals that South Africa cannot address the equity question soon. Collier (2018:431) concurs with Mohale (2015:1) by indicating that employment equity implementation is not attainable in just seventeen years, as the process is long-term. This reflects that considerable time will be taken to overcome the legacy of apartheid. This is in line with Mkhonza (2017:1), who views employment equity implementation as a process not an event. However, by taking capacity building seriously, the employment equity implementation time-frame is bound to be shortened. For satisfactory employment equity implementation that brings excellent results, the process should not be hurried. Competent leaders do not emerge overnight. Obtaining a competent and qualified leader within the organisation is the greatest human resources management dilemma.

The EEA is critical because it improves the employment standards. This promotes trust and a general improvement in quality of businesses in South Africa. If implemented in a transformative manner, Tandwa (2017:1) states it is able to improve and stabilise the South African economy, particularly those companies that believe in fairness and development. The success of a business in a highly competitive environment relies greatly on the human capital at its disposal. Fierce competition amongst businesses, particularly in the financial sector, requires properly qualified and skilled employees for these businesses to survive (Powell, Reddy and Juan, 2016:298). Knowledge workers are becoming increasingly crucial in financial sector. In addition, for these business to thrive in financial sector, they need a diverse workforce. The major skills that are needed within the financial sector across the globe relate to information technology architecture skills, business transformation skills and customer service skills. The availability of these skills from a diverse workforce gives a competitive edge to businesses in the financial sector through the maintenance of efficiency in financial markets and the consistent development of sophisticated financial products.

1.11.2 Brief explanation of capacity building

According to Tahir, et al. (2014:67), capacity building is a process of providing professional development, support and creating a conducive organisational environment for employees to maximise their potential at the workplace. In simple

terms, capacity building is based on human resource development and training. Capacity building is complex in that it incorporates both the organisation and individuals. It is the amplification of individual and organisational abilities to perform the critical functions of the organisation. Capacity building strengthens the organisation and its facilities and also concentrates on conditions that permit employees to engage in the transformation process and change adaptation. Capacity building could be categorised as building decision-making capacity, building awareness capacity and building analytical capacity (Lara, Mouallem and Farhad, 2014:245). Chapter 2 will elaborate more on the concept of capacity building.

1.11.3 Brief explanation of employment equity

According to Booysen, et al. (2014:241), employment equity refers to the intervention policy that eliminates unfair discrimination and redresses the shortcomings in employment undergone by designated groups at the workplace. All organisations are required by law to adhere to the non-discriminatory provisions of the Employment Equity Act and are subject to penalties should they fail to comply. In addition, designated organisations are required to introduce affirmative action measures. Given the stipulations of the Employment Equity Act, it can be argued that it is fair for organisations to provide opportunities to designated groups ahead of previously advantaged groups, in particular white males. Given that employees are regarded as desperate people who comply with anything put to them by the employer to such an extent that culture is affected, thereby compromising their dignity. Hence, employment equity has been adopted as unbiased and fair legal policy that enforces sound employment practice. In terms of fair treatment, the Employment Equity Act protects two groups of employees from designated groups: i) employees from designated employees who are already employed within the organisation and ii) persons from designated groups who are applying for jobs against unjust discrimination (Mkhonza, 2017:1). Chapter 3 will elaborate more on the employment equity.

1.11.4 Brief explanation of employee performance

According to Sindelar (2016:340), employee performance refers to the efficiency and effectiveness of an employee in carrying out assigned activities, tasks and responsibilities at the workplace. Employee performance monitors the degree to which a member of the organisation contributes to the accomplishing of organisational

objectives. Ivan, Alex and Cary (2012:224) elucidate that employee performance incorporates observable tasks that a member of the organisation does, which are appropriate towards the achievement of organisational goals. It focuses on aspects that indirectly or directly relate to employees' work. Employee performance is crucial to the organisation so much effort is given to assist low performers. It can also be seen as the act of *applying* knowledge, which distinguishes from a mere *possession* of it. The concept of employee performance will be elaborate more in Chapter 3.

1.11.5 Critical evaluation of the influence of capacity building on employment equity implementation

The implementation of employment equity in companies is still interspersed with a motive of having people from previously disadvantaged groups while disregarding significant notion that those people are required to have suitable skills and qualifications. According to Yülek (2018:197), capacity building may help the organisation to effectively deal with disequilibria in the labour market. In this case, the disequilibrium is addressed by reviewing the human resource development policies and embarking on the re-allocation of organisational resources as part of dealing with the internal environment. An acute lack of capacity to properly fit in certain higher level positions by employees from designated groups does affect the inclusivity of these individuals in the financial organisations. Frank and Horwitz (2013:2435) state that a change process that recognises employment equity require all employees from designated groups to develop novel skills so that they meet standard requirements of the high positions.

Only if capacity building is adequately adopted to harness professional development will employees acquire the necessary skills expected of them in their positions. A study conducted by Augusto, Couto and Caiado (2014) on human capital, social capital and organizational performance and found that a high professional experience of managers offers exceptionally strong support when facing work challenges. According to Jenna (2015:1), organisations that continuously capacitate their employees with skills and resources always have willing and ready employees from designated groups to succeed in up to 61% of positions that may arise within the organisation. Businesses need to properly perform the jobs they get paid to do. Hence, enforcing black quotas when it is obvious the job cannot get done or meet the minimum standards due to inadequate experience is meaningless.

Most employees from designated groups mainly occupy under-valued jobs within the workplace, a situation that is even worse in financial sector organisations. Once the organisation considers promoting a potential employee from the designated groups, capacity building may have to be a priority in order for the employee to be competent to meet the minimum requirements of the job. The major concerns of designated groups are insufficient skills and a lack of accommodation at the workplace (Booyesen and Nkomo, 2014:243). Historical discriminatory policies did not only form a knowledge gap between previously disadvantaged group (black people, women and people with disabilities) and previously advantaged group (white male South Africans), but they simultaneously lessened the experiential gap to the extent that without comprehensive capacity building, it may take notable decades for previously disadvantaged groups to reach the level of experience comparable to their previously advantaged counterparts. On the other hand, Albertyn (2015:55) reports that non-previously disadvantaged employees perceive the priority given to skills and the accommodation of designated groups as racism and reverse discrimination against them. This is in line with a study carried out by Hinks (2010) who focused on EE and job satisfaction in South Africa involving formal sector employees between the age group of 18 to 65. They found that the job satisfaction of African is positively associated with EE legislation whereas job satisfaction of coloured and white is negatively connected to EE legislation.

However, Ahmad, Farrukh and Nazir (2015:61) state that several number of companies are reluctant to offer capacity building to employees because they believe that employee development benefits other companies as some of the employees tend to leave the companies after being professionally developed. After acquiring the skills through capacity building, the employees may exit the company to higher compensation offered by competitors. El-Mouallem and Analoui (2014:245) reinforce this view and state that employees exit the organisation as soon as they get capacitated with professional development, this means that the employer spends the effort, money and time for nothing. Capacity building also improves the employability outside the company. A study conducted by Alison and Anita (2017) on executive women in business using semi-structured interviews and found that women are attracted to employer with organisational prestige. Normally, this takes place when the organisation gives employees capacity building programmes with transferable skills than just organisational-specific skills. Booyesen, et al, (2014:241) opine that

employment equity instigates the demand for qualified and competent equity employees. However, the rise in demand of employment equity appointees and the lack of skills and accommodation among these employees hamper employment equity implementation at the workplace. A study carried out by Portnoi (2003) focused on EEA in South Africa's higher education sector using systematic review method and found that the dearth of qualified and skilled employees from the previously disadvantaged groups has led to a phenomenon called 'poaching'. The well-skilled workers are often headhunted by other companies and offer them high income. This is in line with a view of Gull, Akbar and Jan (2012:284) who reinforce that many employers are reluctant to provide employees with capacity building in case they eventually exit the organisation.

Another argument is that some married women often prefer to take less demanding jobs. Alison and Anita (2017) state that they view high positions as high demanding jobs hence some of women decline managerial appointments. Some women who are mothers opt to take work with less responsibilities. A study carried out by Muoniovaara and Turunen (2015:43) on women's career development and found that family responsibilities impeded their career growth. Role conflict of being mother, wife and employee may intimidate the women to accept managerial responsibilities again. In some cases, even if these employees from designated groups get promoted they still perceive the increment is insignificant. This section will be elaborated in detail in Chapter 4.

1.11.6 Critiques of the impact of capacity building on employee performance

Managing people from different races requires far-reaching extensive managerial competencies and skills. There is a real need to build managerial and technical job competencies, as well as progress employees from previously disadvantaged groups. Capacity building of staff is seen as a strategy of the organisation to improve employee performance (Yamoah, 2014:139). Ongoing capacity building of employment equity appointees may increase the improvement of systems of finance and innovation to sustain ever-changing services, for example in the financial sector. High quality capacity building programme can also improve soft skills such as customer care. Capacity building may improve systems of service delivery, thereby providing customer satisfaction and service quality. Many organisations tend to neglect engaging

in comprehensive capacity building thereby hampering efficiency, growth, effectiveness and productivity. A customer–service approach is very important in organisations that operate in the financial sector. The seamless delivery of service is a key aspect in financial organisations because this tends result in customers being loyal to the organisation. . In line with employee performance, Bishop (2013:55) points out that capacity building helps the organisation to identify gaps where necessary improvement is required.

Garriga (2013:1) states that capacity building may increase competencies, promotions and confidence. Ahmed, Sultana, Paul and Azeem (2013) conducted a study on employee performance evaluation and found that with the current dynamics toward knowledge-based capitalism, maintaining knowledgeable and talented employees is critical. In the organisation, efficiency may be enhanced when equity appointees develop capacity-induced changes in both behaviour and practice. This is shown by an increase in the efficiency of the service and output provided. The performance of an individual can be increased if capacity building addresses clearly-stated job requirements and well-defined competencies (Kampkötter, 2016:1). The performance enhancement of an employee is improved when managers continuously give them feedback. Building human capital needs to be taken seriously because it contributes much to employees' performance at the workplace.

However, although capacity building provides accelerated progresses in the organisation, return on investment can be obtained when management shift from viewing professional development tactically to strategic. Capacity building of employees from designated groups may require a set of competencies and skills that are different from just capacity building that is given to employees in general. For example, developing women and people with disability, who have been subjected deprived of education and unfair discriminated against, to be competent and qualified to take managerial position requires significant attention especially in shaping their behavior to accept that they can actually be managers. In this case, it does not always mean that capacity building given to them can translate to optimal performance. Capacity building is not always a remedy for employee performance challenges (Gull, Akbar and Jan, 2012:284). A study conducted by Yamoah and Maiyo (2013:42) on capacity building and employee performance surveyed to 56 respondents in MTN limited in Accra in Ghana and the results revealed that capacity building is not always a panacea for employee performance but reward incentive such as allowances,

bonuses and salaries are the prominent ingredients which increase employee performance.

Another argument in terms of employee performance is that there are many other factors which may influence the designated employee performance, namely housing and car benefits. Whilst it is logical to assume the capacity building lead employee performance, this may not be the case with employees from designated groups. The reality is that in some cases the performance of these employees may not be realised as they tend to leave soon after acquiring the skills and competencies. This can be a huge financial loss. This especially realised by still growing companies such as IDFC whose compensation package is low as compared to well-established financial institution like Absa, FNB, Capitec and among others. In addition, insufficient financial resources have also caused many companies to cut formal training that best suits the employees because it is expensive (Gull, Akbar and Jan, 2012:284). This means that every employee has a responsibility for his or her self-development. Furthermore, sometimes capacity building may result in neutral or negative transfer hence this can be costly to the organisation. This can cost the organisation in two ways, namely time wasted and money injected loss. The capacity building is expensive as it involves money issues. Moreover, most employees from designated groups tend to have a low self-efficacy because of past discrimination tendencies they were exposed to (Oosthuizen, Tonelli and Mayer, 2019). They do not belief on their own capabilities hence decline promotion to high positions in the organisation.

However, Yamoah and Maiyo (2013:42) argues that inadequate professional development is not essentially the cause of employees' poor performance. He emphasis the necessity to assess whether or not the problem of under-performance may be corrected through capacity building. It is usually assumed that professional development brings the expected performance when employees are under-performing at the workplace. However, this is not always the situation. For example, professional development is not effective for challenges arise from poor motivation or insufficient attention to the work. Similarly, Ahmad, Farrukh and Nazir (2015:61) posit that professional development may not eradicate key challenges such as poor capitalization, nor it is a panacea for the line of products that fail to meet the needs of customers. This section will be elaborated in detail in Chapter 4.

1.11.7 Integration of capacity building, employment equity implementation and employee performance

The willingness of employees to contribute to the objectives of the business is ascribed to their emotional well-being, which is largely influenced by their treatment at the workplace. The manner in which designated employees are treated is critical to their performance as well as to the organisations success, posits Spector (2015:123). Employee skill change without concomitant transformation in systematic and institutional practices to alleviate discrimination in employment cannot bring good results. The efficiency and effectiveness of employee performance may stimulate overall growth of the financial institution. The problem of unavailability of skilled employees is not only found with the organization but it is worse outside the organisations as these experienced usually opt to be employed by well-established, big organisations. However, the increased demand of potential employment equity appointees which causes them to leave the company soon after capacitated with skills, has caused employers to view capacity building as a fuel for turnover of potential employment equity appointees rather than a tool to improve their performance in the organisation. A research carried out by Boosysen (2006) revealed that although there still growing organisations put efforts to retain black managers, they eventually leave because their organisations cannot afford the lucrative packages offered by the competitors. This section will be elaborated more in Chapter 4.

1.11.8 Theoretical framework

A majority of employees from previously disadvantaged groups may have accumulated knowledge through formal education, but lack experience at the workplace. Employers should note that the only way of achieving employment equity is to acquaint employees from designated groups with experience. Due to its emphasis on experience this research study adopts Kolb's Experiential Learning Theory. The participatory approach, social exchange, human capital theory and Kolb's experiential theory will be reviewed more in Chapter 4. The participatory-approach propound that organisations that perform well are associated with congenial workplace relationships (Amundson, *et al.*, 2014:13). Khawaja (2012:211) states that the social change theory reflects the changes that occur to organisations, broad social groups and individuals. Human Capital Theory strives to prove that the training and development of employees is essential in enhancing the performance capacity of an

employee (Mouallen, *et al.*, 2014:245). According to Yeo and Marquardt (2015:81), Kolb's Experiential Learning Theory explains the process of learning through experience. It reflects knowledge formation as a result of experiential transformation.

1.11.9 Conclusion

From the literature reviewed, it is evident that there is existence of contracting views. Unless and until this study is conducted, employers remain confused and this negatively affected. To get full knowledge about the influence of capacity building on employment equity implementation and employee performance, the study must be conducted holistically rather than on a piecemeal basis. This left many companies at a very tough situation hence the researcher seeks to test how and to what extent does capacity building may rescue it from this tragic position. Since currently there is no study that has been conducted to check this debate, this study seeks to fill the gap by exploring to what extent capacity building can accelerate employment equity implementation and improve potential equity appointee performance.

1.12 SCOPE OF THE STUDY

As indicated earlier study was confined to the financial industry, with Ithala Development Finance Corporation Limited serviced as the case study. This organisation is located in the province of KwaZulu-Natal in South Africa. The study included all employees except employees from non-previously disadvantaged group, South Africans with permanent residency status and foreign nationals that do not hold positions of line management and supervisory positions at Ithala Development Finance Corporation Limited. Given the amendment to the Employment Equity Amendment Act 47 of 2013 which excludes foreign nationals as part of the designated groups, was published for general information on 16 January 2014 and took effect from 01 August 2014, this group of employees was also excluded from the study.

1.13 SIGNIFICANCE OF THE STUDY

The current study contributed new insights and builds the knowledge base on how capacity building influences Employment Equity implementation and equity-employee performance. In light of the empirical findings and the present economic situation in

South Africa, this study contributed to an improved awareness by the national, provincial and local governments on the importance of capacity building in implementing Employment Equity without adverse effects to organizational performance. The study is of value in determining the elements of capacity building that propel the implementation of Employment Equity. The study is of benefit to policy-makers.

The generated integrated model is a useful tool in guiding how organisations can accelerate and successful implement Employment Equity without incurring performance challenges. Studies on Employment Equity have not suggested an integrated model that incorporates Capacity building, Employment Equity and Employee performance in order to speed-up the implementation process. A study carried out by Olckers and Van Zyl in 2016 on the relationship between Employment Equity perceptions and psychological ownership in a South African mining house using a quantitative technique reveals that no model was formed. A study carried out by Jain, Horwitz and Wilkin in 2012 on Employment Equity in Canada and South Africa: a comparative review using a systematic review technique reveals that no model was formed. A study carried out by Horwitz and Jain in 2011 on an assessment of Employment Equity and Broad Based Black Economic Empowerment developments in South Africa, using quantitative technique reveals that no model was formed. It is hoped that this contribution is useful to the managers in private companies in similar settings, as well as government policy-makers.

Since no previous study has conducted this type of research, it is envisaged that this contribution is useful to Industrial Relations managers and all Human Resource managers in private organisations in similar settings who can look for answers to their questions in this study and grasp various aspects that help them sustain and grow their businesses. Industrial Relations managers and all Human Resources managers were also challenged to support the sections and elements of Employment Equity Act that are aimed at developing the socio-economic aspects of the country.

This study served as a guide in decision-making and provide advice related to the implementation of employment equity without negatively affecting performance at the workplace. The results of this study facilitated the growth of organisations in similar settings in financial sector through providing an understanding of what needs to be done in relation to employment equity implementation. At a broad level, it also informed

the national, provincial and local governments about the importance of capacity building in accelerating the implementation of employment equity and equity-employee performance.

1.14 IMPORTANCE OF THE RESEARCH

This study contributed to the body of knowledge in respect of capacity building and its implications for employment equity implementation and employee performance. Mtyala (2016:1) states that the rate of equity representation transformation at the apex management levels is very slow due a tight grip placed by the non-previously disadvantaged group at this level. Liesl (2016:1) explains that many companies fail to comply with Employment Equity legislation, citing the reason that it does not add value to them since most employees from designated groups lack the critical skills required. As such, they are prepared to pay penalties. The organisations' failure to take stern action against skill shortages in the workplace has bred inequality across all organisational levels.

Oosthuizen, Tonelli and Mayer (2019:1) indicate that the bulk of employees at top management level take employment equity as a political imperative that they are obliged to meet. Due to this belief, they are not investing in it but rather keeping the ball of employment equity rolling by merely abiding by the legislation. A compliance approach may be witnessed as adopted by managers that are forced to abide with legislation in a bid to avoid hefty financial implications associated with failure to comply with the legislation. Compliance with legislation is overshadowing much-needed transformation at the workplace. Abiding by rules as a result of regulatory requirements induces codes of compliance that lead to an entrenchment of the attitude of the "tick box mentality" (Opie and Roberts, 2017:707).

Focusing on quantitative racial targets without capacity building can cost the organisation in terms of production. Heerden (2015:1) indicates that although setting numeric goals is important, the achievement of successful employment equity implementation claims higher demands than the mere aspect of getting the numbers right. In addition, cultural and institutional changes that come as result of employment equity impose costs both in time and money. Mkhonza (2017:1) states that employers are encouraged to manage those costs appropriately without indefinite delay to the implementation of employment equity. Though the inclusion of employees in

employment equity implementation is applauded, it is delaying the exercise as negotiations usually take longer to reach agreement. For the reasons cited above, it was important to investigate the influence of capacity building on employment equity implementation and employee performance.

1.15 RESEARCH METHODOLOGY AND DESIGN

Research methodology refers to the approach and procedures adopted to conduct a study (Gray, 2014:35). Scheyvens (2014:70) states that the research methodology reveals how the research will be conducted and how the data will be collected and analysed. There was no evidence that any study has examined the influence of capacity building on employment equity implementation and employee performance. Although various studies were conducted on each individual variable, none of those studies researched incorporating all three variables. An exploratory case study design with a mixed method research was adopted as it is the most suitable method that accurately responds to the study's research questions. An exploratory case study design with a mixed method research was appropriate to rigorously examine the influence of capacity building on employment equity implementation and employee performance with IDFC served as case study, whereby both quantitative and qualitative approaches are used in the study.

Different from previous scholars who mainly utilised either qualitative or quantitative methodologies when researching various subjects related to this study, hence the use of a mixed methods methodology was new in this subject. A mixed approach was utilised for this study, whereby both quantitative and qualitative approaches are included (Carrie and Kevin, 2014:90). This study followed a mixed research approach because it gives adequate data that attempts to answer the research questions of the study, which provided an important connection between empirical observation and the mathematical expression of quantitative relationships of capacity building, employment equity and employee performance (Brynard, Hanekom and Brynard, 2014:110).

1.15.1 Rationale for a single case study

This study focused on a single case study- the IDFC. The case study method was chosen in order to deeply comprehend the uniqueness of IDFC, as well the complexities faced by the organisation in executing the provisions of the EEA. The case study design permits the exploration of the research area, IDFC, in detail as it directs the researcher to focus on a single or a small set of cases. According to Gustafsson (2017:2), case study research helps in relating individual people's actions or the micro-level to the big social structures or macro level. The preceding reasons provide a justification for utilizing a case study as the best appropriate design. Meanwhile, there are many reasons that are put forth to support the usage of a single case study. For this study, there were two key reasons. Firstly, the rationale is that it was representing a unique case in that IDFC is an initial company in the financial sector to offer and that is still offering banking services, amongst other services, without a full banking licence for a long time. The key reason of failure to get the licence was that it did not have qualified and experienced personnel in critical areas, as required by the South Africa Reserve Bank (SARB). This comes as a result of pressure to meet the EE targets and acute shortage of skills in the financial industry. Secondly, it was a typical case. The researcher took this reason as a crucial rationale for following a single case study, considering that the primary lessons acquired from the case seem to be informative about the EE status and employee performance. The researcher also viewed that a single case study is preferred as multiple case studies may have caused amplified difficulties in drawing conclusions. Considering the subject and purpose of this research, multiple case studies would have caused ineffectiveness and shallow investigation, which is evident in this study.

1.15.2 Primary and secondary data

Adams and Lawrence (2015:45) highlight that primary data is acquired from a direct observation or is collected personally. For this study, interview questions and a closed-ended structured questionnaire (Annexure B) were used to gather the data. Secondary data refers to the information collected by individuals or organisations other than the researcher (Bryman, 2015:121). Secondary data for this study was obtained from journals, e-journals, media articles, government publications, other dissertations and theses and company reports. IDFC Limited is a company in the financial industry

that provides economic development through its services, which include agri-business loans, commercial loans, saving services, deposit rates, property development, insurance services and home loans. The company is based in Durban, South Africa and was formed in 1968.

1.15.3 Target population

The target population denotes a given group of people that participate in the research study (Bell and Water, 2014:190). In other words, a target population is a group of people from whom data will be collected. For quantitative part of this study, the target population comprised all employees who occupy the lower and middle level positions except employees from non-previously disadvantaged group and foreign nationals who do not held positions of line management and human resources management positions at Ithala Development Finance Corporation Limited. Due to limited logistics, the researcher chose a company with a considerable number of employees located within easy travel distance. Hence Ithala Development Finance Corporation Limited was selected. The new amendment that now excludes South African with permanent residency status and foreign nationals as part of the designated groups is contained in the Employment Equity Amendment Act 47 of 2013, which was enacted on 1 August 2014. The target population was obtained from the Human Resources Manager of Ithala Development Finance Corporation Limited. The identified target population equated to $N = 302$, which included all employees except employees from non-previously disadvantaged group, South African with permanent residency status, fixed contractors, graduate trainees and foreign nationals that do not held positions of line management and human resource management. In respect of the target population for the qualitative part of this study, this included all line managers and human resources personnel regardless of the group to which they belong, nationality or race. There were (10) ten in this group.

1.15.4 Sampling method and selection

Sampling refers to that sub-section of the target population that is selected for (Rubin and Babbie, 2016:95). The two main methods of sampling are non-probability sampling and probability sampling. In this study, both non-probability sampling and probability sampling methods were used. For quantitative part of the study, stratified sampling technique and random sampling technique were utilised respectively. A

disproportionate, stratified sampling technique started by separating population into sub-groups referred to as “strata”, and a sample was drawn randomly from each stratum. In this study, the subgroups were largely through racial category viz Indians, African Black, Coloureds (South African Chinese), White women and Disabled people at IDFC Limited. The sampling frame for the mixed research design was the list of employees obtained from the Human Resource Department, in which each unit of analysis was only listed once in alphabetical order. For this study, the target population equated to 302 employees and a sample size of $n = 172$ was considered appropriate for the quantitative part of the study. A disproportionate, stratified sampling method was conducted first. The sample was then drawn randomly from each stratum of the sample frame without replacement. According to Flick (2015:23), the selection of the above sample produces significant statistical results for generalisations and also eliminates sampling errors. For the qualitative part of the study, purposive sampling was utilised as a non-probability sampling technique in which the eight (8) respondents, who are from the human resources department as well as other line managers, were selected to participate in the interviews because they have information and are knowledgeable about the employment equity amendments and the performance of the business.

1.15.5 Measuring instrument

Self-administered questionnaires and interviews (Annexure B) were used to collect the data. The researcher hand-delivered the questionnaire with a covering letter (Annexure A) to participants using the personal method of data collection. Participants were asked to return the questionnaires within two weeks. The five-point Likert scale format was used to allow the respondents to indicate the extent to which they agreed or disagreed with a series of statements about a given main theme (DePoy and Gitlin, 2015:85). Creswell (2014:115) affirms that questionnaire design is vital to ensure that the questions asked are relevant to the problem being studied, are accurate and unbiased. The questionnaire used in this study contained a five point Likert scale with a range of options from strongly disagree to disagree, neutral, agree and strongly agree. Interviews were carried out after all questionnaires have been collected. Interviews were conducted with line managers and human resources personnel only, regardless of the group to which they belonged.

1.15.6 Validity and reliability

Validity is the extent to which the research measures what it is intended to measure and approximates the truthfulness of the results (Bryman and Bell, 2015:121). The questions were designed, generalised and made suitable for the employees of Ithala Development Finance Corporation Limited. Validity is sub-divided into four categories: content, criterion-related, predictive and construct validity (Gray, 2017:231). To demonstrate content validity, the researcher will investigate the degree to which a test is a representative sample of the content of whatever objectives or specifications the test was originally designed to measure (Bryman, 2015:55).

Reliability refers to the degree of consistency of a questionnaire or the low variation between the results of different samples of the homogeneous population (Rubin and Babbie, 2016:32). Bell, *et al.* (2014:132) state that reliability is sub-divided into four categories: internal consistency, test-retest, parallel forms and inter-rater. To measure internal consistency reliability, the researcher will evaluate the degree to which different test items that probe the same construct produce the same results (Flick, 2015:98). The pre-testing was carried out with a small group that could resonate with the target population. This initial test was carried out with the assistance of 5 human resource management students. The five human resource management students were from different races that resemble the strata (groups) of the actual target population of this study. The comments obtained from these 5 respondents were used to refine the questionnaire.

1.15.7 Trustworthiness of the qualitative part of the study

In qualitative research, trustworthiness was achieved by engaging in detailed and in-depth multiple meanings and perspectives ascribed by respondents in their respective personal responses (Harney and Monks, 2014:30). Trustworthiness of the process of the study is measured by the degree to which the research gives information, as well as the manner in which the results have been obtained. According to Gray (2017:42), there are four components of assessing trustworthiness of the qualitative part of this research, namely transferability, dependability, credibility and conformability. These four components were ensured in this study.

1.16 Limitations and delimitation of the study

This research study area had limited prior research studies that have been conducted. However, the available prior research studies helped to create a platform from which the research problem was better understood and also laid a concrete foundation for the literature review. This study focused on South African citizens by birth who were full-time, permanent employees and fall under the previously disadvantaged groups who occupied lower and middle level positions. This study only covered employees who were employed by Ithala Development Finance Corporation Limited. Foreign nationals and employees from non-previously disadvantaged groups were excluded from this research, except those who were holding line managerial positions and human resource managerial positions.

1.17 DEFINITIONS OF KEY CONCEPTS

For this study, the definitions of the following concepts are adhered to:

1.17.1 Capacity building

According to Tahir, *et al.* (2014:67), capacity building is a process of providing professional development, support and creating a conducive organisational environment for employees to maximise their potential at the workplace.

1.17.2 Employment equity

According to Booysen, *et al.* (2014:241), employment equity refers to the intervention policy that eliminates unfair discrimination and redresses the shortcomings in employment undergone by designated groups at the workplace.

1.17.3 Employee performance

According to Sindelar (2016:340), employee performance refers to the efficiency and effectiveness of an employee in carrying out assigned activities, tasks and responsibilities at the workplace.

1.18 STRUCTURE OF THE THESIS

Chapter 1: Background and overview of the study

The background and overview of the research addressed the problem statement, key objectives, research questions, motivation and rationale of this study, importance of the study and the methodological approach to the study, as well as the structure of the research. Chapter 1 of this study also discussed and analysed the preliminary literature review of this study.

Chapter 2: Literature review: the concept of capacity building

This chapter reviewed in detail the literature related to the concept of capacity building. Chapter two covered the following key subjects of the concept of capacity building, namely the emergence and historical background of capacity building in human resource management, the concept of capacity building from the perspective of human resource management, linking capacity building to human capital development, components of capacity building, competencies in relation to human capital development and assessment of capacity building in line with the competency-based model.

Chapter 3: Literature review: employment equity implementation and employee performance

Chapter three presented a comprehensive review of the concepts of employment equity and employee performance. This Chapter analysed the importance employment equity implementation and employee performance. It further described and analysed how the employment equity was expected to be implemented. The chapter also scrutinised the amendments to employment equity legislation as well as the goals and timetables of employment equity. The Chapter further discussed and analysed the fundamental approaches, phases of employee performance, elements and determinants of employee performance.

Chapter 4: The formulation of a capacity building framework and the development of a capacity building model aligned to employment equity and employee performance

This chapter proposed the formulation of a capacity building framework and the development of a capacity building model aligned to employment equity and employee performance. The researcher developed the model through a rigorous analysis of capacity building frameworks, as well as a comprehensive review of the current literature related to capacity building.

Chapter 5: Research methodology and design

The chapter was an exposition of the research methodology used to explore the research questions in this study. Both a qualitative and quantitative approaches were employed in this study. Chapter four included a detailed discussion of the key research questions and how they were dealt with in this study; the sample selection; the collection of the primary and secondary data; and the development of the measurement instrument.

Chapter 6: Analysis of data and discussion of results

Chapter six presented an analysis of the data and a detailed discussion of the findings. SPSS version 25 for Windows was utilised for the detailed analysis. The chapter suitably analysed statistical tests to examine the tenability of the capacity building model linked to employment equity implementation and employee performance. The analysis of statistics also tested the study variables holistically through the use of tabulated constructs.

Chapter 7: Conclusion and recommendations

The final chapter covered the conclusions and recommendations based on the findings of the research. The main findings of the study were summarised and the response rate that arose from the empirical analysis were incorporated in this chapter. This chapter ended by providing directions for future research.

1.19 SUMMARY

This study investigated the influence of capacity building on employment equity implementation and employee performance in the financial industry in South Africa, with Ithala Development Finance Corporation Limited served as its case study. Decrease in performance and failure to fully implement employment equity at IDFC is attributed to employment equity appointees who do not have the skills required to perform or are poorly accommodated, or both. For the purposes of this study, capacity building was aimed at remedying the historical imbalances in labour perpetuated by apartheid, whilst simultaneously addressing the performance of employees from designated groups through the provision of required skill sets and accommodation. An exploratory case study design with a mixed method research was adopted as it was the most suitable method that accurately responded to the study's research questions. A mixed approach was utilised for this study whereby both quantitative and qualitative approaches were included. For the quantitative part of the study, the identified target population equated to $N = 302$, which included all employees except employees from non-previously disadvantaged group, fixed contractors, graduate trainees and foreign nationals who do not hold positions of line management and human resource positions. For this study, the target population equated to 302 employees and a sample size of $n = 172$ was considered appropriate. In respect of the target population for the qualitative part of this study, this included all line managers and human resources personnel regardless of the group to which they belonged, nationality or race. There were (10) ten in this group. Eight (8) respondents were selected to participate in the interviews.

CHAPTER 2

LITERATURE REVIEW: THE CONCEPT OF CAPACITY BUILDING

2.1 INTRODUCTION

Capacity building is not a separate and stand-alone discipline, but is an essential element of the Human Resource Management programme. Capacity building is complex in that it incorporates both the organisation and individuals. This chapter discusses and analyses the empirical and theoretical literature that aligns to the concept of capacity building. This chapter covers: the historical background of capacity building in human resources management; the concept of capacity building from the perspective of human resource management; linking capacity building to human capital development; components of capacity building; and approaches to capacity building and their methods; methods of professional development; and competencies in relation to human capital development.

2.2 EMERGENCE AND HISTORICAL BACKGROUND OF CAPACITY BUILDING IN HUMAN RESOURCE MANAGEMENT

The traditional principles of management were alluded to, paying attention to principles for improving efficiency and stimulating productivity through designing a proper organisational structure. In this scenario, much focus was given to the division of work where the allocation of duties and responsibilities promotes the functional principles of the organization (Antwi and Analoui, 2008:504). One of the key principles included in traditional organisations is personnel management in which working conditions are upgraded; programs of salary incentives are introduced; and welfare programs are also presented. High wage rates are awarded to above average output and extreme work performance as an incentive. In this situation, management assumes that an employee's key goal is to improve his or her earnings. At this time, the management and employee is seen as very important for amplifying efficiency and productivity in relation to quantity as well as quality. In addition, according to Yamoah and Maiyo (2013:42), in traditional organisations, role culture is a key aspect in which emphasis is predominantly given to the proper co-ordination of activities and allocation of tasks by the top management.

In this situation the structure of the organisation is a proper hierarchy in which the style of leadership is typically authoritarian, where only vertical interaction is permissible and the existence of knowledge is centered at the top level of management. Consequently capacity development is maintained by these processes of traditional management as they emphasise the division of work. Hence, the aforementioned managerial approach conflicted with employee skills development, proper organizational procedures and organizational infrastructure which are crucial for employee capacity building. The concept of capacity building has in recent times gained traction especially in development discourses. As a result capacity building has gained widespread relevance in those organisations today that have evolved and characterised by an open system.

The processes of management in current organisations that are characterised by an open system operates on a continuous cycle of employees who work with the aim of attaining specific goals and which focuses on behaviours and human relations. Hashim, et al. (2014:194) state that contemporary organisations are operating in an open system which is characterised by: i) horizontal and vertical interactions of employees; ii) the promotion of the existence of knowledge at all levels in the organisation; and iii) the existence of an informal structure in which tasks are viewed to be non-monotonous. Most importantly, through the current open system, employees at different levels easily interact and share knowledge, which is key to the capacity building of employees. Currently, organisations may be flexible and informal, hence characterised by indeterminate relationships and efficient communications which mitigate a sense of discrimination and segregation in the organisation. Wanyama and Mutsotso (2010:73) state that as capacity building emerges in open systems, it stimulates skills enhancement for the employees to grow in their careers and a conducive work environment which is workable for employees from different races and genders, simultaneously encouraging close relationships amongst employees. In today's organisations, top management supports the building of teamwork and professional skills through employee capacity building. Ojokuku and Adegbite (2014:1) affirm that good relationships, respect and professionalism thrive through sound employee capacity building.

Capacity building originates in the United Nations where its intention is to develop employees and organisations. In the South African context, capacity building can be

traced to the Skills Development Act (Act No. 97 of 1998) which allows the erection of an organisational framework which accommodates workplace policies, strategies and programmes at the workplace. These programmes and strategies have to align with the South African Qualification Framework and criteria (South African Qualification Authority, 2012:1). The Skills Development Act provides a framework that executes and advises the workplace strategies on improving and developing the workforce skills of South Africa. This was created within the ambit of the South African Qualifications Framework. This prescribes the expectations of employers in terms of their contribution to the development of skills in the nation, as well as the proceeds which come with this process, which must be distributed to the purpose of the organisation. Capacity building is not a separate and stand-alone discipline, but is an essential element of the Human Resource Management programme (Ulrich, Younger, Brockbank and Ulrich, 2012:23). Human Resource practitioners are capacity builders who contribute towards moulding vibrant and productive employees within organisations (Yamoah, 2014:139).

2.3 THE CONCEPT OF CAPACITY BUILDING FROM THE PERSPECTIVE OF HUMAN RESOURCE MANAGEMENT

Human resource management remains the central field in which all developmental plans and programmes of enhanced employee development come from. In other words, it is responsible for the management and governance of all systems concerning employees in the organization through exposing them to proactive skills and knowledge. According to Lara, Mouallem and Farhad (2014:245), the term ‘capacity’ does not mean the same thing as ‘capacity building’. In fact, the lack of ‘capacity’ triggers the emergence of the term ‘capacity building’. Therefore, for proper capacity building to take place, it should be preceded by an appropriate assessment of the current capacity. In the context of the human resource management, the term capacity involves capabilities to carry out an assigned task and to adapt with the working environment. It involves competence, technical proficiency, commitment and memory. Capacity building has many interpretations and meanings, varying with the context it is utilised in and who utilises it. Capacity building is closely related to human resources development. According to Ahmad, Farrukh and Nazir (2015:61), capacity building happens at three main levels, namely the societal level, institutional level and individual level.

Capacity entails the capability of societies, institutions and humans to successfully perform, to find and achieve their goals, as well as to change for the purpose of advancement, development and sustainability (Yamoah and Maiyo, 2013:42). Capacity building incorporates the conditions of development that facilitate the enhancement of current skills and knowledge. The capacity building of the institution encompasses the formulation of proper management methods, organisational structures and sound policies. The European Centre for Development Policy Management (ECDPM) describes capacity in line with five core competencies, namely: i) the ability to accomplish coherence; ii) the ability to self-renew and adapt; iii) the ability generate expected outcomes; iv) the ability to self-organise; and v) the ability to act (Mouallem and Analoui, 2014). However, capacity building is viewed as an endogenous dynamic which greatly depends on an individual's perseverance, effort and motivation to progress and learn. In other words, without meaningful perseverance, effort and motivation on the part of the learner, capacity building does not achieve its intended purpose. According to Lee (2016:511), typical key capacities that stimulate growth incorporate knowledge networking and leadership development. Capacity building is greatly associated with the manner in which the organisation conducts itself. New competencies and skills are key aspects to be learnt in the organisation for capacity building. However, for capacity building to achieve its intended mission, material resources which include capital, finance and equipment are crucial. This indicates that without capital, finance and equipment, no meaningful capacity building can take place. Therefore, ignoring programmes of capacity building can lead to potential organizational failure.

Capacity building enables employees to manage and cope with ongoing administration and management (Yamoah and Maiyo, 2013:42). It also takes the employee beyond performance as it capacitates an employee to craft effective visions, as well as build self-corrective behavior. According to Ahmad, Farrukh and Nazir (2015:61), capacity building is predominantly an internal matter. It has a direct relationship with enhancement and sustainable development where capabilities are built to manage, promote and develop the capabilities of an employee towards anticipated missions and goals. Strategically, capacity building develops competencies with a view to controlling and monitoring future situations (Hideg, Michela and Ferris, 2011:393). Hence, capacity building deals with abilities beyond the performance of the 'core

function', in which it covers the capabilities to manage and govern, as well as anticipatory competencies. Therefore, capacity building in human resources management focuses on enhancing and building a cadre of extremely competent, motivated and qualified workforce at all levels in the organization in pursuit of not solely managing and coping with the current challenges, but also abilities of making decisions and strategic choices that can control the organisational destiny.

Capacity building in human resource management needs a new vision that takes human resources to a high level of organizational plans, not only with a view to overcome challenges associated as the employee progress in his or her career, but to turn those challenges into big opportunities. One of the fundamental roles of capacity building in human resource management is to identify the strategic functions and positions, as well as those tasks at the management level that are challenging (El-Mouallem and Analoui, 2014:245). In the same vein, it prepares and promotes an exceptionally knowledgeable and competent workforce for managerial and leadership positions. Strong human capital is a key component for innovative employees. For example, in any financial institution, an employee who has been capacitated with the right skills and conducive environment brings innovation in terms of new best ways of doing, new software, new management techniques and new approaches to business.

2.4 LINKING CAPACITY BUILDING TO HUMAN CAPITAL DEVELOPMENT

Capacity building is one of the key areas that supports human capital development with different types and highest levels of cutting-edge knowledge and skills that are not just important, but very essential to the proper and actual functioning of the organization. Farrukh and Nazir (2015:61) state that capacity building in human capital development can take two forms, which are (i) prepare for specialists and (ii) prepare for generalists. There is a growing trend of organisations developing their own specialists and managers through making rigorous training available to employees. The majority of top management are specialists either by experience or training, which gives organizational competence beyond market value (Yamoah, 2014:139). Generalists should be trained and educated with extreme effort in an attempt for them to have a mastery over well-rounded concepts. In this case, employees can be exposed to skills that can transform them to be highly developed managers who can manage and lead in their strategic positions, as well as developing long-term visions. These strategic people are difficult to obtain, develop, as well as retain. Once they

acquire these skills and knowledge, these employees may serve as ship captains who navigate under any situation and drive the ship to reach a desired destination safely (Wanyama and Mutsotso, 2010:73). This cadre of extremely strategic and highly valuable people needs an institutional environment which serves as an incentive outside and inside the organisation. Executives are the essential assets of the organization which should be utilised.

In human capital development, capacity building does not only bring improved skills, but also transforms the culture to make the workplace bearable and workable according to Wassem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad and Nawab (2019:1). Many problems inside the organisation, such as unfair discrimination, creep in through the erosion of good organisational culture, which leads to organisational dysfunction. Capacity building in human capital development brings real transformation and change within the organization through introducing a new conducive culture. For real organisational transformation to take place, Herrmann (2017:38) states that capacity building should be able to make the workplace adaptable, must be capable of bringing change and should make learning accessible, a little like machine learning in the current technological developments. Such transformation of culture can be achieved predominantly through behavioural and managerial training. In human relations and behavioural training, the ethics aspect is key to bring a new conducive culture to the organisation. These cultures emanate from both outside and inside the organisation. Capacity building plays a fundamental role in transforming the culture within the organisation that is associated with unfair discrimination, segregation and stereotypes (Maiyo, et al., 2013:42). Human capital leadership has a role to play in encouraging a change of organisational culture. Strategic people must be afforded managerial functions of the company where the 'fit' is both necessary and desirable. Cutting-edge knowledge is the success of the organisation and this can be obtained through capacity building. According to Riad (2016:671), strategic success and thinking requires the management and development of skills inventories and strategic knowledge. This is critical for human capital development.

In the financial sector the area for this research study, latest knowledge pertaining to management systems can be borrowed from other financial services companies in pursuit of a competent managerial workforce. Through capacity building, learning can transform middle-level employees to occupy strategic level jobs. The employees who

are developing in their careers on their way to becoming senior managers are may be required to develop and gain high insights and awareness in respect of managerial effectiveness through capacity building programmes. However, Goddy (2014:45) states that for stimulating the self-management and self-development of potential employees to occupy positions of manager, proper strategic planning is required. In the same manner, organisational systems and procedures need to be fine-tuned to meet conditions of personal growth. The HR department is needed to play a key role in accomplishing the strategic objectives and plans of the organisation.

The development of skills and knowledge in the many sectors is most demanding and stands as a formidable task, particularly in the rapid transformation and dramatic change of the environment, as well as accelerated competition. Maiyo, et al. (2013:42) state that this urges organisations to stabilize their mode and abilities of critical thinking through taking capacity building seriously. Most organisations often fail to manage and cope with transformation in the environment due to a lack of effective capacity to handle such changes. The capacity to manage uncertainties associated with top management jobs demands creativity, innovation, flexibility and anticipatory skills. According to Cook (2014:1), acquiring and mastering those skills is critical for the progress of an employee to a higher level. For employees to be effective at their workplace, they need new and already established skills in non-technical and technical areas. The knowledge and skills needed in preparation for education and training are essential to get an update of the prevailing situations. In fact, the effort exerted towards capacity building must be endless.

Some organisations employ external providers to offer training to their employees, such as training consultants and private training organisations. Bishop (2013:55) states that some organisations take a mid-way position in which supervisor and management training is contracted-out whilst on the job training and induction training is offered within the organisation. According to Ahmad, Farrukh and Nazir (2015:61), capacity building is predominantly an internal matter. Coaching and mentoring from veteran managers of their subordinates encourage organizational learning and knowledge sharing for the future growth of employees. However, culture deals with the manner in which the organisation operates, its values, beliefs and procedures. These aspects are influenced by the type of work, present influences, past incidents and employees working in it.

2.5 EMPIRICAL STUDIES CONDUCTED ON THE CONCEPT OF CAPACITY BUILDING

The empirical literature on capacity building has received attention on many sectors in South Africa. However, not much consideration has been given to financial sector especially in South Africa. A concise review of literature of such studies is as follows:

2.5.1 Empirical studies conducted on capacity building outside South Africa

Wassem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad and Nawab (2019) studied capacity building in textile sector in Pakistan and found that capacity building has a significant effect on employee performance. Onwujekwe, Mbachu, Etiaba, Ezumah, Ezenwaka, Arize, Okeke, Nwankwor, and Uzochukwu (2020) studied capacity building in health sector in Nigeria and found that workshops provided employees with new skills and competencies. Wood (2016) studied capacity building in education sector and found that capacity building enables employees to accomplish their goals. Wanyama and Mutsotso (2010) studied capacity building in financial sector in Kenya and found that capacity building leads to employee productivity. El-Mouallem and Analoui (2014) studied the need for capacity building in services sector in Middle East and found that capacity building is crucial in the organisation.

2.5.2 Empirical studies conducted on capacity building in South Africa

Ndou (2015) studied capacity building in public sector in South Africa and found that although there are positive effects of capacity building programmes in local government there is more need to be done especially with the alignment of capacity to strategic positioning of the municipalities. Hassen (2015) studied capacity building in public sector in South Africa and found that public institutions normally fail to accomplish their programme objectives due to inadequate personnel qualified and trained in public policy. Mukwevho (2015) studied capacity building in public sector in South Africa and found that employees perceive substantial imperfections in the management of the processes of human resources development which detracts its effectiveness. Yamoah and Maiyo (2013) studied capacity building and found that when capacity building conducted properly may have positive significant effect on employee performance.

2.6 COMPONENTS OF CAPACITY BUILDING

Capacity building is complex in that it incorporates both the organisation and individuals. Capacity building deals with development of skills, operational infrastructure and processes as well as the micro-environment of the organisation in order to achieve organisational goals (Maiyo and Yamoah, 2013:42). In simple terms, capacity building is based on human resource development and training. It is the amplification of individual and organisational abilities to perform the critical functions of the organisation. Capacity building strengthens the organisation and its facilities and also concentrates on conditions that permit employees to engage in the transformation process and change adaptation.

Capacity building could be categorised as building decision-making capacity, building awareness capacity and building analytical capacity (Lara, Mouallem and Farhad, 2014:245). In most cases, it is the decision-making and analytical capacities that are required to sustain the smooth flow of change to meet organisational demands without having negative consequences on performance. Hashim, et al. (2014:194) posit that from the “building awareness capacity” perspective as applied to human resources management, it is important to make employees aware of employees with disabilities in order to make co-workers conscious and acquainted. The issues of human resource management such as employment equity may require capacity building where the valuing “difference” approach is adopted to encourage interpersonal relationships amongst employees from different groups within the organisation (Kadian and Mutsotso, 2010:73). Organisations are expected to execute an organisational fit and conscientise employees to grasp the difficulties of employees with disabilities in their workforce.

On building analytical capacity, some organisations adopt the tradition of building their own specialists and managers through the provision of comprehensive training internally to reach the goals of the organisation. Maiyo, et al. (2013:42) affirm that employees need to continuously develop their capabilities through engaging in a variety of exposures and in different situations. This improvement in professional capabilities helps employees to be employable in challenging jobs that are associated with greater financial and professional values. According to Ojokuku and Adegbite (2014:1), formal programmes of capacity building prepares employees to be ready to take on higher posts. However, some organisations view capacity building exercise as

a wastage of resources. Furthermore, not all employees are willing to occupy top jobs in the organisation especially those positions that demand more work. In addition, the process of capacity building require proper planning and financial injection hence few organisations are ready to execute it. Moreover, many employers perceive that development is the sole responsibility of an individual employee. Meaningful and individualised career development that focuses on personal skills is a crucial part of the human capital development. Career advancement should be centred on individual merit.

With regards to building decision-making capacity, progress that is made towards pre-determined objectives as well as corrective action needs is addressed by sound decision-making by employees. The opportunities that are given to employees to hold new higher responsibilities require new decision-making skills that sustain performance because employees with vibrant decision-making capacity are likely to maintain or increase the performance of the business. However, some organisations believe that pure leaders who make sound decisions for an organisation to excel are born not made. Furthermore, Yamoah (2014:139) states that capacity building has two targets, namely institutional capacities and human capacities. These two targets are equally crucial for organisations in any industry when they seek to improve its human resources. Although institutional capacities may be costly to develop, they are as important as human capacities to improve human resources within the organisation. Capacity building has two main focus areas which though different from each other, are complementary, namely human capacities and institutional capacities. In human capacities, assessing the capacity building needs is very important.

2.7 ASSESSING CAPACITY BUILDING NEEDS

A well undertaken capacity building needs assessment is essential to design programmes in line with priorities (Herrmann, 2017:38). Needs assessment is also crucial if programmes for capacity building are required to show specified priorities and conditions of employees. However, the assessment succeeds when employees openly share their needs with their line managers, as well as with top managers. A long-term capacity building strategy is employed as the needs identified are given priority and addressed. Maiyo, et al. (2013:42) highlight that due to the budgetary constraints of most private companies, the first step is the identification of needs which will contribute to quick results with limited funds. Capacity assessment helps to recognise the existing

need, thereby devising new capacity building programmes to address these needs. In relation to this study, however, this also requires a clearer look into the existing institution and structural setting of the organisation.

Capacity building needs to be properly planned not just providing all employees with one method of professional development which may not improve their competencies. In line with this study, the predominant combination of expertise required is the ability to make assessments of the business' strategic goals and operations, as well as meeting compliance and regulations demands. It is a pre-requisite for employees to possess analytical thinking and stakeholder management skills, in addition to a grounded and solid grasping of a holistic view of the organisation (Muyambiri and Odhiambo, 2017:20). Every organisation wants to see each cent spent on the training of employees provide a return on investment (Clayton and Headley, 2019:136). Professional development of employees must not be taken as "one hat fits all". Companies in the financial sector require sets of skills that are unique, as well as innovations to bring sustainable wealth and proficiency to deal with sophistication. According to Lara, et al. (2014:245), the two main levels of outcomes of capacity building are: i) the organisation's ability to respond and adapt to change and ii) the capacity of the organisation to grow. The perseverance of employees in learning enables the organisation to grow, change and flourish. The key capacity building aspect that enhances change and growth is professional development (Holden, 2013:15). In light of this, the provision for regulating professional development has been included in the legislation (the Skills Development Act) to help stimulate building the capacities of employees.

Sharma and Kaur (2015:1) highlight that the effectiveness of capacity building is increased when a comprehensive investigation of the existing setting within the company is taken into consideration. The workplace skills plan helps to identify skills shortfall as well as provides a blueprint for skill acquisition at the workplace. A skills audit is required to forecast the future skills development needs of employees, in particular the equity employees in order to verify whether the prospective skills development can or cannot be resolved through professional development. In the financial sector, an audit revealed that specialised professions are scarce to equity employees, namely hedge-fund managers, auditors, qualified chartered accountants and actuaries (Brown, 2016:1). Normally, the line manager is the one that identifies a development need of an employee. In relation to this study, the line manager assesses

whether or not the potential equity employee possesses the managerial and leadership skills required at the middle, senior and top, executive management. Managerial skills of striking a balance between allocating financial resources in a socially desired manner and the cost of financial services is needed in financial institutions. In this study, reluctance in ensuring the presence of financial system experts has stifled potential new developments. However, it is crucial that the objectives of the capacity building programmes are made clear. The objectives of the capacity building intervention should be clearly understood by line management and the employees (Noe, Hollenbeck, Gerhart and Wright, 2017:15). The programmes of capacity building must map a clear contribution towards the achievement of the desired development. Individual targets for capacity building must be executed at every management level, namely junior, middle, senior and top executive management, not just at general skill development targets contained in the Generic codes. Sets of objectives that are clear, as well as those that are mutually agreed upon between employees and their line management, help to effectively develop the human capital. In addition, Ojokuku, et al. (2014:1) point out that clearer objectives improve synergies and makes sure that capacity building truly meets the expected performance that an employee is expected to deliver at the workplace.

2.8 APPROACHES TO CAPACITY BUILDING AND THEIR METHODS

Capacity building involves developing abilities, competencies and resources that the organisation is required to adapt to a dynamic environment (Mouallen, et al. 2014:245). In financial sector, the increase in digitisation requires brilliant skill sets of employees in order to avoid organisations from falling behind customer expectations. Most positions in financial companies require a particular combination of experience and skills (Chigada and Hirschfelder, 2017:1). The table below depicts the approaches to capacity building and their methods. In relation to organisations, capacity building relates to the strategy and mission, human resource policies and procedures and professional development (Tahir, et al. 2014:67). In relation to an individual, professional development incorporates skills acquisition, technical skills, interpersonal skills and conceptual skills. In relation to this study, for managerial and leadership positions which are under-represented by equity employees, conceptual skills are the most important competencies needed.

Table 2.1 below indicates the key approaches to capacity building for this study, which are professional development, organisational policy or support and the internal environment (Maiyo, et al. 2013:42). In line with this study, professional development approach attempts to improve the managerial and leadership skills of equity employees while the organisational policy predominantly deals with elimination of unfair discrimination. The facets of professional development include mentoring, learnerships, coaching, apprenticeship, workshops, understudy, team-building, job rotation and simulations, amongst others. For managerial and leadership positions, coaching, mentoring and understudy are the employee professional development programmes mainly adopted by organisations. However, in financial sector, there is a scarcity of proper mentorship for black actuaries. Most black actuaries come from poor backgrounds. For financial companies to bridge the gap, effective and formal mentorship and coaching programmes are required for female and black professionals. The facets of organizational policy encompass the streamlining of processes, procedures and systems, career pathing, succession planning, job re-design, mission and vision, amongst others. In order to fully grasp the concept of capacity building the Maiyo, et al. (2013:42) provides the Table 2.1 as a framework that can be utilised to conceptualise capacity building.

TABLE 2. 1: APPROACHES TO CAPACITY-BUILDING AND THEIR METHODS

Key approaches to capacity building	Methods of approaches to capacity building
Professional development or skills development	Learnerships, coaching, workshops, mentoring, team-building, job rotations, secondments and stretch assignments, understudying, simulations
Organisational policy and process development	streamlining of processes, procedures and systems, benchmarking, career pathing, succession planning, mission and vision.
Environment	physical environment

Source: Maiyo, *et al.* (2013:42). Adapted.

In reference to this particular research study, the facets of the environment relate to internal environmental aspects. Sharma and Kaur (2015:1) state that the company is expected to develop the internal environment of the organisation to make it conducive for employees from designated groups, particularly employees with disabilities. Capacity building deals with the development of individuals, organisations and the building of conducive physical environments in order to generate relevant responses to arising needs. According to Yamoah (2014:139), levels of capacity building are the

following: i) individual- relates to the process of developing skills and changing behaviours and attitudes whilst optimising the merits of knowledge exchange; ii) organisational - relates to effective procedures, organisational structures and sound policies within the organisation, as well as the maintenance of processes and operational infrastructure; and iii) systemic - relates to the entire framework of policy where organisations and individuals interact and operate in line with the external environment.

For the scope, design and success of capacity building, Riad (2016:671) suggests that the following three key elements should be taken into consideration: defining goals or outcomes; the strategy of change required to achieve the goal; and the resources required (money, time and energy). In this study, the goal is make the employees from designated groups employable at the managerial by equipping them with relevant skills and knowledge required at those positions. Goddy (2014:45) indicates that professional development is a planned approach that is utilised to accomplish the goals of the employee and equally that of the organisation. The professional development purpose includes: enhancing employee performance; facilitating access to future potential job opportunities for employees; and meeting the ever-changing business environment needs. In this study, professional development is aimed at facilitating access to future potential job opportunities for employees and enhancing equity employee performance through providing pre-requisite that are essential at managerial levels.

2.8.1 Professional development as an approach to capacity building

Ojokuku, et al. (2014:1) see professional development as a long-term process of enhancing non-human and human potential. While all employees have to live up to the job demands as well as performing to their best levels, similar expectations are held for employees from designated groups. Most employees in financial companies from designated groups are qualified but inexperienced hence they do not suitably fit in those managerial positions. Experience is very important as it is associated with the skill. Capacity building seeks to bridge the skills gap between non designated employees and designated groups hence, in this study, the organisation can be able to maintain equal representation at managerial level across its units and departments. The term 'skill' relates to the dexterity, proficiency or facility that an employee acquire through experience or training (Herrmann, 2017:31). The required competency that can be proficiently implemented for a definite purpose in a certain context is called a

skill. Maiyo, et al. (2013:42) outline the competencies that indicate the meaning of a skill. These encompass the following: foundational competence -the capability of an employee to grasp the work he or she is doing as well as what others are doing and why; reflex competence -the capability of an employee to connect his or her performance with the performance of others so that he or she can learn from his or her actions, as well as the ability to be accustomed to change -practical competence: the capability to undertake a set of responsibilities; and skills -the form of facets of human behavior that can be learned and enhanced with practice. In relation to companies in financial sector, the employees from designated groups are required to acquire all the aforementioned competencies prior to their appointment to the three main levels of management, namely, middle management, senior management and executive management.

Tahir, et al. (2015:435) state that there are two main categories of skills that can be acquired through professional development, namely hard skills and soft skills. 'Hard skill' is an occupational skill required to perform the functional aspect of the job. All managers within the organisation are expected to have professional hard skills, such as managing projects. Therefore, in relation to this study, before the employees from designated groups get appointed to the managerial they must be equipped with hard skills. Hard skills help managers to make informed decisions in time, to understand goals and priorities and to view different circumstances in a wide organisational perspective (Cook, 2014:1). Soft skills are referred to as behaviours that employees show as they perform their occupational work. Some of these behaviours include: the proficiency in leading number of employees; the manner in which one relates to staff members who are having work-related conflict; and professional interaction in business prospects. Hence, before appointment of equity employees to managerial level they need soft skills to be able to lead the employees well in the organisation.

Hard skills aim to get the work done, whilst soft skills aim to get the work done exceptionally well. Soft skills are crucial to persuade people to understand complex things within the organisation. In this study, the equity employees need to be exposed to soft skills in the form of analytical skills in order to handle difficult situations within the organisation. It is with these soft skills, the appointed candidates from designated groups can be able to make sound decisions in the organisation. However, managers are required to master both because they are equally important. Many top managers fall short in embracing the issue of human relationships within the firm, instead they

find themselves focusing on non-leadership roles. For example, the CEO spends time reviewing responses to the clients' enquiries and most Board members micro-manage the organisation's developmental activities. Top managers should kindle positive actions which transform the organisation and change outcomes (Goddy, 2014:45). In line with this study, employees from designated groups need team skills, strong interpersonal skill and communication skills before they assume managerial positions to successfully manage the organisation.

Soft skills are critical for decision-making, especially where the situation within the organisation dictates uncertainty. A study carried out James, Tracey and Matthew (2014:1) on analysis of career progression and found competencies in soft skills as a key enabler of organisation success. However, it is noted that most top managers lack the skills required to evaluate options when making decisions, thereby raising the risk of making poor decisions. Therefore, potential employees from designated employees who are take high positions in financial sector should be developed in order for them to innovatively fulfil their duties, as well as anticipate and comprehend the business's status and the market. Leadership development can be transferred through experiential learning. In this case, coaching and mentoring are best professional development methods that can impart designated employees with leadership skills. Professional development programmes provide skills and knowledge that are helpful in managing teams. The professional development program seeks to boost skills at all levels that are required by managers, ranging from personal to tactical, operational and strategic. However, in relation to this study, the operational and strategic skills remain the central focus since designated employees need those skills to qualify for managerial positions that are under-represented in the organisation under the study. Santa, Stojkoski, Josimovski, Trpevski and Kocarev (2019:1) point out that all the skills are important, namely conceptual skills needs to be intense at the senior managerial and executive levels, interpersonal skill needs to be maintained much at the middle level, and a technical skills are usually of vital importance with lower-level employees. Therefore, for the organisations to fill the under-represented of employees from designated groups positions at middle, senior and executive management they need to devote their energy and resources on conceptual and interpersonal skills.

However, an employee needs a clear professional development system within the organisation in order to prepare his or her own individual development plans.

Professional development referred to by Reilly and Williams (2012:46) as the acquisition of skills and knowledge that can be utilised in the future or presently. Professional development is a much broader process, widely focused and works on a long time-frame. It concentrates on updating, adopting and increasing competencies, personal abilities, skills and knowledge. Professional development systems comprise the provision of assignments, information and training (Asiya, Sajjad and Zeb, 2012:284). Hence, provision of information and assignments must be provided to the designated groups during the coaching, mentoring and understudy. Employees are given an assignment to improve their ability to deal with complex tasks within a given situation. Nevertheless, Goddy (2014:45) postulates that capacity building goes deeper than the mere provision of information. In relation to this study, it integrates knowledge development and the capability to apply that knowledge at the workplace by designated employees. Training techniques incorporate delivery of knowledge, discussions and knowledge application.

2.8.1.1 Professional development in relation to human capital development

Employees require professional development to commensurate with the new skills and knowledge expected in the higher position. According to Ojokuku, *et al.* (2014:1), these skills may include intellectual, entrepreneurial, interpersonal and social skills. Therefore, these skills are crucial for designated employees before they appointed to the managerial positions. Intellectual skills denote occupational skills. Entrepreneurial skills entail the capability to run and maintain business activities. Social and interpersonal skills relate to teamwork skills, communication skills and the capability to teach others about how to handle customers. These skills are of paramount importance to the managers in financial organisations. However, in this study, the social and interpersonal skills are suitable for designated employees who look forward to occupy the position of marketing and sales manager. Apart from the efforts of companies in the financial industry towards upskilling employees, Sector Education and Training Authorities (SETAs) compel organisations to contribute 1% of the company's employee budget to training (Cook, 2014:1). In addition, the employee is mandated to contribute 1%. An organisation must have a workplace skills plan for employees which can be the basis for developing the required skills (Smyth, Reading and McDowell, 2017:1). This ensures that all employees are included in programmes of capacity building. Employees should also be encouraged to acquire as much

knowledge as they can. In relation to the financial sector, designated employees who want to occupy managerial positions should gain skills that are crucial for financial sector, such as customer care skills, communication skills, time management skills, presentation skills and conflict management skills, amongst others. In this case, the plans are vital for the identification of the requirements of training.

Smyth, *et al.* (2017:1) state that professional development programmes equip employees with the means to execute the workplace skills plan objectives of the organisation. Organisations have the burden of upskilling large numbers of unskilled and semi-skilled employees to improve competencies of employees in the labour market to future job opportunities at middle, senior and executive managerial levels. A skills plan needs to be drawn up to improve the skill levels of potential of employees who can occupy managerial position in the organisation. Thereafter, schedules, strategies and tasks have to be developed to ensure that the required skills are acquired. Skills planning should also incorporate good results and the improvement in the performance of employees.

2.8.1.2 Methods of professional development

A variety of methods are used to build capacities. Capacity building is usually misinterpreted as the tendency of being associated with a range of activities such as regional meetings and policy dialogues among others. Yamoah (2014:139) affirms that this range of activities cannot be part of capacity building because there are no clear capacity building methodologies that are utilised, as well as there being no clearly defined capacity building objectives. Acquiring new skills and knowledge takes much more than a mere power point presentation in a meeting. In addition to listening and watching, employees require experiences that are real life in order to acquire novel skills (Amundson, Mills and Smith, 2014:13). Ubels, Acquaye-Baddoo, and Fowler (2010:20) warns that the programmes that are given with capacity building objectives require careful design so that they do not reflect presentation-discussion style. In relation to this study, the move from presentation-discussion style to interactive-real-life-experience style through utilising field visits, case studies and other related experiential learning can really build capacity of equity employees. The influence of capacity building programmes can be increased when the programmes are not once-off events but embedded in the organisational strategies as long-term programmes. In

relation to this study, the different capacity building approaches can be used in parallel to draw maximum skill and knowledge enhancement.

Building decision-making and human capacity requires strong attention to be given to learning-by-doing and formal education (Mouallen and Analoui, 2014:245). This may provides equity employees with learning-by-doing which builds their analytical and managerial skills and knowledge in the course of a project. Staff capacity building may be a prominent strategy which organisations in the financial sector can execute in order to boost high quality services to their valued customers. Every financial institution makes effort towards continuous improvement in customer satisfaction through high quality service. The development of skills of particular occupations arises through multiple pathways and through a number of programmes. Professional development has three learning dimensions, namely the capability to influence aspects that are job-related, having a position that is open for creativity and the chance to take part in the novel aspects of the job (Mouallen, et al. 2014:245). All the learning dimensions are critical for employees from designated groups for them to properly fit in managerial positions.

According to Frank, et al. (2013:435), programmes that can build leadership skills include job rotation, mentoring, coaching, secondments and stretch assignments. These programmes are important for equity employees since these programmes equip them with leadership skills to suitably take up managerial positions. The experiences of employees should be linked to the required developmental and learning outcomes. A number of methods of professional development can be used to raise awareness and to build skills, which incorporate analytical and decision-making skills. Goddy (2014:45) highlights that analytical and decision-making capacities require holistic professional development programmes such as coaching, mentoring, workshop training, job rotation, team-building, secondments, stretch assignments, understudying and simulations. In line with this study, through these professional development methods, employees from designated groups develop skills that cover financial management, general management and leadership, change management, strategic management and project management which are fundamental to position of line managers, departmental managers and directors. Potential support employees, clerical employees and general managers develop skills that encompass team-building, customer care, diversity, supervisory orientation, situational leadership, communication skills, conflict management, stress management, presentation skills

and time management (Ojokuku, et al., 2014:1). Other elementary positions acquire skills such as computer skills, leadership, business administration and personal budget management. There is an increase in the use of the intranet as a medium of professional development, particularly for technical skills.

2.8.1.2.1 Evaluation of the impact of mentoring as a programme of professional development

Kim (2014:91) states that mentoring takes place when experienced veteran employees and low-ranking employee embark on a long-term skill building relationship in which the veteran helps the protégé to learn knowledge concerning crucial tasks of the job, as well as preparations for future job advancement. Mentoring is crucial for equity employees who want to take the managerial positions in the organisation. In relation to this study, the equity employees can acquire practical financial management skills, general management and leadership skills, change management skills, strategic management skills and project management skills through mentorship. In terms of mentorship, a study carried out by Koyuncu, Burke, Alayoglu and Wolpin (2014) on mentoring relationship involving a survey of 192 women professionals and managers in Turkey and found that having a mentor relationship has little influence on work outcomes. They found that both male and female mentors play the same functions. In terms of this study, the organisation may utilise a qualified and experienced senior employees to give advice and guidance equity employees, which help them to grow in their careers. In relation to this study, mentoring involves the highly skilled expert that helps to build up the managerial and leadership skills of an inexperienced equity employee placing emphasise on supporting the equity employee to properly fit to managerial position. Arora and Rangnekar (2015:63) state that mentoring takes the form of guidance that is usually provided on a voluntary basis by the senior experienced employee to a younger inexperienced employee in the form of emotional support, advice and information. However, a study carried out by Mains and MacLean (2017:189) on mentor and mentee perceptions and experiences involving a survey 50 respondents and found that, in mentoring, seniority is not considered first but the experience and skills of an employee is a priority. However, the findings also indicated that mentoring focuses on general development rather than career progression. This conflicts with a study carried by Ann (2017) who focuses on mentoring for career development and found that mentoring equips the mentoree to deal with future issues.

In relation to this study, mentoring help the equity employee to acquire skills, techniques and knowledge in management positions. . Hence, less experienced equity employees require mentors who are well-experienced to offer advice. Mentoring is a very useful approach to enhance professional development of employees from designated groups. In this study, the practice of mentoring is functional and vital to equity employees within an organisation where they may be attached to a senior manager or immediate manager. Arora and Rangnekar (2015) conducted a study on career mentoring in predicting occupational commitment in both private and public sector organizations in North India involving 300 mentored employees. They revealed that career mentoring fosters employees to dedicate their efforts towards work accomplishment. They also found that mentoring has a great positive impact on occupational commitment. Janssen, Tahitu, van Vuuren and de Jong (2018:245) attest that mentoring seeks to develop the skills to undertake responsibilities as well as internal relationships within the organisation. However, this does not bar older employees from also undergoing a process of being mentored to take up responsibilities for a higher position (Ann, 2017:117).

Michelle, Tina and Barbara (2017:594) argue that mentoring prepares an inexperienced employee to take on higher duties. In terms of this study, it prepares equity employees to occupy under-represented managerial positions. A study carried out by Baran (2017) on the importance of mentoring and employee work engagement in Poland involving 1010 employees and found that mentoring is crucial in shaping employee commitment at work. However, frequent communication between the protégé and mentor is of greater importance for the success of mentoring. In line with study, the mentor is expected to give the equity employee (protégé) psychological advice together with appropriate career support. Mentoring improves the comprehension of the system of the organisation and the acquisition of knowledge and skills. A study carried out by Asiya, Sajjad and Zeb (2012) on the role of capacity development in the banking sector of Pakistan involving 74 respondents and found that managerial mentoring is a training method that impart skills and retain good employees. Mostly, mentors offer counselling to their protégés with regard to advancement and networking within the organisation. In terms of this study, this increases the confidence among equity employees in which they can switch from viewing themselves as followers to be leaders. In some cases, they give personal advice. Additionally, where the mentor and protégé have similar interests, this may also bring forth the development of an unplanned relationship.

Jyoti and Rani (2019:166) stress that protégés with a particular character are normally apt at searching for mentors who share similar characteristics. The aspect of the mentorship relationship can be organised formally whereby the organisation pairs a successfully experienced employee with an employee that is inexperienced. This may be termed formal mentorship. In relation to this study, formal mentoring is seen as the most popular training method that grooms an equity employee to familiarise themselves with the duties of higher positions. However, it is noted that the protégé may be uncomfortable to trust and share openly with a mentor who has seniority as well as one who is in a direct line with him or her. Therefore, ideally, a mentor must not be in a direct line seniority relationship with the mentee in order to have successful development. In contrast, a study carried out by Kim (2014) on mentor-protégé affinity involving a survey of 1853 manager-level employees and found that the mentor and protégé affinity do not have a direct impact on the outcomes of mentoring. However, he further found that a good match between mentor and protégé is crucial.

Irene and Samantha (2017:189) are of the view that a mentor should be brought from a completely different section of the organisation which does not influence the mentee in any way. In this case, numerous capacities of support, particularly psychological support, can be given to the protégé, namely information in respect of organisational structure and internal policies and friendship, amongst others. Psychological support also incorporates affording sufficient time to share areas of concern, ensuring a conducive environment, as well as playing the part of a role model. According to Janssen, et al. (2018:245), the main characteristics of mentoring are that: the relationship may be terminated by either party with no prejudice since participation is voluntary; the need to be considered for mentor selection is based entirely on the willingness to undertake the role of mentors; mentees are encouraged to discuss failures and successes; and in areas that are not performed or poorly done as identified, mentoring should be comprehensively evaluated. Overall, there is no study that has been conducted to test the impact of mentoring on equity employees who are not only inexperienced but also not suitably qualified due to past discrimination tendencies.

2.8.1.2.2 *Critiques of the influence of coaching as a programme of professional development*

Grover and Furnham (2016:1) define coaching as the development of employees within the organisation so that they effectively perform their work and attain maximum potential. According to Mihiotis and Argirou (2016:448), coaching takes place when a manager or peer assists, stimulates and builds the competencies of the coachee. The coach gives reinforcement to the skills of the coachee, as well as feedback of the coachee's performance. A study carried out by Utrilla, Grande and Lorenzo (2015) on effects of coaching in employees and organizational performance in Spanish firms involving a survey of 2,303 human resource managers and found that coaching has an impact on both organizational performance and individual performance. Coaching describes a scenario where a highly experienced employee is assigned to train an inexperienced employee. However, the influence of coaching is not reliant on how old the coach is, but the level of experience and expertise of the coach (Mihiotis and Argirou, 2016:448). In this study, the coaching process provides a platform for participation of the veteran and senior manager and the equity employee. The equity employee learn analytical and decision-making skills which are essential in management positions. Therefore, coaching is of paramount importance in providing skills that an equity employee suitably fit in managerial positions. This gives a manager adequate time to measure the equity employee's performance.

A study conducted by Bozer, Joo and Santora (2015) on executive coaching in 4 Israel-based firms surveyed 68 participants and found that gender similarity had a significant relationship with the change of coachee's self-awareness. In relation to this study, for the potential equity employees (coaches) to improve their confidence and character, they may need a coaches of the same gender as theirs. An improvement in confidence is very critical for equity employees to have the courage to take up managerial positions. In other words, male executives with female coaches responded that their self-awareness was not improved as a result of coaching. However, different from mentoring, most human resource practitioners are not concerned about matching coach-coachee based on similarities because executive coaching is highly structured process and has precise objectives. Helle and Poul (2015:501) point out that the job of a coach focuses on getting the employee adjusted to the workplace, as well as troubleshooting predicaments till a certain level of performance is accomplished. A study carried out by Dello (2017) on the role of coaching leaders for age-diverse

employees involving a survey of 576 employees and found that coaching leaders are perceived to be less manipulative in their performance ratings. In terms of this study, this entails that the equity employees get to learn from their coach without any prejudice and effectively check their progress.

Usually, coaching is a short-term relationship between the immediate line manager and the employee with the purpose of developing the skills of the employee to occupy higher positions and to increase performance. A study carried out by Azman, Nursaadatun and Azmi (2016) on managerial coaching in Peninsular Malaysia and found that managerial coaching is a crucial determinant of employees' stimulation. The experience gap amongst employees from designated groups triggers coaching interventions. Pliopas (2017:1) notes that active coaching usually focuses on the acquisition of the technical aspects in the job. Effective coaching should have prompt and constructive feedback to gain continuous improvement of skills and knowledge. With coaching, the performance of an employee is enhanced. Through coaching, employees feel respected and valued to earn higher competencies to occupy top positions (Kim, 2014:59). The coaching process cements a relationship of higher quality between the subordinate and the manager through engaging in behaviours that are crucial to the organisation.

Bozer, Joo and Santora (2015:218) highlight that coaching can take place in an unplanned manner spontaneously at the employee's workplace or in a planned manner officially through embarking on coaching sessions at a particular place in the organisation. In this method of professional development, a superior is expected to stimulate employees and help them to build their competencies, provide them with feedback and support. Azman, Nursaadatun and Azmi (2016:98) state that a coach is regarded as someone who has a deeper know-how about the operations of the organisation and also the behavioral change of employees.

Organisations have to ensure an excellent organisational culture and climate that facilitates the usage of effective coaching. In this method of professional development, coaches usually fall in a direct line relationship with the coachee. Normally, the veteran senior employee stands as a role model for the correction of skills or behavior. Coaching challenges may arise, especially in a scenario where the coachee is more qualified than the coach, and the coach resorts to avoiding confrontation by doing away with discussions associated with issues of performance. Another challenge is that the

coach may take coaching as a platform that subjects himself or herself to criticism and scrutiny by the coachee. Coaching assists less experienced employees to grow, improve and reach a high level of performance through the provision of encouragement and awareness (Dello, 2017:769). It is one of the best methods of training that improves employee work performance as well. Yates (2015:36) indicates that there are three streams of coaching, namely executive coaching, managerial coaching and general coaching. Executive coaching has occupied space these days in most business. Executive coaching relates to the relationship of coaching amongst individuals who occupy higher posts and have executive responsibility and authority within the organisation (O'Neil, Hopkins and Bilimoria, 2015:253). In executive coaching, the top level employee can be coached through the service of an external consultant with the aim of assisting the individual to fit in the position, improve decision-making and accomplish the expected organisational goals. In relation to this study, executive coaching is relevant to provide required skills in respect of decision-making to the equity employees who will be filling the under-represented positions in management.

Coaching is a performance-driven and goal-focused intervention that is usually spearheaded by managers to accomplish high performance. Utrilla, Grande and Lorenzo (2015:166) assert that managerial coaching assists to develop particular work competencies that are crucial to carry out the work and to qualify for high position. Potential equity managers should acquire a number of skills in order to utilise managerial coaching as an employee developing tool. Managerial coaching takes a manager as the coach of the less experienced employee. In relation to this study, the equity employees receive information about what is expected from them in positions to be occupied. General coaching means that anyone who is experienced within the organisation can coach a lesser experienced employee in order to improve the work performance of the employee.

Through coaching, developed employees are able to occupy highly demanding job-related competencies (Diochon and Nizet, 2015:277). For example, coaching improves salesperson's skill which ultimately leads to high sales volumes. Relational behaviors of salesperson in financial institutions such as sales-orientation, are imparted through coaching. Defiant and manipulative behaviors of a salesperson, such as lying, need to be ironed out through coaching. According to Thompson and Cox (2017:64), role modeling, trust and supervisory feedback are three main components

of coaching that should be found between the subordinate and the coach. In this case, the coach encourages the equity employee (coachee) to learn, focusing on discovery and collaboration, as well as assisting in surfacing and testing assumptions.

Coaches apply the skills and knowledge they possess to assist subordinates to be aware the responsibilities and flaws and probable solutions and changes. Rosinski (2018:47) states that the most essential tool in the process of coaching is questioning whereby precise questions are posed to subordinates in order to diagnose the problem and make them understand the subject. The coach usually becomes a mere facilitator in the development and discovery of the employee, whilst the employee remains the domain of the locus of knowledge. In this regard, Gro and Susann (2014:631) declare that the process builds high quality relationships between the subordinate and manager or subordinate and supervisor which give an atmosphere of collaborative and oneness, which in turn boosts the commitment and development of skills.

The coach also provides knowledge with regard to communication and smooth interaction within the workplace so that employees can desist from using biased, stereotypical and discriminatory speeches. Dello (2017:769) states that the knowledge base of coaching gives a new professional view amongst organisational employees that stimulate high level of performance. The attitude of an employee towards aspects around the operating unit equally reflects the vision of the employee's view around the organisation. Coaching develops employees through the removal of the fear of failure, replacing it with increased self-esteem and confidence that ultimately tends to improve fitness of an employee to the higher position. It makes trainees understand what is expected of them in high managerial positions.

A study carried out by Gro and Susann (2014) on leadership coaching involving a survey of 192 participants and found that coaching is a key leadership development tool. Grover and Furnham (2016) studied coaching as a developmental intervention in organisations and found that coaching is an effective tool that benefits organisations. However, the study did not reveal the extent to which coaching can impart skills to the employees. In addition, coaching should be associated with reward strategies. Grover and Furnham (2016:1) dispute that with review and state that there is no sufficient research conducted to give individuals the realization of the true impact of coaching. Helle and Poul (2015:501) argues that the result of coaching will not impact

performance of an employee if they are not satisfied with the culture of the organisation.

2.8.1.2.3 Analysis of the impact of job rotation as a programme of professional development

Job rotation is a pre-determined employee replacement in different jobs within a certain specific time period in order to build up diverse skills and improve employee performance. Kampkötter (2016:1) states that job rotation relates to the moving of a worker from one job to the other with the purpose of improving innovation and creativity at the workplace. This improves employee performance, resulting in the growth of the organisation. Regular system of rotation helps to improve decision-making in different departments, thereby reducing unnecessary operational constraints. In relation to this study, transfers and job rotation can be criteria for building the skills of equity employees where equity employees move from one responsibility to the other in order to be able to take a higher position within the organisation, or a move from one department of the organisation to the other. In this case, broadens the knowledge of equity employees from specialist employees to be generalist employees. Mostly managers need to have a general view since a significant amount of time is spent managing the whole organisation and little time is spent managing functional areas of speciality. Ali-Mohammadi and Ramezani (2017:27) state that job rotation gives know-how of the goals, purpose and the general condition of the company. Job rotation increases the versatility of skills which are crucial in times of business change or slump where managers are expected to be flexible to carry out new responsibilities.

However, a study conducted by Kampkötter (2016) on job rotation and employee performance involving 40 companies in the German financial industry and found that organisation must not anticipate an improvement of performance when a lower performer is rotated in different functions. He further found that companies must provide the program of job rotation to high performers. In terms of low performers, they found that there is no correlation between future performance and job rotation. In this case, an employee serves and mobilises responsibilities at different levels of the organisation, and gets acquainted with different jobs within the organisation. The time-frame for each job assignment normally takes up to a minimum of six months (Priscilla, Julitta, Monique, Frings-Dresen, Henk and Van der, 2015:205).

During these assignments, a senior employee/line manager observes the trainee, and is responsible for conducting the duties of development and evaluation of the trainee. A study conducted by Ali-Mohammadi and Ramezani (2017) on evaluation of the effectiveness of job rotation system at Maskan bank branches in Tabriz city involving a survey of 214 employees and found that job rotation is effective and influential in bringing organizational change. Over this professional development cycle, the trainee must grasp the operation of each department which includes important procedures and policies. Once this professional development is completed, the trainee's readiness is determined by the assessments compiled. Thereafter, the managerial position where the employee may be finally and permanently placed is announced. This facilitates employees to conduct self-evaluation of the capabilities they possess against those required. Thongpapanl, Kaciak and Welsh (2018:1087) state that job rotation is crucial for employees who want to occupy managerial positions in future. Hence they need diverse skills in order to take up the managerial duties of different jobs.

These employees can gain varied experiences and skills as they rotate through different posts, thereby learning various aspects that a manager is expected to do. Job rotation helps employees to learn the skills of different jobs at a given period of time. A study carried out Narongsak, Eugene and Dianne (2018) on job rotation and joint rewards involving a survey of 232 Canadian firms and found that joint rewards and job rotation are positive and strong drivers of firm performance. Rotating jobs within the organisation leads to the building of innovation and intellectual development. It also increases flexibility amongst employees from designated groups. A significant improvement at the professional levels of employees can be stimulated by job rotation given that it enables them to get familiar with their tasks. In this case, scientific and technical skills of different posts are also learnt.

2.8.1.2.4 *Effectiveness of understudying as a programme of professional development*

On a daily basis, an understudy performs tasks under the instruction and supervision of the veteran and qualified employee to learn how the work is carried out. Devi and Phanindra (2014:16) state that an understudy describes an employee who takes the responsibilities of an assistant to a senior and experienced employee. In relation to

this study, the potential equity employee may take a position of an assistant manager where he or she gets trained on how to carry out the work before being appointed as a full manager. In the event that the senior employee is absent, an understudy carries out the job in non-critical areas. Van Reede (2012:36) highlights that the superior can also be relieved from doing certain responsibilities of the job, hence providing sufficient space to learn some tasks of the superior's responsibilities. However, it is important to note that certain skills are difficult to copy as the acquisition of expertise needs a remarkable commitment from the protégé.

2.8.1.2.5 The impact of workshops and seminars as a programme of professional development

Workshops and seminars are expected to be participatory, interesting and practical so that participants can receive them well. Ebben, Rose and Joyce (2017:1) highlight that a business seminar denotes the presentation of well-planned information that usually takes the form of oral delivery to the audience. Workshops and seminars encourage two-way communication since participative interaction is stimulated as well as the fact that trainees are afforded the opportunity to share views and get feedback. These methods of training are crucial in facilitating a trainee to have control over what, how and when to learn in a specific period (Needles, 2013:1). Workshop training at the workplace strongly builds human capacity at an awareness-raising level. In relation to this study, when the workshop is effectively designed, it can succeed in building analytical capacities which are very crucial for equity employees to possess before taking the managerial positions. Workshop training shares experiences amongst each other, as well as trainers. The theoretical base can also increase through workshop training. However, the nature of facilitators and trainers determines the quality of delivery.

2.8.1.2.6 The influence of simulations as a programme of professional development

Simulation gives a chance for a trainee to understand and recognise the consequences of decisions in a risk-free environment. Koch, D'mello and Sackett (2015:130) state that simulation can be seen as a professional development method portraying actual live conditions where a trainee draws, makes decisions and draws conclusions that reveals actions that can be taken in the real job. In terms of this study,

simulations are utilised to indicate the expected competencies necessary, for example in the financial industry the tools that are utilised during simulation are replicates of the genuine tools that employees use at the workplace. This may equip equity employees with crucial skills that required at managerial level, particularly when simulations focuses on managerial jobs. The method of simulation for management training would be to make use of for example the “in-basket” exercises (Ku, MacDonald, Andersen, Andersen and Deegan, 2016:49). Here, an equity employee acquire knowledge with regards to the consequences of each action taken.

2.8.1.2.7 The contribution of role-plays as a programme of professional development

It develops an employee’s competencies of troubleshooting problems and devising solutions in the organisational setting. Role-plays provide a platform for employees to act in respect of a typical work scenario (Pritchard, Hoerger, Penney, Eiri, Hellawell, Fothergill and Mace, 2017:92). This is a development technique where a situation is created to capture and allow the trainee to take decisions. In relation to this study , equity employees as trainees are given information related to responsibilities, objectives, concerns, emotions and roles of the job. It is the provision of a problem that the position or organisation encounters and the situation is described in general. Thereafter, trainees are expected to carry out their respective roles. This develops the managerial skills of equity employees when these role plays are aligned to managerial situation. Devi, et al. (2014:16) state that role-play is seen as an excellent method of training employees in financial institutions who are working or will work in the management of customer service, sales or customer support areas. However, it is essential to ensure that this method of professional development is conducted under an environment which is stress free to allow the effective understanding of situations portrayed during that learning. Role-playing exercises function in a typical two-person setting to multi-team settings and the trainee assumes the main character.

2.8.1.2.8 The impact of counselling as a programme of professional development

Counselling takes the form of assistance, comforting and advice, especially to address personal problems (Lara, et al., 2014:1). In the context of this study, assistance and advice are given to employees who discriminate against other co-workers in order for

the situation not happen again. It is important to build sound relationships at the workplace, thereby guarding against discrimination which has unfortunately been prevalent in the South African context.

2.8.1.2.9 *The influence of team-building as a programme of professional development*

Team-building training is important to meld employees with different cultures, identities, job expectations and aspirations (Ojokuku, et al., 2014:1). For equity employees to occupy high positions they require a transformation from narrow-program job functions (low-level employees) to broader-program job functions.

2.8.2 Organisational policy and process development as an approach of capacity building

Tahir, et al. (2015:61) state that the facets of organisational policy and process development encompass the streamlining of processes, procedures and systems, career paths, succession planning, job re-design, mission and vision, amongst others. Succession planning involves pre-determined action that focuses on the internal candidates available for promotion into key organisational positions. Hence human resource policies can be put in place to boost the skills of employees as part of this process. When capacity building improves the internal processes and systems of the organisation, meeting organisational goals and targets together with optimum performance maintenance is achievable. Stronger organisations tend to adapt to changes and develop continuously over time until all the goals and targets of organisation are met. Systems that focus on promotion opportunities and development opportunities of employees from designated groups should be emphasised to fully implement employment equity (Vijayalaxmi, 2014:42). Capacity building can help the organisation to form new systems for the short-term in certain departments or those that achieve broader organisational change, which are mainly for the long-term. These efforts can be made in line with the available developmental preparations of the organisation which include the internal management system, leadership and internal structure. Through capacity building, Kazi (2015:42) points out that an organisational culture of maintaining fairness can be embraced across entire departments of the organisation. This enables the organisation to set targets and goals of the organisation

as well as achieve the results. Adaptive procedures can also be crafted to enable the organisation to maintain optimum performance in the long-run.

2.8.2.1 Evaluation of succession planning as a means of human capital development

According to Zulqurnain (2014:213), succession planning relates to the promotion of employees to assume higher work authority and responsibilities. Some promotions happen quickly and frequently as compared to others. Proper preparations should be made with regard to those employees who occupy strategic positions because they should have the skills and abilities to handle complex issues within the organisation. Badawy, Youssef and Hussein (2016:1) indicate that succession planning is the key base for preparing the skills and abilities of designated employees. Usually, succession planning anticipates the managerial personnel needs and develops available highly qualified but inexperienced employees. In this case, they are expected to acquire effective leadership and management skills.

Succession planning assists potential leaders to learn human behaviour principles amongst other things (Ahsan, 2018:1). Personality is a crucial leadership characteristic because the leader acts as a role-model to subordinates. At leadership level, Stephen, Ochieng, Samuel, Odhiambo and Emmanuel (2013:157) postulate that managers are required to develop and learn soft skills, for instance communication skills. Leaders of organisations should acknowledge the existing need for change to avert labour imbalances at the workplace. Leadership talent is scarce amongst employees from designated groups, especially Africans in the South African employment equity context. . This does not refer to insufficient employees from designated groups to occupy company positions but to the scarcity of employees who are competent to assume higher roles of leadership.

The major aspect for most organisations is to get new leadership talent trained. Through leadership skills learning, an employee can acquire a relevant skill that can upgrade a specific competency at the workplace. Nowadays, for an employee to be adequately competent in some leadership attributes it is a long process, which is absolutely different from the acquisition of a particular set of skills. Though skills are valuable, they are inadequate to develop vibrant leaders. Tapping middle-

management and employees' potential rarely happens unless they acquire new skills and competencies which show a willingness to pursue training.

Contemporary effective leaders need to have a variety of skills, competencies and qualities which they can acquire through ongoing and systematic learning. Until employees within the organisation learn, the organisation on its own cannot learn (Zhu and Manjarrez, 2017:1). Train employees so that they can cope with the upcoming challenges of holding a higher position in the future. Due to fast changes in technological systems in the financial sector, capacity building provides the opportunity for employees to get acquainted with this technology. It is believed that the optimum level standard of performance is achieved when proper capacity building is provided.

2.8.2.2 Career pathing in relation to human capital development

Another element in capacity building according to Michal and Ravit (2016:224), is career pathing which entails the provision of sequential work that an employee has undergone in order to occupy a particular position. It is critical to have a clear career path pattern in the organisation which stands as a base for employee career planning. Career pathing also provides direction on the pattern of development that an employee has to follow. While there are divergent results from career pathing, a study by Michal and Ravit (2016) on gaps between actual and preferred career paths among professional employees involving a survey of 210 respondents and found that there are low levels of performance of employees who are at the technical career path but aimed at taking the managerial path. In relation to this study, a career path sets out preparation for the organisation with regards to the development of employees from designated groups, which should align with organisational strategies, goals and mission. However, a study conducted by Chi (2015) on social enterprise manager's career path preferences surveyed to 40 operational managers and found that the career path preferences of the operational manager are influenced by the career needs and individual values.

2.8.2.3 The influence of human resources development policies

Highly well-formulated policies facilitate the proper dissemination of essential information related to employees. Jovanović and Božilović (2017:117) define human resource development policies as guidelines and rules of a formal nature that are put

in place by the business when hiring, training and promoting employees within the workplace. The policies eliminate misunderstandings about the obligations and rights of employers and employees. A study conducted by Darshana (2017) on human resource development –practices and policies in private sector banks in Gujarat involving a survey of 400 employees and found that effective implementation of human resource development policies would result in excellent organizational climate for the employees to be productive and competent. Clear human resources practice puts off potential conflicts that may arise within the organisation as they provide opportunities and rights for certain designated groups. Recruitment and training policies should also consider people with disabilities especially when the candidate matches the job.

Policies must involve the way in which individuals within the organisation interact and the standards of efficiency that the employee is required to meet. Human resource policies that relate to capacity building aligns with the external environment wherein organisations are expected to abide by the legislation. These policies should align with the provision of employment equity. Human resources policies should incorporate aspects such as respect, sound relationship and professionalism as the cornerstone of countering both indirect and direct discrimination at the workplace. Abdul, Abul and Loo-See (2016:382) assert that human resources policies should focus much on professional development in order to place equity employees at higher positions while performance remains high. It is necessary to ensure the consistent development of employees from designated groups whenever the organisation wants to meet employment equity targets and goals.

According to Darshana, (2017:44), every human resource policy domain has different human resource policies that are executed by particular human resource practices. Human resource policy entails the choice of human resource practices that an organisation uses to accomplish preferred employee outcomes. Human resource practice can have a synergistic or additive association with the Human resource policy domain. A study conducted by Abdul, Abul and Loo-See (2016) on human resource management practices in bank performance involving 48 banks in Bangladesh covering the period from year 2004 to 2013. They found that human resource management practices should be improved in order to deal with both competition and modernisation of banks. For example, training practice and recruitment practice can contribute to the employment equity policy, independently enhancing level of meeting

the equity goals at the workplace. Employment equity policies are usually embedded in the organisation's human resource policies.

A number of implementable practices can be utilised for every human resource policy to achieve the same goal. For instance, in order to achieve employment equity goals, the organisation may devise the employment equity policy which strives to achieve employment equity within the organisation. Human resource practices such as the promotion practice, recruitment practice, unfair discrimination practice and professional development practice come in synergistically to support the employment equity policy within the organisation. When these attributes are a strong feature of the overall organisation structure and governance, there are greater buy in by all stakeholders thus ensuring an open, transparent and supportive system in which capacity building thrives and ultimately you tend to get highly charged staff of both equity as well as non-equity employees.

Human resource policies support the system of change in line with employment equity goals and targets. Stephen, Simon and Tim (2012:1493) attest that human resource policies are integral in bringing total transformation of employees from different backgrounds within the organisation. Human resource policies that relate to team building have to be incorporated in order to accomplish the culture of non-discriminatory tendencies within the organisation. Policies that are associated with development of employees in general can ensure that employment equity appointees are the priority. Monks, Kelly, Conway, Flood, Truss and Hannon (2013:379) postulate that the human resource development policy stipulates the ways in which the organisation operates and encompasses values, procedures and beliefs.

Conversely, the deficiency of training within the organisation does not disturb the influence of selection or recruitment of employees from designated groups, but the availability of training adds value to the appointment of equity employees who are both unqualified and unskilled. For instance, even organisations that hire equity employees with the needed competencies from the external labour market are expected to give training with regard to complying with procedures, regulations and rules within the organisation.

In particular, a promotions policy which emphasises the promotion of employees from within to occupy any position which arises in the organisation magnifies the application

of capacity building in order for the employee to match the demands of those positions. Human resource policies should usually be mutually dependent so that full implementation of employment equity is attained (Steyn, Bezuidenhout and Grobler, 2017:1). Fragouli (2014:50) postulates that some human resource policies fall under a single human resources policy domain. The human resource policy domain addresses one element of employment equity. Every human resource policy within the domain contributes a distinctive result in respect of the policy domain objective. The contribution is not dependent on the availability of another policy in the same policy domain (Abdul, et al., 2016:382).

Kazi (2015:42) points out that although the absence of one policy may lower the net result of the entire policy domain, it cannot necessarily affect the contribution of other policies. For instance, the implementation of employment equity can be improved through recruiting and selecting qualified employees from designated groups, as well as through promoting internal employees from previously disadvantaged groups to higher positions. In this case, selection and recruitment policies do not affect the acquisition of skills and knowledge of employees, whilst the training policy can further give company-specific skills and knowledge for designated employees to fit the job requirements as higher positions fall vacant.

Vijayalaxmi (2014:97) purports that human resource practices must be an additive to the human resource policy. For instance, the specific attributes of people from designated groups can be highlighted during recruitment that strives towards employment equity implementation. Additionally, the specific qualities of people from designated groups can be indicated during promotion, which channels towards the implementation of employment equity. When there is synergistic connection between the employment equity policy and training policy, employee performance is likely to improve. Training employees to resolve lower performance problems may be more effective when the organisation adopts a practice of allowing employees to train on real work-related problems. The next section examines the work environment as another element of capacity building.

2.8.3 THE WORK ENVIRONMENT AS AN APPROACH OF CAPACITY BUILDING

Farah and Waqar (2015:149) state that the internal aspects of the environment includes physical aspects such as the level of comfort (natural lighting, artificial lighting, overall comfort), office layout (work area) and non-physical aspects such as

organisational structure, company culture, mission and objectives amongst others. These are examined briefly below:

2.8.3.1 The influence of organisational structure

According to Samridhi, et al. (2015:20), organisational structure relates to a workplace phenomenon that directs employees to undertake their responsibilities in an organised manner. A friendly organisational structure can be viewed from the perspective of the structure of co-workers or management. The organisational structure can be derived from the workplace's physical design, work procedures and flexible work schedule (Aqeel, Abdul and Kausar, 2015:201).

2.8.3.2 The impact of the organisation's mission and individual objectives

Ojokuku, et al. (2014:1) state that businesses should set up the objectives and mission, as well as clarifying the duties and responsibilities of an individual employee. A mission relates to the organisational identity, purpose for existence and character of the organisation in general (Alan, Pieter and Sonethavy, 2016:11). The mission tends to be comprised of four interconnected parts, namely standards behavior, strategy, values and purpose. Values on the other hand entail the moral principles and beliefs underlying the standards of behavior. According to Osibanjo, Kehinde and Abiodun (2012:17), a relevant mission answers the question: what business must the organisation focus on? This must be the guideline for managers and employee performance and behavior. The two main views in respect of the mission statement are that it is chiefly written for external public relations and secondly, it boosts the morale of the employees within the organisation.

2.9 COMPETENCIES IN RELATION TO HUMAN CAPITAL DEVELOPMENT

Managerial positions are so complex, such that they need a professionally equipped body of employees. According to Ojokuku and Adegbite (2014:1), there is a need for capacity building programmes to emphasise individual competencies that may allow to overcome organisational challenges. However, the activities of the workplace are structured by situational, cultural and historical factors that affect the quality and kind of learning which comes through work. Emphasis on capacity building must be given to programmes that have reflections and experiential forms of work. However, Lara,

Mouallem and Farhad (2014:245) state that learning at the workplace becomes an interdependent phenomenon, instead of being a deterministic and situational event.

Ahmad, Farrukh and Nazir (2015:61) describe three main sets of learning, namely incidental learning, situated learning and action learning. *Action learning* refers to the systematic way in which trainees learn by doing, with an understanding in mind that learning affects the performance of the organisation. Action learning relates to learning that needs action, as well as action that needs learning. In this case, people in a group situation help each other to learn through coming up with solutions to real problems in organisations. During the process of learning, trainees develop self-awareness and an increase in skills, behaviours, attitudes and new knowledge. They also reflect their roles in the context of the new needs in the organisation. The *situated* skills and knowledge transfer relates to learning that demonstrates how knowledge will be utilised in real-life circumstances (Yamoah and Maiyo, 2013:42). This denotes that knowledge is fundamentally situated and not independent. Hence, learner engagement is very important for effective learning.

Competencies are important for human capital, which incorporates all the aspects conducted by the organisation to enhance or maintain the functions of the employees' careers and learning competencies (Arslan and Uzaslan, 2017:289). A competency is an acquired or innate characteristic of a person, not a physical resource (Ahmad, Farrukh and Nazir, 2015:61). It can take the form of a personality trait, attribute, skill, knowledge, value and motive which an employee holds. Managerial competencies, personality competencies and technical competencies are the three main types of competencies in existence (Bishop, 2013:55). Managerial competencies relate to the skills or knowledge within the main tasks of management, according to Beer, Finnström and Schrader (2016:50). The functions of management incorporate controlling, motivating, communication, organising and decision-making. Personality competencies denote the attributes, traits, skills and knowledge that align with the personality of an individual (Cocuľová, 2017:7). The personality competency that may be needed to accomplish a certain task may also be needed for the prosperity of other works. Technical competencies relate to job skills and knowledge. These are skills or knowledge that relate to a certain profession or job. Technical competencies differ from position to position.

2.9.1 Assessment of capacity building in line with the competency-based model

The assessment of capacity building can be taken from a 'competency model'. The model entails behaviors, skills and knowledge that facilitate employees to carry out their assigned jobs effectively (Kadian and Mutsotso, 2010:73). For the sake of having an understanding of organizational objectives and strategies, the process starts by interviewing senior management. Then, human resource development specialists would carry out behavioral interviews with top performers and focus groups in an effort to pinpoint sets of competencies that would constitute a competency model of a job. The other methods that can be utilised to carry out an assessment of capacity building needs encompass discussions, observations, records reviews, surveys and interviews. According to Ojokuku and Adegbite (2014:1), these information-gathering methods form a foundation and determination of: i) what type of capacity building would be required; ii) who must be chosen for capacity building; and iii) lastly, whether capacity building is the remedy to identified problems.

The effectiveness of capacity building programmes is measured by the specific application of the learned content, attitude and behavioural change, knowledge and skills (Antwi and Analoui, 2008:504). Experience and qualification are also key as they are prioritised in high positions. Not only are they required by the employer, but also by external stakeholders. Off-the-job training is credited to qualifications. In this study, assessments are utilised to identify with managerial potential. The assessments are conceptualised as checking the wide components of the system in order to determine whether or not the programme of capacity building can yield behavioural change suitable for managerial positions. Capacity building programmes should be strongly linked to the objectives of the capacity building strategy. The task assessment checks the nature of the tasks that need to be performed, as well as the abilities, skills and knowledge which are needed to carry out the tasks. In this study, the capacity building programmes can be measured to assess how quickly employees can be capacitated in order to assume new responsibilities because the work requirements at managerial level are becoming cognitively more demanding.

There is an increase in the adoption of competency-based approaches in assessing and developing the workforce (Zijlmans, Embregts, Gerits, Bosman and Derksen, 2015:599). The competency-based approach determines the needs of the

organisation as well as that of the employees. Managerial positions require competent and skilful employees. The Competency-based approach assesses the enhancement of what is required of employees at the workplace. According to Yeo and Marquardt (2015:81), it expresses the capabilities of transferring and applying knowledge and skills. Systems thinking incorporates the abilities of an individual as part of the systems of structures. Organisations in the financial sector operate in the form of a system. The competencies of employees in a dynamic group contribute to the efficiency and effectiveness of the entire company as a compound system. Programmes related to capacity building stimulate remarkable points of interest in respect of the competence process of adapting to the needs of managerial positions (Yamoah, 2014:139).

According to Aqeel, Abdul and Kausar (2015:220), competency model assessment relates to the process of checking the needs of the required skilled employee and that of the employers and businesses. The competency of an individual can be reflected through behaviours, attitudes, knowledge, generic and technical skills which come in the form of training, education, values, networks and experience (Wassem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad and Nawab, 2019:1). An individual is employed to fit certain requirements of delivery at a given time. The competencies needed for a particular career are tested, which enables the employees to take a self-assessment for the sake of identifying their professional development needs. This concentrates on building a pool of competent managers in the right quantity and quality in order to meet the needs of the organisation (Mouallem and Analoui, 2014). The key aspect of the strategy is to clearly identify the expected qualities of future leaders based on competence assessments. The strategy focuses on building the particular competencies needed by the organisation in order to compete on certain tasks. This improves professional and managerial rigour, as well as the values of all individuals. The assessment comes with creativity and innovation.

The unavailability of a skilled workforce is a source of tension between employers and government. Capacity building programmes can respond to the key purpose if the strategy does not only focus on professional updates, but creates the conditions to facilitate change (Tahir, Faiza and Sana, 2015:61). Prior learning has a huge bearing on the behaviours of designated employees. Therefore, programmes of capacity building at the workplace must be directed by the behavioural traits shown by an individual and in some instances, by the group's prior learning.

Smyth, Reading and McDowell (2017:1) iterate that employees in one organisation may differ and hence require different programmes of capacity building. Different employees require unique techniques of learning to grasp aspects of the job. In the quest of enhancing an employee's potential employers are expected to utilise diverse forms of programmes of capacity building. Nevertheless, in most cases, programmes of capacity building at the workplace are carried out in the form of coaching and mentoring, particularly for those who want to occupy high positions in the organisation. Some of these programmes are outsourced to external training providers and others are provided within the organisation. However, some programmes can be challenged by circumstances that require gross transformation, such as EEA. Capacity building programmes are measured and rated based on skills, knowledge, qualification systems, techniques and tools.

Knowledge -Capacity building programmes that offered more knowledge must be given priority and rated high especially in knowledge-based organisation. Knowledge, according to Riad (2016:671), relates to the expertise acquired by an employee through education or experience; the practical or theoretical comprehension of the subject; information and facts of the particular field; and familiarity or awareness obtained through experience of a situation. In relation to this study, capacity building programmes that provide knowledge in respect of financial management, general management and leadership, change management, strategic management and project management are crucial in capacitating equity employees who look forward to occupy a managerial position. Life-long learning is seen as a tool for increasing knowledge.

Skills- Capacity building programmes that enhance skills are preferred and rated high especially in organisations that operate in competitive environment. A skill relates to the learned capability to conduct pre-determined outcomes within the minimum outlay of energy and time (Sharma and Kaur, 2015:1). In relation to this study, capacity building programmes that provide skill in respect of analytical and decision-making skills, social skills, interpersonal skills, communication skills, time management skills, presentation skills and conflict management skills are important in capacitating equity employees who look forward to occupy a managerial position. Employees who intend to occupy senior positions require an array of skills to deal with crucial issues in the organisation. The skills needed by the workforce incorporate the capability to learn. According to Ojokuku and Adegbite (2014:1), the key aspect of acquiring and

sharpening new skills incorporates the capability to deal with seemingly insurmountable challenges and problems. The competitiveness of the organisation depends on the foundational skills that the employees of the organisation have.

Conducive environment -Capacity building initiatives that promote a conducive environment are needed in the organisation. A company that has knowledgeable employees with skills but has poor treatment of employees experiences slumps in production (Dipboye, 2018:25). Employees can achieve company objectives if they are treated well. *Systems* -Capacity building initiatives that promote good behavioural expectations weigh higher than programmes that ignore the importance of behaviour. The system relates to a set of rules that governs the structure or a certain behaviour (Esteban-Lloret, Aragón-Sánchez and Carrasco-Hernández, 2018:208). Systems incorporate complex systems and dynamic systems. The key features of systems are that they have a structure and follow a certain behaviour. *Techniques* -Capacity building programmes that offers different technique to troubleshoot the problem are rated higher than those programmes with only one technique. Having knowledgeable employees with appropriate skills is essential, but to accomplish the goals of the organisation, they should be associated with the right systems, tools and techniques in order to effectively carry out the work. *Qualifications* -Capacity building programmes that offers recognised qualification weigh much better than those programmes without certificates. Not only experience is considered for someone to occupy positions but also qualifications. However, a research conducted by Mubarik, Chandran and Devadason (2018) focused on human capital and found that experience is more important than qualification and education.

2.9.2 Bramley's individual model of training

The figure 2.1 below depicts Latif's (2012:212) model on training effectiveness

Figure 2.1: Bramley's individual model of training



Source: Bouris and Sahinidis (2008:66). Adapted.

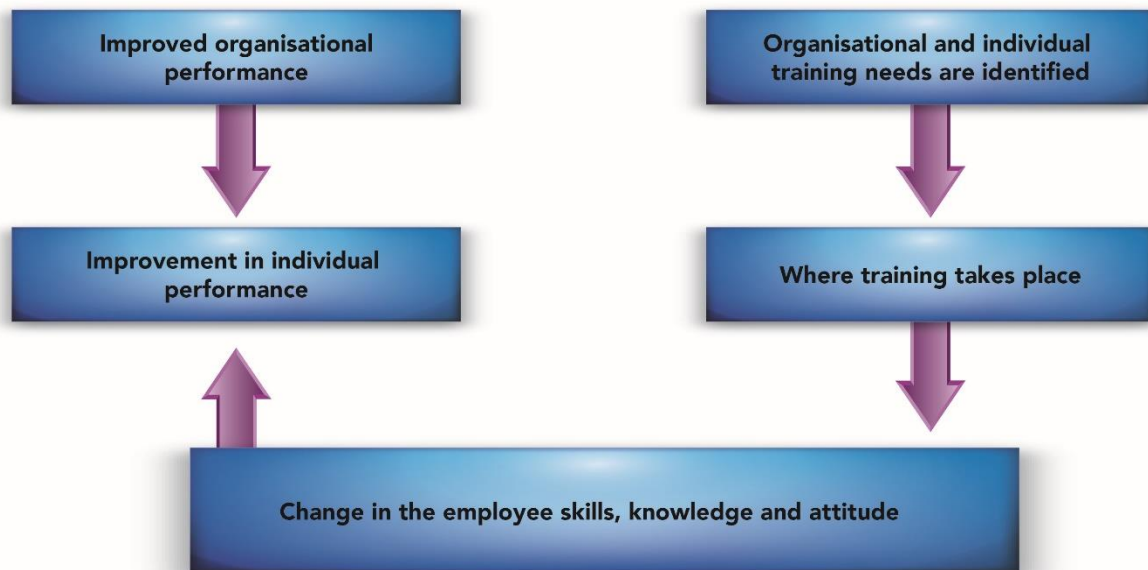
Elnaga1 and Imran (2013:4) posit that some organisations usually fail to share with the employees what they are attempting to achieve, as well as how the training will benefit the worker. Management makes an assumption that an employee knows the advantages of training. This renders the entire learning programme unclear. Armstrong and Landers (2018:162) postulate that the key driver for successful professional development programmes is the degree to which an action accomplishes its intended objectives. Ku, MacDonald, Andersen, Andersen and Deegan (2016:49) highlight that since professional development is provided to enhance the skills base of employees, the content of the development must be valued. Therefore, sufficient attention has to be given when crafting the training content of the programmes. This must incorporate the key abilities, skills and knowledge for specific jobs that may result in high content validity. Mouallen and Analoui (2014:245) highlight that one of the fundamental characteristics of the trainer is that they should be a person with recommendable knowledge. Hence, the trainer is one of the integral elements of training programmes. Learning transfer is the application of attitudes, skills and knowledge acquired during

the delivery of training at the workplace (Ojokuku and Adegbite, 2014:1). Learning transfer is the key objective of the outcomes of the programme of training. Therefore, the acquired skills from the sessions of training are maintained and applied on the job in order to heighten the competence level.

Professional development is not only aligned to improved outcomes, but also shapes the attitudes of an employee. It increases satisfaction, which in turn increases satisfaction and discretionary behaviour. Organisational assessments give information about when and where programmes of capacity building are required within the organisation. An expanded view of task assessments incorporates the examination of learning requirements and cognitive processing to carry out work tasks (Ahmad and Manzoor, 2017:380). According to An, Meier, Bøllingtoft and Andersen (2019:2), skills development is likely to amplify the capacity for individual employees to execute their duties. Person assessments check whether or not an employee has the requisite knowledge and attitude required to the job. According to Anitha and Kumar (2016), formal training usually fails to deal with some difficulties and job specificities. A person assessment can check whether or not an employee has the prerequisite knowledge and attitude to fit in at the managerial level.

However, individuals who do not have basic skills prior to training are less likely to thrive and excel (Anyanwu, Okoroji, Ezewoko and Nwaobilor, 2016:51). In this case, they need remedial readiness prior to the provision of an identified training programme. Figure 2.2 is built on the assumption that the skills, attitude and knowledge of an employee change through adopting the programmes of training. Devi and Phanindra (2014:16) highlight that some competencies of an individual can be improved through training. This will enable an employee to conduct the assigned duties efficiently and effectively. Hence, professional development enhances the skills needed to suitably assume managerial positions of organisations.

Figure 2.2: Model for training effectiveness



Source: Latif (2012:212). Adapted.

The fundamental logic of an individual training model shows that the company must acknowledge the changes in skills, attitudes and knowledge of an employee, if they do, to suitably fit the position the organisation wants the employee to occupy.

2.10 CONCLUSION

The review has given a good insight into the theoretical and practical aspects of the concept of capacity building. Disregarding programmes of capacity building in human resources management can lead to potential failure and retarded growth of the organisation. Employees need to acquire professional skills for them to get into senior positions. They should be trained on how to improve their self-management and self-development. The following Chapter 3 discusses the concept of employment equity and employee performance.

CHAPTER 3

EMPLOYMENT EQUITY LEGISLATION AND EMPLOYEE PERFORMANCE CONCEPT

3.1 INTRODUCTION

Any organisation in South Africa having a full understanding of employment equity is obliged to take responsibility and draw a roadmap for ensuring the equal representation of people from designated groups across all levels of the organisation. Jenna (2015:2) observes that an organisation that accepts the responsibility to meet legal and social conditions while being conscious about the performance of its workplace is more likely to succeed. However, instead of considering the merit of the candidate, employment equity decisions are premised on the special treatment of certain designated groups. Horwitz and Jain (2011) in their study on EE assessment in South Africa and results revealed that the pace of representations in organisations is incremental instead of being transformational. For this reason, considerable production scales are often compromised due to hiring and promoting qualified but inexperienced people from designated groups, resulting in business performance and results being negatively affected. McDermott (2013:1) argued that this approach may be an overly mechanistic rather than a transformative process, although measures of progress in these areas may well be needed. This negatively affects the organisation's overall performance since it may be required to adapt with under-valued and inefficiently utilised employees. This Chapter covers the historical background to Employment Equity Act of South Africa; the current state of successes of the employment equity; EEA of South Africa; the implementation of employment equity; employment equity in relation to affirmative action; unfair discrimination against females; the significance of implementing employment equity; analysis of employment equity implementation in financial sector of South Africa, as well as the concept of employee performance.

3.2 HISTORICAL BACKGROUND TO EMPLOYMENT EQUITY ACT OF SOUTH AFRICA

Equity and anti-discrimination was discovered by the Wiehahn Commission in 1981 as the major two themes that uphold fair labour practices at the workplace (Netangaheni, 2012). The Commission states that the social policy of equity and non-discrimination must be practised in day-to-day life within the community. In accordance with their right to fair labour practice, employees have a right to fair treatment and employees from disadvantaged groups have the privilege to have preference through affirmative action. The history of South Africa as country has been associated with issues of discrimination, marginalisation, inequality and segregation. These predicaments came into existence on the onset of the apartheid regime in 1948 where state agencies solely served the interest of one group of citizens while overlooking the rest of the other groups. The structures of the apartheid regime were set up in a discriminatory manner. During apartheid, people with disabilities, women and black people remain marginalised, not allowed to be involved in the major economic, social and political aspects of the country. Many legislative measures were put in place to suppress black employees who were excluded from bargaining rights, while non-black employees were formally enjoying bargaining rights. Additional other pieces of legislation such as the Basic Conditions of Employment Act (BCEA) 3 of 1983 barred black employee from the category of an employee.

A massive political protest in 1980 by black employees forced the government to extend the labour rights to cover all previously excluded black employees. This was the first stance that led South Africa into its democratic transition where inclusivity was enforced to promote the principles and values of employment equity. It is clear that the post-1994 new government propagated the EEA neither with the purpose of perpetuating revenge towards previously advantaged groups nor as a hatched plan to hurt people from previously advantaged groups (Peyper, 2017a). The key aim was clearly based on ensuring equality by undoing the past imbalances formulated by the apartheid regime. It is obvious that this equality would create a levelled ground where both employees from the advantaged and disadvantaged backgrounds enjoy equal opportunities in employment and compete on an equal footing. One may conclude that the post-1994 regime was pushed by an eagerness to bring substantial equity, better future and hope for all with regard to employment. In this case, this was to be carried out without considering the pigmentation of a person as was used during the apartheid

regime. The Labour relations Act of 1995 was seemingly not sufficiently addressing discrimination with its 'residual unfair labour practice' clause, hence the Employment Equity Act was promulgated to fully dedicate much effort and resources towards the regulation of equity and discrimination at the workplace.

After a consultation process, in 1995 the Minister of Labour launched the Affirmative Action Policy Development Forum. It had representations of major stakeholders which included non-governmental organisations, community organisations, women's organisations, business, disabled organisations and trade unions. On completion of the work of the forum, experts were set to draft the Green Paper. On 1 July 1996, the expert team launched the Green Paper on Employment and Occupational Equity. The Employment Equity Bill was then drafted in February 1997 (Burger, Jafta, & von Fintel, 2016). On 12 October 1998, the Employment Equity Bill draft was approved by Parliament after it underwent negotiations with the National Economic Development Labour Council (NEDLAC).

The EEA introduced legal provisions to counter the inequalities and discrimination instituted by the legacy of apartheid (Olckers, 2014). The Act intends to undo the disparities in skills development, education and jobs brought by past injustices. Those foundations could not build a stable economy, let alone a democratic society. In South Africa, the concept of employment equity focuses on two main aspects, that is discrimination and affirmative action. In terms of discrimination, it focuses on promoting fair treatment and eradicating discrimination in the form of retrenchments, pay benefits, training, promotion and hiring to align with the requirements of the Constitution. Affirmative action focuses on encouraging employers to remove unjustified barriers and quicken the progression of employees from designated groups in order to create an adequate representation of races at each level in organisations. One may deduce that affirmative action was motivated by huge under-representation of employees from previously disadvantaged groups at many levels in most organisations, which is linked to the nature of the South African situation during the apartheid regime.

The goals of EEA are: i) to eliminate unfair discrimination from taking place; ii) to redress the consequences of past discrimination; iii) to accomplish a broad and diverse representative workforce; and; iv) to stimulate efficiency and economic development (Ahmed, 2015). One can contend that for the promotion of economic development and

a diversely representative workforce, past discrimination must be thwarted at all cost and designated groups need to occupy every level within the organisation. The Employment Equity Act is mandatory legislation which requires employers to abide by it. In reference to section 53 of the Employment Equity Act, companies that fail to comply with the Act are prevented from doing business with the state (Omariee, 2017). The promulgation and amendment of EEA was also aimed at satisfying the constitutional developments and to meet the standards of the conventions of the International Labour Organisation that were ratified by South Africa. To sum up, it is not the Constitution that regulates the eradication of discrimination in the labour market, but the regulation is performed by EEA. However, the interpretation of unfair discrimination by courts are referred to the Constitution and international law. The apartheid system created significant inequalities in the allocation of employment and in income distribution, the victims of which were employees with a disability, black employees and women. Labour market discrimination causes inequality.

3.3 THE CURRENT STATE OF SUCCESSES OF THE EMPLOYMENT EQUITY

Transformation in human resources management entails the restructuring of employees across units and divisions of the organisation and at all levels (Sharma and Kaur, 2015:1). One method of restructuring is the inclusion of women, people with disabilities and Blacks at all levels of the organisation. Although a shift has begun to take place in the labour market, it is not as dramatic as desired. A continuous wait for transformation is frustrating most Blacks, particularly Africans. The representation of Blacks at the professional/middle management level, senior management level and top management level is a very small percentage, raising an alarm, considering that employment equity legislation has been in existence for 20 years now. Although Blacks (Indians, Africans and Coloureds) constitute 90.4% of the population, the apartheid regime created a skills inequality amongst Blacks (Tandwa, 2017:1). In an attempt to redress the effects of Apartheid, De Beer (2016:1) points out that employers are expected to effect change in six occupational levels where employees are grouped, ranging from unskilled to top management in which designated groups are represented. These six categories comprise top management, senior management, middle management (professionals), skilled employees, semi-skilled employees and unskilled employees. Currently, upper management is over-represented by previously advantaged people as their representation is nearly five times higher than their current economically active population (Olckers, 2014:67).

However, in line with employees with disabilities, Potgieter, Coetzee and Ximba (2017:1) note that many employers fail to employ people with disabilities because of the unavailability of a central database where they will get access to people with disabilities. A study carried out by Potgieter, Coetzee and Ximba (2017) on career advancement challenges faced by people with disabilities at work in the South Africa, found out that generally people with disabilities encounter career advancement challenges. They found that human resource practices particularly those that aligned to promotion opportunities discriminate against employees with disabilities. Furthermore, poor partnerships between people with disabilities and organisations, as well as the job requirements of particular jobs scares away people with disabilities from applying. Additionally, sometimes people with disabilities are not comfortable with revealing their disability status.

The white group tends to dominate the private sector's top management and senior positions by 72% and 63.4% respectively (Salt, 2017b:1). Liesl (2016:1) states that the private sector is dominated by males, constituting 76.8% of employees. Despite the lower Economically Active Population of white people at 9.9%, they occupy 68.9% of the highest management occupations, which is greater than six times their 9.9% Economically Active Population (Peyper, 2017:1). The Economically Active Population entails unemployed people, employed people and those seeking employment who fall in the age group of 15 to 64 years. Coloured people have a 4.7% employee representation which is low as compared to their 10% Economically Active Population (Peyper, 2017). The representation of coloureds is almost half of their Economically Active Population. There is a concentration of lower skilled positions held by coloured females and Black Africans in the private sector.

In efforts to address the lack of skills, Roxanne (2016:1) states that Black people should gain the relevant experience in the job. Preference for the previously advantaged group over the designated groups in promotions continues to hamper the process of transformation, since this former group tends to have the required experience. Mohale (2015:1) noted that there is a noticeable progression of designated groups of Indians and white women in many companies. Matsha (2011:1) concurs with Mohale (2015:1) in that designated groups of White women and Indian people have benefitted from employment equity, while African black and coloured people are still to properly benefit from this legislation. Thomas (2003) carried out a

study on EE practices in South Africa involving 21 companies. They conducted interviews to 114 employees and results revealed that although companies are still slow in achieving EE, progress and effort has been made in particular areas. This issue of race is continuously reflecting previous divisions which also cut across gender. Mohale (2015:1) also observes that a hierarchy of disadvantaged groups is manifesting itself where Indian and Coloured employees continue to be largely advantaged over African employees.

Classes also emerge amongst disadvantaged groups which follows the sequence of White females, Indians, Coloureds and then Africans. There is a growth in the schism between Coloureds, Indians and Africans. This relates to the discovery by Ntim (2013:148) that a hierarchy of oppression arises where disadvantaged groups fight for resources. This has been revealed in a case of anti-discrimination heard at Arbitration Court in April 2006 (Michele, 2006:1). The Arbitration Court ruled that Eskom, the power utility of the state, had taken a correct stance when it appointed an African engineer instead of a highly qualified Coloured engineer due to the fact that the African engineer had been more highly disadvantaged than the Coloured engineer by previous discriminatory legislation.

Whites and Indian are seven and three times more over-represented respectively in comparison to their Economically Active Population in the private sector (Liesl, 2016:1). Although the categories of designated groups include white women, their position is privileged as compared to African women. The oversupply of unskilled labour and acute shortage of skills to occupy higher level positions is problematic and greatly prevalent, especially amongst African black people, including managerial skills. Khumalo (2017:1) indicate that employment equity should be premised on the available skills and qualification of the designated groups. Although the public sector is mainly dominated by African and Coloured South Africans, they still fall short of their Economically Active Population. However, the finding of the research conducted by Burger, Jafta and von-Fintel (2016) in South Africa revealed that the continuous fall in black-white discrimination is credited to the permanent legislative effect, not a mere business cycle dividend.

3.4 EMPLOYMENT EQUITY ACT OF SOUTH AFRICA

In 1998, the Employment Equity Act no. 55 of 1998 (EEA) was passed by the South African parliament (Squire, 2015:24). The Employment Equity Act (Republic of South Africa, 1998) serves to redress past discriminatory employment practices in South Africa and to provide equal opportunities for all race groups, women and people with disabilities. In this regard, Budeli-Nemakonde (2016:75) affirms that the Act attempts to redress past discrepancies in the allocation of jobs and occupations and ensures the equal distribution of levels of the workplace and occupations to all designated groups. Gender, disability group and specific ethnic groups experienced immense prejudice historically in South Africa. Education and employment opportunities were not afforded to them. Designated groups are protected from unfair discrimination as stipulated in Chapter 2 of the Employment Equity Act.

These designated groups constitute employees with disabilities, women and black people. The term black people incorporate Coloureds, Africans, Indians and South African Chinese. The High Court passed a decision that Chinese South Africans are now included under the designation 'black people' since they also have been previously discriminated against during Apartheid (Manyane, 2016:1). Importantly, the purpose of the Employment Equity Act is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment. This is done through the elimination of unfair discrimination and implementing affirmative action measures in order to redress the disadvantages in employment experienced by designated groups and to bring about their equitable representation in all occupational categories and levels in the workforce.

3.4.1 CRITICAL ANALYSIS OF THE SHORTFALLS OF THE EMPLOYMENT EQUITY ACT

The EE put emphasis on numerical representations of designated employees at different levels in the organisation while overlook the fact they need to be skilled to suitably fit in positions. Heerden (2015) indicates that although setting numeric goals is important, the government should note that the achievement of successful employment equity implementation claims higher demands than the mere aspect of getting the numbers right. Focusing on quantitative racial targets without capacity building can cost all the sectors in terms of production. In addition, due too much

emphasis on numbers, Oosthuizen, Tonelli, and Mayer (2019) indicate that the bulk of employees at top management level take employment equity as a political imperative that they are obliged to meet. Many companies fail to comply with Employment Equity legislation, citing the reason that it does not add value to them since most employees from designated groups lack the critical skills required. As such, they are prepared to pay penalties. In addition, cultural and institutional changes that come as result of employment equity impose costs both in time and money. Mkhonza (2017) states that employers are encouraged to manage those costs appropriately without indefinite delay to the implementation of employment equity. Though the inclusion of employees in employment equity implementation is applauded, it is delaying the exercise as negotiations usually take longer to reach agreement.

Compliance with legislation is overshadowing much-needed transformation at the workplace. A compliance approach may be witnessed as adopted by managers that are forced to abide with legislation in a bid to avoid hefty financial implications associated with failure to comply with the legislation. Abiding by rules as a result of regulatory requirements induces codes of compliance that lead to an entrenchment of the attitude of the “tick box mentality” (Opie & Roberts, 2017). In addition, organisations in the financial sector face the challenge of retaining Black professionals as most Black professional employees frequently move from one job to another because there is a huge demand for experienced and skilled employment equity candidates (Carrim, Fubbs, & Wicomb, 2017). For this reason, organisations in the financial sector struggle to execute transformation at the managerial, senior managerial and top executive management levels. However, the rise in demand of employment equity appointees and the lack of skills and accommodation among these employees hamper employment equity implementation and their performances at the workplace. A study carried out by Portnoi (2003) focused on EEA in South Africa’s higher education sector using systematic review method and found that the dearth of qualified and skilled employees from the previously disadvantaged groups has led to a phenomenon called ‘poaching’.

If capacity building is not taken seriously, employment equity may only elevate middle-level class employees to higher-levels, whilst the majority of the lower-level employees are not well empowered, thus continuing to be associated with poverty. Instead of focusing on numbers, the government should take stern action against skill shortages among designated employees which has bred inequality across all sectors at different

organisational levels. However, according to Mike and Miller (2015:35), the government argues that the rate of equity representation transformation at the apex management levels is very slow due a tight grip placed by the non-previously disadvantaged group at this level.

3.4.2 The implementation of employment equity

Mohale (2015:1) confirms that all organisations are required by law to adhere to the non-discriminatory provisions of the Employment Equity Act and are subject to penalties should they fail to comply. In addition, designated organisations are required to introduce affirmative action measures. Given the stipulations of the Employment Equity Act, it can be argued that it is fair for organisations to provide opportunities to designated groups ahead of previously advantaged groups, in particular white males. Given that employees are regarded as desperate people who comply with anything put to them by the employer to such an extent that culture is affected, thereby compromising their dignity. Hence, employment equity has been adopted as unbiased and fair legal policy that enforces sound employment practice. In terms of fair treatment, the Employment Equity Act protects two groups of employees from designated groups: i) employees from designated employees who are already employed within the organisation and ii) persons from designated groups who are applying for jobs against unjust discrimination (Mkhonza, 2017:1).

Ana (2017:1) reiterates that the two key objectives of the Employment Equity Act are: firstly, to eradicate unfair discrimination and secondly, to execute measures of affirmative action. The first objective applies to all employers, whereas the second objective applies only to designated employers who are obliged to take corrective steps to implement measures of affirmative action. Affirmative action focuses on addressing shortcomings in employment that designated groups experienced, as well as ensuring that the entire levels and categories of occupation are represented at the workplace. Roxanne (2016:1) states that all employers are obliged to abide by the Employment Equity Act provisions, except the South African Secret Service, the National Intelligence Agency and the South African National Defence Force (Employment Equity Act, 1998).

In accordance with Section 21 of the Act, designated employers are: i) the employer that have 50 employees or more ; ii) according to Schedule 4 of the Employment Equity

Act, the employer that has annual turnover which is equivalent to the annual turnover or above of a small business is a designated employer even though they employ less than 50 employees; iii) in terms of Chapter 7 of the Constitution, a municipality; iv) according to Section 239 of the Constitution, an entity of State except the South African Secret Service, National Defence Force and the National Intelligence Agency; v) in accordance with Sections 23 and 31 of the Labour Relations Act, the employer that is bound by a collective agreement. South Africa still has a legacy of discrimination with regard to disability, race and gender.

Previously, the majority of the South Africans were denied access to opportunities such as employment, education, wealth creation and promotion. Akbar and Wissink (2014:1) state that any employee is protected from unfair discrimination. Section 6 of the Employment Equity Act refers to an employee as a person who works for State or another person and who assists in conducting or carrying on the employer's business and is entitled to receive or receives remuneration, except as an independent contractor. The introduction of the Employment Equity Act is aimed at achieving the following:

- To eradicate discrimination of all forms within the workplace with respect to culture, colour, religion, belief, social origin, race, sexual orientation, language, marital status, sex, conscience, gender and disability;
- To address injustices and imbalances that comes as a result of unfairly discrimination practices and policies;
- To ensure that all occupational levels are equally represented; and
- To achieve measures of affirmative action in which employees from designated groups who are suitably qualified are afforded equal representation and opportunities of employment.

3.4.2.1 Employment equity in relation to affirmative action

In South Africa, the Employment Equity Act was established to redress the adverse effects of apartheid (Ebrahim, 2016:1). This corrects the imbalance of history and builds proportional demographics for South Africa. Fair treatment and equal opportunity is a prime objective of the Employment Equity Act (Louw, 2015:594). The provisions of the Act widen the horizon of the disadvantaged. It would not be possible for organisations to empower reasonable numbers of employees from designated

groups of their own free will. A study conducted by Noon (2010) on unfair discrimination found that positive discrimination gives the essential structural conditions that allows transformative and radical change for equality to happen. Hence, the Employment Equity Act was promulgated to enforce that transformation. Employment equity aims to raise the statistical number of representation of people from designated groups who are employed both in the private and public sectors.

Most white people with disabilities are professionally qualified. Therefore they continue to occupy all management positions that are reserved for people with disabilities (Jensik, 2017:1). Africans with disabilities are dominant at the lower levels of the hierarchy of most organisations because they are not skilled. Harish, Frank and Christa (2012:2) observed that a lack of engagement which is meaningful, as well as fear of displacement among designated people, is creating enormous resistance to the legislation. According to Khumalo (2017:1), the current issues in labour constitute: a) organisational culture which is white male-dominated; b) not consistent in implementing employment equity measures; c) lack of shared understanding; and 4.) poor communication around employment equity. These elements become so rampant as long-term norms of discrimination in promotion are established, thus organisations go after mimetic forces of imitating each other (Sarkar, 2016:1).

Ana (2017:1) indicates that employers continue to report employment equity plans without showing significant strides of implementing those plans. Companies are expected to put much more investment through by channelling the necessary resources that can unlock the potential of employees from designated groups. Mike and Miller (2015:35) note that encouraging transparency can be a way of creating an atmosphere for companies to develop well-represented employment practices. One way of getting impetus, observed Mohale (2015:1), is that companies that are not complying with the Employment Equity Act are subject to be named and shamed in public.

By naming and shaming them, a bad image is created to their prospective customers, suppliers, shareholders and employees. This can deter South African consumers from purchasing or doing business with those companies. Although employment equity law has been publicised and reinforced, lower occupational levels are still dominated by largely African employees. However, Ka'nkosi (2016:1) argues that employment equity beneficiaries are appointed at the expense of administrative efficiency. Black people

are employed as tokens since they are not fully incorporated into organisations, which is witnessed by little decision-making authority or poor real genuine responsibility. Canham (2012:660) points to a number of employment equity hindrances as follows:

- A lack of organisational culture that value employment equity;
- A lack of sensitivity to culture, assimilation of the existing culture within the organisation is given to new recruits;
- A lack of programmes that promote diverse cultures in an organisation;
- Inadequate role –model and mentors;
- Low levels of investment and commitment towards employment equity from top management;
- Poor communication and consultation towards employment equity implementation; and
- Most black employees are not trained and developed.

3.4.2.2 Employment equity in relation to unfair discrimination

The organisational and administrative culture at various workplaces is entrenched with discriminatory tendencies that result in a relative disadvantage to particular groups or certain individuals based on the group identity they belong to. Treatment of an unreasonable nature incorporates ignorance of input, violence, discriminatory treatment and micro-management (Oosthuizen, Tonelli and Mayer, 2019:1). Interactional justice relates to employees' concern with regard to the quality of interpersonal treatment that is rendered within the organisation. According to Burton and Hoobler (2011:389), interactional justice is the extent to which employees are treated with respect as well as dignity. Internationally fair procedures include four attributes, namely respect, justification, propriety questions and truthfulness. However, Boosysen (2006) studied EE at Money Bank in South Africa and found that although all key formal procedures and policies for good employee practice and relations which incorporates non-discrimination, inclusion, fairness, equity and equality at the workplace are written, they are not internalised as internal drivers of the organisation but are there merely for the sake of legislative compliance. This reveals that there maybe amalignment between the formal policies in place and the execution of those policies which has a bearing on informal and formal organizational culture.

Interactional justice deals with informational and interpersonal justice. Interactional justice relates to respect and dignity, whilst informational justice incorporates transparency and communication. Employees' knowledge, experience and opinions must be acknowledged and used in order for them to feel appreciated and important. Since interactional justice expresses the manner in which employees are treated, managers have a crucial role to play that gives an overall impression of the organisation (Sesant, 2017:1). The organisational commitment and quality of work life as well as organisational citizenship behaviours of employees are much influenced by the way they are treated by their managers.

Roxanne (2016:1) postulates that the concept of employment equity also encompasses equal treatment and equal results. Equal treatment denotes doing away with direct discrimination and equal results entails doing away with structural discrimination. A study conducted by Noon (2010) on unfair discrimination found that positive discrimination gives the essential structural conditions that allows transformative and radical change for equality to happen. Direct discrimination is committed intentionally and hence reveals a higher degree of violation. Structural discrimination can only be noticed by checking the pattern of inequality. Structural discrimination is closely associated with structural inequalities which focus on aspects such as systems of gender, glass ceilings and misogynistic cultures (De Beer, 2016:1). An inclusive culture is crucial where employment equity is recognised and appreciated, constructive employment practices are supported and talent is identified. Indirect and direct discrimination in employment practice or policy against any person on the ground of disability, race and gender is eliminated under the Employment Equity Act.

Conversely, taking affirmative action steps that are aligned with the purpose of the Act cannot be categorised as unfair discrimination. The Employment Equity Act addresses the historic inequalities by providing preference of employment opportunities to previously disadvantaged employees. Ahmed (2015:1) posits that income differences in an organisation usually tally with gender and race. It is important to understand the differences between differentiation and discrimination. When employers apply different treatment, in particular excluding a given group (for example those with disabilities) through its employment policies it is called differentiation. However, if the differentiation has negative intentions, it is called discrimination.

Spector (2015:123) claims that if there is proof that differentiation has been carried out on improper grounds it becomes discrimination. There are two categories of discrimination, namely indirect discrimination and direct discrimination. Direct discrimination takes place when an employer favours a group of employees as compared to another group of employees because of sex, nationality, disability, colour or race. Furthermore, indirect discrimination tends to become complicated to identify due to its nature, where policies seem to be accommodative to every employee. Discrimination can be alleged on the ground that is not highlighted in employment equity since those discriminatory practices mentioned are not exhaustive of all types and possibilities of discrimination.

Lee (2016:11) points out that discrimination against employees from designated groups that is exclusively based on inadequate experience should be avoided. If they are qualified or have the capability of acquiring the needed skills over a realistically given time for them to carry out their duties efficiently and effectively they should be appointed. However, it is important to note that sub-section 21(5) of the New Amendment Act is deleted, which stated that an employee who lacks experience should not be discriminated against by the employer when making decisions on the suitability of the candidate for the job. Samuel (2012) in a study on EE consideration and continued skills shortages in South Africa involving 160 training and development managers in both the private and public sectors, found that flexibility is required to accommodate highly competent professionals from the non-designated groups in order to avoid severe skills shortages. In light of this, the employer must conduct a rigorous evaluation of the whole workforce, incorporating policy documents and employment contracts to be reviewed that sets conditions and terms of employment which do not amount to unfair discrimination. We now turn to examine unfair discrimination against females.

3.4.2.2.1 *Unfair discrimination against females*

According to Renier and Leon (2015:190), before the Green Paper on Employment Equity came into inception, women were generally worse off with regard to income. This was not only found in South Africa, according to a study conducted by Bimrose, Watson, McMahon, Haasler and Tomassimo (2014) in respect of women in six countries (South Africa, England, Italy, Germany, Argentina and Australia). The study found that gender inequality against women persists as a pervasive issue in labour

market across the globe. Women faced discrimination where equal employment opportunities were not afforded to them, in particular positions of senior management. A study conducted by Renier and Leon (2015) focused on gender-based discrimination in South Africa involving 1740 employees representing 29 companies and found that males have higher post-gradings and salaries than their female counterparts. There is a perception that women are less productive and are not assertive enough to run the organisation and that they give a large portion of their attention to children and family at the expense of the organisation. Hence, female appointments are usually found in low-levels jobs such as clerical assistants and secretaries. A study carried out by Koch, D'mello and Sackett (2015) focused on gender-stereotypes in employment decision-making involving a meta-analysis of 22 348 experimental studies and found that men were preferred for male-dominated jobs. The findings also revealed that there is no strong preference for either gender for integrated jobs or female-dominated jobs. There is segregation in occupations with women usually given inferior status, only few women occupy high status and managerial roles (Hills, 2015:153). Van Zyl and Roodt (2003) conducted a study on female perceptions on EE in South Africa involving 4729 participants from various organisations across different sectors and found that females believed that EE legislation as a tool by South African government for enforcing equal opportunities.

3.4.2.2 *Unfair discrimination against blacks (Africans, Indians and Coloureds)*

Inequality in the distribution of income is largely associated with the how income that the majority of the Black population earns are usually stuck underneath the minimum income levels (Papacostantis and Mushariwa, 2016:1). Burger, Jafta and von-Fintel (2016) in a study of affirmative action found that the EE legislation is slow in closing the wage differential gaps across both race and gender especially for blacks who have been earning low wages despite the rise in economic growth in recent years. Inequality takes the form of a norm where previously advantaged people were given preferential treatment. During the apartheid era, black people were also barred from going to quality educational institutions. While employment equity applies to all Blacks and Women, there is strong evidence to show that not all race groups are benefiting from this legislation. Hierarchy of disadvantaged groups emerges in the labour market. Beneficiaries are hierarchical as follows: White woman at the top, followed by Indians, followed by Coloureds, followed by Africans and then at the bottom are people with

disabilities (Budeli-Nemakonde, 2016:75). A study carried out by Hinks (2010) focused on EE and job satisfaction in South Africa involving formal sector employees between the age group of 18 to 65. They found that while job satisfaction of African is positively associated with EE legislation in contrast the job satisfaction of coloured and white is negatively connected to EE legislation. The economy has not been properly growing since 2008 (Department of Research and Information, 2013:1) and this factor does affect the absorption of Blacks in general into the economy, even before one applies criteria such as employment equity. Three employee identities emerge in South African labour markets, namely Africans, the middle group and white males.

The middle group consists of Indians, Coloureds and white females. Since the changes in the workplace in respect of equity legislation, not a lot has happened as expected by Africans. Hence, they remain frustrated. On the other hand, because of the undervalued feeling and perceived deterred future opportunities by white men, employment equity is not welcome to them. It is not uncommon for groups affected by EE seeing it differently as per a Canadian study. The study conducted by Hideg and Ferris (2014) focused on EE policies in Canada involving a survey of 81 employees and the results revealed that non-beneficiaries view EE policy as a threat. Similarly, a study carried out by Hideg, Michela and Ferris (2011) focused on counter negative reactions of non-beneficiaries to EE and found that non-beneficiaries may only support the EE policy when they are afforded a chance to be instrumental participants in the development of the policy.

3.4.2.2.3 *Unfair discrimination in respect of employees with disabilities*

By participating at work, employees with disabilities get a platform for social inclusion to realise their potential as active citizens, which serves as a vehicle to realise their potential at the workplace and in the economy at large. Employees with disabilities usually find themselves victims of employment discrimination as a result of their disabilities. A study carried out by Potgieter, Coetzee and Ximba (2017) on career advancement challenges faced by people with disabilities at work in the South Africa found that generally people with disabilities encounter career advancement challenges. They found that human resource practices particularly those that aligned to promotion opportunities discriminate against employees with disabilities. Employers tend to exaggerate and overrate the risks associated with work as an excuse for their failure to employ people with disabilities observed by Donaldson, (2013:1). Potgieter,

Coetzee and Ximba (2017:1) indicate that most employers underestimate the skills and capabilities that such employees possess, skills that could boost the performance of the organisation. A form of stigma and oppression of employees with disabilities emanates from the overprotection that is provided to them, which excludes them from mingling with co-workers.

Companies having a disability code which reflects that a qualified person with a disability may be offered a job provided that the functional tests and medicals are carried out to check the potential or actual ability of the applicant to perform major tasks of the job helps this category of employees (Akbar, 2014:251). In the case of (*Stoman v the Minister of Safety and Security & Others*), the decision was passed that appointing a totally unqualified or incapable persons in key positions is not justified. Employees with disabilities are part and parcel of the designated group. Disability-based discrimination is prohibited and it is regarded as automatically unfair. By including and integrating employees with disabilities at the workplace, their dignity is restored. Employers are required to recognise to the value that employees with disabilities bring to organisations.

3.4.3 THE SIGNIFICANCE OF IMPLEMENTING EMPLOYMENT EQUITY

Employers are expected to consider and appreciate the competences of employees from designated groups. Performance should be measured on the basis of work, not race, gender or disability. Ivona and Lance (2014:50) hold the view that the relevant competencies and skills of employees from designated groups are essential to effectively and efficiently carry out the job and should not be overlooked because they have a disability. An employee from designated groups can develop to be a productive and well-adjusted employee in an atmosphere of co-operation, goodwill and acceptance.

Some organisations consider this legislation as one of their business strategies whereby they embrace the Act beyond mere compliance. The economic division/gaps between the have-nots and the haves is shortened by the employment equity's entrenchment of the elimination of discrimination and hence builds a sustainable and solid base for development in South Africa. The diverse workforce that employment equity brings promotes efficiency in the organisation and economic development in the country. The Employment Equity Act forces employers to abide with employment

equity so that they get a diversified workforce that encompasses employing people also with disabilities who are suitably qualified. To this end, the disability code was promulgated to provide guidelines for employees and employers to enhance fair treatment and equal opportunities for employees with disabilities as per Section 15(1) of the Employment Equity Act (Potgieter, Coetzee and Ximba, 2017:1). The Disability Code intends providing assistance with regard to the obligations and rights of employees with disabilities, as well as reducing disputes and promoting certainty as a way of exercising and enjoying their rights in the organisation. It promotes the full utilisation of their skills and ensures that all employers are aware of these employees' contributions to the workplace. The approach of employment equity demands more than the mere fact of meeting the numerics and requires respect for equity that should be embraced at the workplace. If capacity building is not taken seriously, employment equity may only elevate middle-level class employees to higher-levels, whilst the majority of the lower-level employees are not well empowered, thus continuing to be associated with poverty.

Discrimination is widespread at various workplaces, especially in respect of employees with disabilities and it tends to become difficult for them to penetrate the workplace. Discrimination can also be limited when the South African government devotes its time to capacitate employees with skills and knowledge. The manner in which employees are treated tends to be most noticeable from the perspective of an employee's relationship with their manager. High esteem amongst employees is a status that is usually determined by high quality treatment from a manager (Ntim, 2013:148). Fair treatment leads to quality of work life and job satisfaction. Interactional justice is related to the concept of workplace treatment. Employees perceive fairness when managers engage in behaviours such as integrity, showing concern, consistency, proper communication, respect and courtesy (Mazibuko and Govender, 2016:1). Quality of work-life and ethics are acknowledged as indicators that relate to the sustainability and function of the organisation. The issue of quality of work-life relates to a socio-technical open system that is created to guarantee inter-dependence, self-involvement and autonomy at work.

The provisions of the Employment Equity Act protect the employees against discriminatory practices and policies of the employer (Tandwa, 2017:1). One of the most unpleasant stigmas that organisations have not been able to defeat is rampant discrimination against employees from designated groups (Noon, 2010:728). The

skills of employees from designated groups should therefore be developed and utilised and a minimisation of unjustified discrimination on the basis of perceived gender, race or disability that is usually associated with them. These perceptions block employees from designated groups participating meaningfully at their workplaces and hence not being afforded a fair opportunity to fully capitalise on their potential. Employees with disabilities for example are expected to fully participate in the workplace without feeling that they are subject to some form of discrimination largely attributed to their disability.

De Beer (2016:427) asserts that a lack of knowledge and biased attitudes tend to be the key causes of the continuous marginalisation and discrimination of employees from designated groups within the labour market. Normally, employees with disability are at the receiving end in bearing the employers' unjustified perceptions with regard to their competence. For this reason, employees with disability are the most marginalised and vulnerable group amongst the designated groups. A growth in stereotypical beliefs amongst employers causes them to have unjustified perceptions and biased attitudes towards employees from designated groups. Stigmatisation of incompetence is labelled against people that are hired under the aegis of employment equity. Hence, this causes employees to resist benefiting from employment equity and also brings misunderstandings.

This view is evidenced in the *Chowan v Imperial case* (2214202016) [2018] held at the North Gauteng High Court (23 March 2018) where the Chief Executive of Imperial Holdings, labelled the Chief Finance Officer as a 'female employment equity employee', despite the fact that she was a qualified Chartered Accountant. She felt humiliated with those words and judgement in the case went in favour of the applicant in that she suffered gender and racial discrimination. Imperial Holdings was ordered to pay damages to her.

2.4.3.1 Empirical studies conducted on the concept of employment equity

The empirical studies on EE has received attention on many sectors in South Africa. However, not much consideration has been given to financial sector. A concise review of literature of such studies is as follows:

A study carried out by Cilliers and Stone (2005) focused on EE practices in three information technology companies in South Africa involving a survey of 285 employees

and the results revealed managerial and leadership skills from designated groups. A study conducted by Mason and Roman (2015) focused on EE in the retail sector in South Africa involving 1 104 participants in various retailers and found that EE tends to be numbers-driven at the expense of competence. A study conducted by Olckers and Zyl (2016) on EE surveyed 202 respondents at a South African Mining company and found that a company which seeks to grow employees through equity initiatives needs to deal with the psychological state of these employees. A study carried out by Portnoi (2003) focused on EEA in South Africa's higher education sector using systematic review method and found that the dearth of qualified and skilled employees from the previously disadvantaged groups has led to a phenomenon called 'poaching'. Boosysen (2007) conducted a study on EE at Money bank in South Africa and found that Black talented employees are in high demand and mostly are headhunted by large organisations that have the capacity to pay high salaries.

3.4.4 Reflecting on amendments to the employment equity act (employment equity amendment act number 47 of 2013)

Since the promulgation of the Employment Equity Act 55 of 1998 and the end of the year 2000 which marked the initial reporting period, amendments to the Employment Equity Act came into effect after 14 annual periods of reporting. The Employment Equity Amendment Act 47 of 2013 contains the amendments that were published on 16 January 2014 for general information and took effect on 1 August 2014 (Mathapelo, 2014:34). The annual report on employment equity is expected to be submitted by each and every designated employer, usually on the first working day in October according to Section 21 of the Employment Equity Act. Reports that are submitted electronically are also accepted. Budeli-Nemakonde (2016) conducted a study on EE in South Africa utilizing systematic review. He found that measures of EE accelerate the advancement of people who had previously been unfairly discriminated against. The amendments cover the following elements:

3.4.4.1 The term 'designated groups'- is now strictly restricted to South African citizens by naturalisation or birth, or people who were barred from assuming their citizenship entitlement by apartheid policies (Labuschagne, 2014:1). This amendment embraces the consistent adjustment that was given to the Broad-based Black Economic Empowerment Act 53 of 2003 (the BBEE Act).

3.4.4.2 Unfair discrimination- is based on employees performing similar or the same job or jobs that have the same equivalence in value according to newly promulgated Section 6(4) (Shamier, 2016:1). Unless the employer shows that the differentiation is done on the basis of reasonable criteria for instance responsibility, experience and skills, the differences that are based on the prescribed criteria of Section 6(1) or another arbitrary grounds amounts to unfair discrimination. Hence, discrimination is prohibited on criteria identified in the amendment of section 6(1) or arbitrary grounds of any nature. Disputes of unfair discrimination are now referred to arbitration according to Section 10(6)'s new amendment, which previously fell under the jurisdiction of the Labour Court (Kirsten, 2014:1).

Section 6(5) also gives power to the Minister of Labour to issue a code of good practice in respect of access to work of the same value as contemplated in Section 6(4). An appeal can be sought to the Labour Court if any party in the dispute is not satisfied with the outcome of an arbitrator's award according to new Section 10(8). The awards that can be given by a commissioner of the Commission for Conciliation, Mediation and Arbitration (CCMA) when conducting an unfair discrimination hearing is now indicated in the new Section 48(2).

3.4.4.3 Psychometric testing - Now only psychometric tests that are certified by the Health Professions Council of South Africa or any other authorised body can be used to test employees in terms of Section 8 (Goldberg, 2014:1). A study conducted by Donovan, Dwight and Schneider (2014) on the impact of applicant faking on selection measures and employee performance involving a survey of 162 respondents and found that faking adversely impact the psychometric properties of the selection measure and the quality of potential hiring decisions. In addition, the study found that fakers exhibit low levels of performance as compared to non-fakers.

3.4.4.4 Submission of reports- Previously, small employers were expected to submit employment equity report once in two years and large employers annually. The new amendment requires all designated employers to submit employment equity progress report annually. Furthermore, the Minister has the power to make discretionary amendments as per Section 55(2). According to Khola (2014:1), the submission of reports must be done by all employers who are categorised as follows; 1) All employers that employ 50 employees and above and 2.) Employers with less than 50 employees but who meet the minimum threshold of turnover. The annual

turnover scale of Schedule 4 was amended through an increase in the employer's threshold, which should be surpassed so that the organisation can be categorised as a designated employer. The Minister of Labour now has the power to fine-tune the threshold of annual turnover to overcome the consequences of inflation according to Section 64A (Pannell, 2013:30).

3.4.4.5 Powers of the Director-General- A fine can be imposed on an employer by the Director-General of the Department of Labour in respect of the employer contravening the preparation or implementation of an employment equity plan or failure to file the expected return (Mahlakoana, 2017:1).

3.4.4.6 Reviews - Prevention of the usage of reviews as a delaying mechanism to the process of enforcement and promotion of increased measures of enforcement is now found in the new amendments to Sections 36,37,39,40,42 and 45 (Kirsten, 2014:1).

3.4.4.7 Compliance - The issuance of compliance order by a labour inspector is applicable to particular provisions as well as suitable clarifications. In the same vein, objections to provisions and compliance order appeals have been rescinded. According to Goldberg (2014:1), the following should be considered when assessing compliance:

- the degree to which qualified and suitable people from previously disadvantaged groups are represented equitably at every occupational level in line with regional and national demographic profile of the economically active population;
- the degree to which the employer has progressed in eliminating barriers to employment equity that negatively affect employees from designated groups;
- recognisable efforts of implementing employment equity by the designated employer;
- sensible efforts of equipping qualified people with the necessary by the designated employer; and
- practical efforts of appointing and improving qualified employees from previously disadvantaged groups by the employer.

3.4.4.8 Powers of the Minister of Labour- Some regulations that relate to the circumstances of employers' compliance are now assessed by the Minister of Labour

who is required to consider the regional or national economically active population or demographic profile.

3.4.4.9 Criminal offences maximum fees - The increment of criminal offences maximum fees from R10 000 to R30 000 is in the new amended Sections 59 and 61.

3.4.4.10 Fine payment - Fines are now paid to the National Revenue Fund as indicated in section 213 of the Constitution.

3.4.4.11 Applicable threshold of turnover - According to Kowalik (2014:1), the applicable thresholds of turnover to designated employers are indicated below:

Table 3.1: Threshold of turnover for designated employers

Sector and subsectors in respect to the industrial classification standard	Total Annual Turnover
Quarrying and Mining	R22.50 million
Water, Gas and Electricity	R30.00 million
Repair services, Motor Trade and Retail	R45.00 million
Accommodation, Catering and other trade	R15.00 million
Business and Finance services	R30.00 million
Agriculture	R6.00 million
Manufacturing	R30.00 million
Construction	R15.00 million
Commercial, Wholesale Trade and other Trade	R15.00 million
Communications, transport and storage	R30.00 million
Personal services, Community and Special	R15.00 million

Source: Kowalik (2014:1). Adapted.

3.4.4.12 Maximum penalties - According to the Act, in the event of a contravention of a particular provision, the maximum penalties are stated in Schedule 1. If the employer fails to abide with the Act, the maximum penalty is imposed taking into consideration the employer's turnover. The amendment to the EEA increases the scope of penalties that are sanctioned on employers who fail to abide by the obligations of reporting. The applicable fines are as follows:

Table 3.2: Applicable fines

Amount Contravention of any provision of sections 20, 21, 23 and 44(b)	Amount Contravention of any provision of sections 16, 19, 22, 24, 25, 26 and 43(2).	Previous contravention-
The greater of R1.5 million or 2% of turnover	R1.5 million	No previous record of contravention
The greater of R1.8 million or 4% of turnover	R1.8 million	Only 1 previous record of contravention
The greater of R2.1 million or 6% of turnover	R 2.1 million	Previous record of contravention within the recent 12 months or 2 previous of contraventions within 3 years.
The greater of R2.4million or 8% of turnover	R2.4 million	3 previous record of contraventions within 3 years
The greater of R2.7 million or 10% of turnover	R2.7 million	4 previous record of contraventions within 3 years

Source: Mathapelo (2014:34). Adapted.

According to Labuschagne (2014:1), companies are obliged to implement proper Employment Equity plans lest they pay a penalty that ranges from R1.5 million to R2.7 million or alternatively 2% to 20% of a company's annual turnover. The penalty decision is taken based on which one is higher than the other, as shown in Table 3.2 above. Peyper (2017:1) points out that a company that submits a false report gets a punitive sanction of R1.5m. The company is taken to court when it claims it has an employment equity plan but in reality does not have it or nor does apply it. Also, a company that does not have an employment equity plan or one that fails to report the Employment Equity plan is subject to a R1.5m penalty.

Failure to secure a compliance certificate automatically disqualifies the company to tender or do business with the State. Contravening of Employment Equity Act by a Johannesburg Stock Exchange listed company warrants it to be de-listed for non-compliance (Lameez, 2017:1). Ana (2017:1) postulates that all disputes that cover the application and interpretation of the Employment Equity Act are dealt with under the jurisdiction of the Labour Court. The Labour Court has the authority to impose a fine or order in the event that the employer defies the timeous submission of employment equity reports.

A penalty can be sanctioned by the Labour Court on application by the Director-General if the employer falls short of complying with reporting obligations. The Employment Equity Act provides the Labour Court with the authority to make any

appropriate order. There is no provision that either allows the Labour Court or the Director General to condone the non-filing of employment equity reports. However, the Employment Equity Amendment Act introduces a provision which obliges employers to notify the Director-General in October that the organisation is incapable of submitting the employment equity report on time, providing reasons for its inability to do so. As a result, failure in submitting the employment equity report by a designated employer attracts a fine which is decided by the Labour Court (Pannell, 2013:30).

According to Ahmed (2015:1), in the event that the inspector has established that the employer fails to : i) implement an employment equity plan; ii) have a prepared employment equity plan as reflected in section 16 ; iii) to carry out an analysis as outlined in section 20 and iv) to have consultation with employees as expected in section 16, the preliminary enforcement step requires that a labour inspector makes a requisition and gets an undertaking in writing from the employer to abide by the above stipulations within a specific period. If the designated employer fails to abide by the compliance directive from the labour inspector, an application is made to have the compliance order as an order of the Labour court.

McDermott (2013:1) states that the director-general has the power to: conduct an evaluation of employers in respect of compliance with legislation; order the employer to submit an employment equity plan or, alternatively, ensure that the employer plans and implements employment equity. The labour court may impose judicial judgements relating to affirmative action when necessary. Individuals can directly refer issues that relate to affirmative action to the labour court in terms of section 50(1) of the legislation.

Papacostantis and Mushariwa (2016:1) highlight that employers who had become designated employers before October's first working day but on or after April's first working day are entitled to submit their first reports the next year on October's first working day, or in the case of an electronic report, the submission is made on the following year by the 15th of January. In terms of Section 21 of the Employment Equity Act, the organisations that miss the deadline are regarded as non-compliant. In accordance with the Employment Equity Act, the designated employers are obliged to:

- Conduct a comprehensive employment equity analysis;
- Prepare and submit of regular employment equity plans;
- Prepare and implement a comprehensive employment equity plan;

- Set and meet periodic employment equity targets for attaining the expected number of employees from designated groups at workplace levels;
- Engage in consultation with trade union representatives when implementing and devising the plan, analysis, targets and report;
- Ensuring all documents are available;
- Make exceptional arrangements to ensure employees from designated groups align with work environment and duties, fit in the workplace, advance in the workplace and remain with the workplace; and
- Eliminate barriers to the employment of employees from previously disadvantaged groups.

3.4.5 Employment equity goals and timetables

Stine (2015:1) states that the employment equity goals and timetables are drawn from the employment equity plan. Every employer should ensure that a plan of action is devised aimed at making sure that the organisation has the right percentage of people with disabilities, Indian, women, Coloureds and Africans that are employed in the various departments and across all organisational levels, including the apex level. For instance, if the organisation has 100 line managers, the employer is expected to have an estimate of 10 white managers, 8 Indian managers, 10 Coloured managers and 70 African. Approximately 50 of these managers must be women and 4 managers should be people with disability. In preparation of the employment equity plan, the designated employer is obliged to consult with trade unions or employees.

Heerden (2015:1) suggests that the employer should carry out an analysis for identifying barriers that negatively affect people from previously disadvantaged groups. The analysis should contain the employer's workforce profile which should have a detailed workforce composition across all categories and levels of occupations as per Section 19(b) of the Act. An employment equity plan can be drawn up based on the outcome of the analysis, which may ensure the accomplishment of reasonable progression towards employment equity in respect of the employer's workforce as per Section 20(1) of the Act. The plan should comprise an annual time-table to achieve the objectives and goals, procedure of dispute resolution, measure of affirmative action implementation, the employment equity plan's duration, the manager who monitors and implements the plan and numerical goals for achieving equitable representation as per Section 20(2) of the Act.

Wyk (2014a:1) emphasises that the manner in which the employer must report employment equity from year to year should not alter the duration of the employment equity plan. The employment equity plan's total duration must not be less than 1 year and not more than five years. The employment equity plan should set out measures to achieve employment equity goals or numerical targets for each year in order to achieve racial representation within the organisation. The details of numerical targets must be given. The employment equity goals for each year must align with the environment in which the organisation is operating, the intended results and the overall business strategy. A detailed timeline for every year of the plan that seeks to address employment equity is needed.

Papacostantis and Mushariwa (2016:1) assert that the employment equity plan must also lay out affirmative measures that can be taken to raise opportunities for people from designated groups within the organisation. The measures encompass: appointing employees from designated groups; retaining employees from designated groups; promoting employees from designated groups; and furthering diversity, amongst others. In addition, it is vital to highlight that employment equity records as well as other documents that are related to employment equity issues should be kept well in order to monitor and evaluate internal success. The employer is encouraged to identify employees that monitor and implement the plan, the designations and names of whom should be stated clearly. Senior managers should be involved. Mechanisms of resolving disputes which relate to the interpretation and implementation of the employment equity plan needs to be included. Workplace profiles should be considered when devising those goals and timetables (Kowalik, 2014:1).

3.4.5.1 Workplace profiles in relation to employment equity goals

According to Watkins (2017:1), workplace profile denotes the distribution of employees in specific occupational levels. Under-representation entails the statistical gap between the workplace's previous disadvantaged groups representation in comparison with actual labour market representation. This may reflect the likelihood of setbacks in promotion, training and development and recruitment. The workforce profile must reflect the degree to which previously disadvantaged groups are under-represented in the occupational levels of the workforce. McDermott (2013:1) reinforces that this workforce profile must be compared to the metropolitan, regional or provincial,

or national economically active population. The employers must develop numerical goals for every occupational level in reference to the under-representation of the profile of the workforce and in relation to the demographics of national profile.

The degree of under-representation indicated by the profile of the workforce reflects the significance of the goals. The employers and trade unions must give first preference to the under-represented group in the workforce. During the process of consultation attention must be given to the group with greatest imbalances that reported during analysis and audit. Frank and Horwitz (2011:297) note that employers are expected to carry out external and internal workforce analysis of their employees in which economically active population across all categories of occupations is scanned. This move should also incorporate directorships of organisational boards. The Table 3.3 and Table 3.4 below show the National Economic Active Population and the Provincial Economic Group respectively.

3.4.5.2 National Economic Active Population and the Provincial Economic Group in relation to employment equity goals

Table 3.3 National economically active population

NATIONAL EAP BY POPULATION GROUP AND GENDER			
Population Group	Male	Female	Total
African	42.80%	35.10%	78.00%
Coloured	5.30%	4.50%	9.80%
Indian	1.80%	1.00%	2.80%
White	5.30%	4.20%	9.50%
Total	55.20%	44.80%	100.00%

Source: Watkins (2017:1). Adapted.

Table 3.4: Provincial economic active population

PROVINCIAL EAP BY POPULATION GROUP AND GENDER						
	Gender	African	Coloured	Indian	White	Total
Eastern Cape	Male	43.20%	5.90%	0.10%	3.00%	52.30%
	Female	39.80%	5.50%	0.10%	2.40%	47.70%
	TOTAL	83.00%	11.50%	0.20%	5.40%	100.00%
Free State	Male	49.60%	0.70%	0.40%	3.70%	54.30%
	Female	41.50%	1.30%	0.10	2.70%	45.70%
	TOTAL	91.10%	2.00%	0.50%	6.40%	100.00%
Gauteng	Male	44.80%	1.70%	1.80%	7.90%	56.10%
	Female	35.20%	1.30%	1.10%	6.30%	43.90%
	TOTAL	80.00%	3.00%	2.90%	14.20%	100.00%

KwaZulu-Natal	Male	43.20%	0.60%	6.80%	2.30%	52.90%
	Female	41.10%	0.40%	3.80%	1.80%	47.10%
	TOTAL	84.30%	1.10%	10.60%	4.00%	100.00%
Limpopo	Male	53.10%	0.20%	0.40%	2.10%	55.70%
	Female	43.00%	0.10%	0.10%	1.10%	44.30%
	TOTAL	96.00%	0.30%	0.50%	3.10%	100.00%
Mpumalanga	Male	51.00%	0.20%	0.60%	3.50%	55.30%
	Female	42.10%	0.10%	0.10%	2.50%	44.70%
	TOTAL	93.10%	0.30%	0.70%	6.00%	100.00%
North West	Male	56.40%	0.50%	0.10%	3.60%	60.60%
	Female	35.90%	0.30%	0.20%	2.90%	39.40%
	TOTAL	92.30%	0.80%	0.30%	6.50%	100.00%
Northern Cape	Male	29.80%	21.30%	0.20%	6.20%	57.60%
	Female	20.60%	17.30%	0.20%	4.40%	42.40%
	TOTAL	50.40%	38.60%	0.40%	10.60%	100.00%
Western Cape	Male	19.90%	26.20%	0.40%	8.20%	54.70%
	Female	16.10%	22.50%	0.10%	6.60%	45.30%
	TOTAL	36.00%	48.70%	0.50%	14.90%	100.00%

Source: Watkins (2017:1). Adapted.

The tables above depict the Economically Active Population of the entire nation and that of each province. The Economically Active Population (EAP) denotes the age group (between 15 to 64 years) of people who may be unemployed, seeking employment or are employed (Azania, 2016:1). In most cases, the Economically Active Population (EAP) is utilised as a yardstick to help an employer in analysing the workforce, where the extent of designated groups' under-representation is revealed. The yardstick further gives employers direction in formulating numerical goals and timetables to achieve equal racial representation in the workforce. The Employment Equity Act (Section 15) demands the implementation of measures of affirmative action by all designated employers. The measures are designed to ensure that people from previously disadvantaged groups who are suitably qualified have equitable employment opportunities and are equally represented in all occupational levels of the designated employer's workforce.

According to Heerden (2015:1), employers are obliged to utilise both the regional and national EAP as a guideline, which can be used simultaneously with rigorous evaluation of suitably qualified pool of labour available. The Department of Labour's Compliance Assessment is enforced through Section 42 of the Employment Equity Act, which states that in determining the designated employer's compliance with employment equity implementation, the Director-General should consider the regional and national demographic profile of the economically active group (EAP). Apart from factors highlighted in Section 15, the Employment Equity consultant normally

compares the employer's workforce profile with the regional and national demographic figures.

Budeli-Nemakonde (2016:75) states that the timetables and numerical goals are strategies devised to address under-representation within the organisation's levels and categories of occupations. The timetables and numerical goals are also important to map the way for programs that propel employment equity legislation, by incorporating all the designated groups. Making definite targets for employment equity leads to cumulative progress in addressing the under-representation of employees from designated groups. In reference to the Employment Equity Act, the records that align to the stock and flow of employees should be kept. Workforce profiles that relates to disability levels, race, gender, promotions and turnover must be kept as records of data. Despite this requirement of the legislation, keeping these records merely reflects excellent human resource planning and management. According to the Employment Equity Act (1998), the employer is expected to set timetables and numerical goals in a bid to counter the under-representation of designated groups. In this case, Stine (2015:1) points out that the employer is expected to do a breakdown of the following:

- The breakdown of the numerical goals of employees by gender, race and occupational levels;
- The breakdown of the numerical goals of employees with disability by race, gender and occupational levels; and
- The occupational levels' income differentials.

Employers are required by the labour department to develop an employment equity plan for five years. An employer should put in place employment equity plans which incorporates: (i) the formulation of positive measures that combat historic discrimination effects, such as proactive promotion and the training of employees from designated groups, and (ii) the implementation of accommodation measures that are reasonable, for instance, accommodating religious beliefs, affording flexi-working hours, assistance in education, childcare, communication facilities of both external and internal factors, among others (Goldberg, 2014:1). Positive practices that counter the consequences of past discrimination should be incorporated into employment equity plans, namely proactive recruitment and the selection and promotion of people from designated groups.

These practices are termed 'Good Practices' under the Employment Equity Act of South Africa. In terms of the employment equity plan, specific actions should be given in detail. Some of the questions that the employer is required to answer are: what will the employer do?; how will the employer do a step-by-step breakdown?; who will be actually conducting it?; and when will this be actually conducted? The employer is obliged to incorporate a calendar of milestones and events (Wyk, 2014a:1). According to Heerden (2015:1), when submitting the employment equity report, all designated employers are required to complete the following forms: EEA₁ Employee declaration; EEA₂ Employment equity report- this should be sent to the employment equity registry; and EEA₄ which is the statement of income differentials form.

Minority groups should see the numerical targets as employment guidelines not a situation where targets are aimed at excluding employees from over-represented groups from promotion or employment. This is evidenced by the case of *Solidarity & others v Department of Correctional Services & others* (CCT 78/15, 15 July 2016) where it was concluded that the plan amounted to unlawful quotas and is too rigid. In terms of the Department's plan, over-represented groups would not be hired except those that have skills that are special. Hence the minority contention that the Department's plan constitute quotas. The following factors must be taken into account when formulating numerical goals (Budeli-Nemakonde, 2016:75):

- The extent of under-representation of employees from previously disadvantaged groups at each and every occupational level in the workforce of the employer;
- Current and future vacancies within the organisation;
- Current national and provincial economically active population as indicated in form EEA 8 as per the legislation;
- The available potential employees from previously disadvantaged groups who are suitably qualified from the pool of potential candidates that can be attracted;
- The current and predicted financial and economic factors relevant to the sector in which the employer functions;
- The financial and economic state of the employer;
- The predicted reduction or growth of the workforce of the employer during period of the goals;
- Anticipated employee turnover in the workforce of the employer during the period of the goals; and

- The reasons underlying the turnover. In particular, relating to employees from previously disadvantaged groups.

McDermott (2013:1) notes two main reasons for submitting reports, namely: i) legislation compels all designated employers to comply with it as stipulated by the EEA. High penalties sanctioned by the Department of Labour can be avoided if the employer puts suitable measures in place. Whilst timeous submission is important, employers should understand this is not adequate to make full compliance with the legislation requirements; and ii) the reports are crucial for an organisation to obtain a B-BBEE certificate (Tandwa, 2017:1).

Without a proper progressive Employment Equity report, there may be a forfeiting of points on the B-BBEE Scorecard in respect of management and control. This can have an adverse effect on the B-BBEE certificate overall score and rating. The employer is legally bound to make sure that the content of the report are accurate and factual, as well as reflecting adequate progression of staff within organisations as expected by the EEA. If the employees are unionised, it is a prerequisite for employers to engage in consultation with employee representatives (Matyala, 2016:1). Apart from having consultation, employers are obliged to furnish wholly the equity plan information to the entire employee population. Normally, consultation between employers and trade unions is not strong to support the efforts of employment equity.

Although Section 16 of the Employment Equity Act enforces employers to consult on reasonable grounds and reach agreements with bargaining agents or employee representatives, there are partial partnership with unions which tend to be embraced by employers in South Africa (Peyper, 2017:1). The employer is not allowed to make decisions that establish a total blockage of prospective or continued employment of previously disadvantaged employees. However, in an economic recession, there may be limited opportunities of entry into the labour market for entire groups. Labour inspectors from the Department of Labour are mandated to enforce monitoring and compliance through conducting employer audits. The provisions of compliance in the form of a contract is needed by the EEA (1998).

3.4.5.3 Measures to formulate employment equity goals and timetables for meeting equity goals

The following sections describes the measures that are used in formulating employment goals and timetables:

3.4.5.3.1 Conduct an Employment equity audit: McDermott (2013:1) states that a comprehensive employment equity audit indicates areas where attention needs to be paid to and hence one needs to come up with feasible goals and timetables. With a rigorous audit in place, employment equity goals can be achieved easily and changes can be implemented quickly. The audit needs to be done properly and therefore requires absolute commitment and a significant amount of time. Department of Labour inspectors usually demand evidence that the audit was conducted.

3.4.5.3.2 An employment equity committee should be involved: The committee makes fruitful contributions since they have in-depth information with regard to the numerics of racial profile and their positions in their respective working areas (Ntim, 2013:1). The committee should be able to give an evaluation of the organisation's employment equity compliance with the formulation of concrete goals and timetables. The committee can also compile a report on the status of organisation's compliance, which may be used to discuss and debate creative goals.

3.4.5.3.3 Break the employment equity project into small parts: By breaking the project into segments, it helps the organisation to significantly check the employment equity goals of each section, thereby formulating goals and timetables that suit the specific sections within the workplace, especially when the organisation is huge (Papacostantis and Mushariwa, 2016:1). The set timelines for revisions and changes of goals and timetables are clearly defined and the sections that require time to make revisions and changes are identified.

3.4.4.3.4 Develop successive goals: Benjamin (2013:167) advises that it is important to develop successive goals and timetables once the principal goals expire. The goals and timetables should have exhaustive information that is contained in the new amendment to the Employment Equity Act. Annual reports are developed based on progress in terms of employment equity goals and timetables. Successive

employment equity timetables and goals should be formulated six months before the current timetables and goals expire.

3.4.5.3.5 *Employment equity goal assessments:* The new amendment obliges employers to craft, streamline and implement goals that address various areas to ensure employment equity (Tandwa, 2017:1). The assessments should monitor, scrutinise and evaluate time-frames for each goal.

3.5 ANALYSIS OF EMPLOYMENT EQUITY IMPLEMENTATION IN FINANCIAL SECTOR OF SOUTH AFRICA

Although the economically active population of the Blacks (African, Indian and Coloureds) constitutes 90%, in the financial sector the senior managerial level only constitutes 48% of Blacks across the entire spectrum of financial organisations, whilst only 30% of Blacks occupy the top managerial level (Department of Economic Development and Tourism, 2014:1). Blacks at the middle management level comprise 64%. Mhlanga (2018:1) posits that the pace at which transformation and de-racialisation occurs in the financial sector is very slow. Female and black actuaries earn less than white male actuaries. Justification of pay discrepancies by race and gender should be given by companies in the financial sector. Moreover, salaries need to be audited in the financial sector. Despite top management being aware of this, no action was taken to address this issue. The financial sector has one understands tends to shape the economy. The Financial Sector Charter discovered a slight increase in black women in senior management and Blacks in senior management. However, there is a decrease in the scores for Skills Development. In the financial sector, there has been very slow progress in transformation as black women only make up 8% of the managers in senior positions, which falls behind the target of at least 10% (BASA Transformation Report, 2019:1). Employment equity remains a critical area that needs attention in the financial sector.

In terms of Financial Sector Codes (FSC), all financial institutions are expected to meet the targets set out in 2017 (Department of Economic Development and Tourism, 2014:1). The codes expect companies in the financial sector to have a reasonable number of representatives from previously disadvantaged groups. In addition, these companies in the financial sector are required to make notable contributions to the transformation, growth and development of the country as a whole. Over and above

this difficulty, employees with disabilities are still experiencing marginalisation in organisations that are often hesitant to hire and appoint employees from this designated group (Hashim and Wok, 2014:193). Roodt and Smith (2003) carried out a study on industries' response to EE constraints. They surveyed a sample of 4 729 employees from nine different companies representing different sectors. They found that companies in the financial sector responded differently to EE constraints compared with companies in other sectors.

In the financial sector, the Financial Sector Charter supports the EEA, in which it strives to make transformations within the industry and promote a demographic profile that reflects the South African demographic profile (Prinsloo, 2010:1). Government compels the financial sector to engage in real transformation as it deepens its radical legislation. The financial sector is seen as the engine driver of the South African economy. The Commission for Employment Equity wants to make the financial sector a de-racialised industry, which is absolutely inclusive. The slow pace of de-racialising and transforming the financial sector is frustrating the government. However, most companies in the financial sector are obscuring their failures to meet the targets of the in-house Financial Service Charter and ultimately, Employment Equity provisions. Ulrich, et al. (2012:217) affirm that corporate strategy and vision should incorporate the issue of achieving employment equity. Standard behaviour focuses on the rules and norms of the way things are carried out, while strategy takes into consideration the form of the business.

The following section examines employee performance.

3.6 THE CONCEPT OF EMPLOYEE PERFORMANCE

Employee performance occupies a space in any organisation, marking the ultimate output of the activities that an individual has been engaged in. Employee performance will not drop its relevance, even in many decades to come, due to its great contribution towards the success of the organisation. Understanding the aspects of employee performance in detail is vital since today's work settings rely heavily on it as a central construct for organisational success. Regardless of the level of automation that organisations in the financial industry may have, the effectiveness of employees corresponds with the level of performance of the organisation. Definitions of employee performance may vary. Sindelar (2016:340) defines performance as the achievement

of the tasks assigned. Bishop (2013:55) states that employee performance denotes the final result of human behaviour with regard to techniques and procedures that steer the job towards organisational goals. Employee performance monitors the degree to which a member of the organisation contributes to the accomplishing of organisational objectives. Ivan, Alex and Cary (2012:224) elucidate that employee performance incorporates observable tasks that a member of the organisation does, which are appropriate towards the achievement of organisational goals. It focuses on aspects that indirectly or directly relate to employees' work. Employee performance is crucial to the organisation so much effort is given to assist low performers. It can also be seen as the act of *applying* knowledge, which distinguishes from a mere *possession* of it.

According to Hahn (2018:74), performance is also seen in situations where a particular group of employees behaves in a certain way, which differs from other group of employees. For this study, employee performance is considered as the ultimate result of the effort exerted by employees from designated groups. It is imperative for the organisation to have high-performing employees in order to accomplish organisational goals and gain competitive advantage.

Awamley (2013:313) asserts that constant performance monitoring is of prime importance to check the performance of each employee from designated groups in their prospective appointed positions. This develops previously disadvantaged employees to effectively perform, even to higher challenging positions. Fevre, Lewis, Robinson and Jones (2012:245) indicate that when managers fail to provide employees from designated groups with task autonomy, treat them with respect, give them responsibilities and have realistic expectations of their performance, employees experience interactional injustice.

Performing at an optimum level and achieving tasks stimulates employees more as they are engulfed in the spirit of pride and mastery. It is believed that employee performance is directly aligned to the nature of the job conducted by an individual as well as relevant work processes that leads to the achievement of desired outcomes. Hence, employee performance entails the final result of human behaviour with regard to techniques and procedures that steer the job towards organisational goals. According to Allen (2018:225), the definition of employee performance has a combination of the following factors:

- **Position-** the environment of the organisation which encompasses administrative systems, business climate, organisational structure and supervision.
- **Work-** opportunities and challenges of the job.
- **Employee-** who possesses skills, knowledge, motives, attitudes and values.

Employee performance closely looks at the attainment of assigned duties by an employee. Pre-determined standards must be measured against actual performance. Before a claim of underperformance is made, performance expectation must be made clear to everyone. Special capacity building aspects of the work environment include organisational culture, communication flow and organisational infrastructure (Garriga, 2013:1). Employees who are capacitated with skills and knowledge experience higher morale and consequently exert more effort towards performance. Well-trained employees have higher decision-making skills and confidence. Skilled and reliable employees from previously disadvantaged groups can also be mentors and coaches to the majority of these employees.

The quality of goods and services provided by organisations are predominately determined by the skills and knowledge of the workforce (Jiang, Lepak, Han, Hong, Kim and Winkler, 2012:73). The better performance of employees stimulates other co-workers to carry out their work at their best level, which can assist to expand organisation's financial base. For employee performance maximisation, Nazir and Islam (2017:98) state that the organisation must focus on realistic and challenging objectives. Managers must set individual employee performance targets that align with the operating unit, as well as broad organisational objectives. Employees gain higher confidence and efficiency in performing their tasks if they have adequate knowledge of what material is needed and how the material should be interpreted and collected.

Employees from different races, who come to the organisation as a result of employment equity, sometimes become incompatible to the extent that their conflicts stifle the effectiveness and efficiency of the organisation. If these workforce conflicts are improperly managed they can end up as personal issues that affect the morale of employees. Insufficient skills to manage employees from different races may be major hindrance to performance as well. Employees can accomplish objectives once their distinctive work profiles meet the opportunities and requirements of work within the organisation. According to Aqeel, *et al.* (2015:201), the work profiles constitute abilities, personality, values, styles and interests. Employees who are self-aware of

their personal style and aptitude have the better prospective of identifying the jobs they are fit for. The best fit between the job and the person poses higher chances of achieving goals successfully. In addition, focuses on designated employee performance which is different from employee performance in general may mean that the study may reach different conclusions from those carried out on employee performance in general.

3.6.1 Empirical review of studies conducted on the concept of employee performance

The empirical studies on employee performance in financial sector have received attention in many countries. However, very few studies have been carried out specifically in the financial sector of South Africa. A concise review of literature of such studies is as follows:

A study carried out by Hameed, Ramzan and Zubair (2014) focused on employee performance in the banking sector of Pakistan involving a survey of 200 bank employees and the results revealed that advancement of an employee at the workplace has positive correlation with an improvement in employee performance. A study conducted by Munjuri and Maina (2013) focused on employee performance in the banking sector in Kenya involving a survey of 4000 employees and found that workforce diversity has a positive greater impact on employee performance at managerial level than at low non-managerial level. A study carried out by Cooper, Wang, Bartram and Cooke (2019) focused on employee performance in the Chinese banking sector and found that there is a positive relationship between resilience and employee performance. A study conducted by Bose and Emirates (2018) focused on employee performance in the selected UAE banks involving a survey of 80 employees and found that there is insignificant relationship between employee empowerment and employee performance. A study conducted by Al-Fakeh, Padlee, Omar and Salleh (2020) focused on employee performance in Jordanian Islamic banks involving a survey of 303 employees and found that there is a significant relationship between employee satisfaction and employee performance. A study carried out by Wu (2011) focused on job performance among employees in the Taiwanese financial sector and found that emotional intelligence has a positive impact on job performance. A study conducted by Dajani and Zaki (2015) focused on employee performance in the Egyptian banking

sector involving a survey of 245 bank employees and found that employee engagement has a significant impact on employee performance.

3.6.2 Measuring the performance of employees

In the financial industry, Darwish (2013:30) states that the performance of employees is very crucial to sustain the operations of the business. In the view of performance, employees are seen as assets. An employee can reach optimal performance when the assigned functions, responsibilities and duties are conducted at the expected or higher level. Samridhi, *et al.* (2015:20) state that both results and behaviours are equally important and should be considered whenever measuring employee performance. A distinction between results-oriented performance and behaviour-oriented performance are equally important for successful overall performance. Results-oriented performance has a direct relationship with results an employee accomplishes. Behaviour-oriented performance is aligned to the processes that an employee follows in order to accomplish the results.

A higher behaviour performance level can be received as an end in itself and due to the impact that it has on results performance. According to Tehmina, Muhammad and Rashid (2014:467), performance criteria that cover the information pertaining to performance is essential to the organisation as it reveals to management whether the organisation is stagnant, deteriorating or improving. It facilitates the business to improve its services for growth and survival. The concept of employee performance can be comprehensively studied by evaluating and classifying particular outputs within a specific period of time. Employee performance is a chief crucial organisational performance contributor. The performance of employees can be measured utilising various parameters that reflects the pattern of the performance of employees over a specific time-frame.

Hahn (2018:74) highlights that employee performance can be measured by utilising a measuring system such as the balanced scorecard. The system translates higher level goals into low-level tasks. Thereafter, measures are pegged on individual employees to check the performance of those tasks. Performance criteria should be clear, unambiguous and of relevance to the activities to be carried out by the employee. Hollenbeck, Wright, Gerhart and Noe (2014:35) highlight that the factors included in the criteria must not be far out of reach of an individual employee to achieve under

normal circumstances. Supervisors and managers must be well-acquainted with knowledge to give constructive and meaningful feedback. Relevant professional development opportunities must be provided to counter performance loopholes picked up through evaluation. The evaluation of employee performance must focus on work performance and employee behavior and overlook the employee's personality.

Elnaga and Imran (2013:4) emphasise that the effective discharging of the duties that one is employed for indicates optimum employee performance. The critical aspect about employee performance is to accomplish the pegged minimum performance required within the organisation. Irrespective of number of duties that an employee has performed, an employee is deemed to have performed well when the outcomes of the performance are aligned with the objectives and goals of the organisation. Completing the assigned tasks successfully within the given time-frame is also the hallmark of good employee performance (Härtel and Fujimoto, 2015:34). This completion should be done within the pre-determined acceptable standards through the effective and efficient usage of the resources available in the dynamic environment.

The performance of employees includes records of results accomplished for every specific function of the job over a particular time period. High performing employees are mostly productive employees (Nazir, *et al.*, 2017:98). Employee performance encompasses the quality of outcomes, quantity of outcomes, co-operativeness, the presence at workplace and timeliness of outcomes. Excellent employee performance in the financial industry is normally linked to higher service quality, whilst low or poor employee performance is associated with heightened customer complaints.

Zulfqar, *et al.* (2012:323) postulate that the pre-set standards are compared to actual performance in which the rule of measurement is a pre-requisite for performance assessment. Performance expectations reveal the under-performance of the employees. Hence, for the employer to claim that employees are under-performing there should be performance expectations standard available. Osman (2016:571) states that the key aim of analysing employee performance is to spot both weaknesses and strengths of individual employees by reviewing actual performance against pre-determined standards, in line with delivering skills and personal characteristics. It is then critical to carry out individual employee assessments that may be followed by a developmental plan in order to accomplish higher yields and maximum productivity.

An assumption that skill and competence improvement leads to higher employment performance is widely accepted. Since employee performance incorporates the effectiveness and efficiency of carrying out tasks and activities, it is crucial to consider important dimensions of employee performance, namely determination, ability and will (Martin and Gollan, 2012:3295). Several measures can be considered to check the performance of employees, including quality, productivity, efficiency and effectiveness (Jiang, Lepak, Han, Hong, Kim and Winkler, 2012:73).

Quality relates to the features of services or products that stand to fulfil the satisfaction of implied needs. In this way, the organisation may produce better services or products at an increasingly competitive price. Productivity relates to an expression of input to output ratio. According to Raluca (2012:660), efficiency entails the capability to generate the anticipated results by utilising the available minimum resources, whilst effectiveness denotes the capability of an employee to reach the target results. Managers should set the targeted level of performance for a particular time period. This can be conducted by setting standards and goals against the performance of individual employees. Companies have to ensure that employees are making products or services of high quality through the employee performance process.

Farah and Waqar (2015:149) state that employee performance comprises observable behaviour revealed by employees that aligns with organisational goals. The employee performance concept has two main aspects namely, the outcome aspect and an action aspect (behavioural). The outcome aspect denotes the consequences of an employees behaviour. The behavioural aspect entails things that one does at the workplace. It includes behaviour such as managing financial flows, customer care and managing human resources, amongst others. Augusto, Couto and Caiado (2014:350) attest that employee performance is critical within organisations because of much emphasis that is put on high productivity within the workplace nowadays.

Employee performance measurements within the organisation should give much attention to behaviours and rather less attention to outcomes. This is because giving much attention to outcomes can instigate an employee to look for an easier way to accomplish the expected results, which is most likely to be harmful to the organisation as crucial and desired behaviour is sidelined in the process. Performance is not the result of behaviour, but rather constitutes the behaviour that employees reveal (Akinbowale, Lourens and Jinabhai, 2014:342).

3.6.3 Fundamental approaches to employee performance

Employee performance is a crucial aspect in which the main contribution of employees is through work behaviour. According to Sindelar (2016:340), employee performance has two different approaches, namely contextual performance and task performance. It is most likely that contextual and task employee performance reveal job results that are different.

3.6.3.1 The importance of task performance

Cesário (2017:152) refers to task performance as the proficiency of an employee in undertaking activities that add value to the technical core of the organisation. Task performance relates to the outcomes and behaviours of specific employee activities. It focuses on quality and efficiency, but fights against innovation. The contribution of the employee to the organisation can be indirect or direct. Indirect contribution incorporates those in the managerial and supervisory designations, while direct contribution denotes involvement in the production of commodities. Ivan, *et al.* (2012:224) proclaim that task performance is multi-dimensional and encompasses concepts of performance such as managerial proficiency, supervision proficiency, oral and communication proficiency, job task proficiency and non-job task performance. Task performance components in the financial industry include aspects such as customer-centeredness and innovation, which strive to give superb customer service. A requirement of excellent work quality competences to an employee's skills is the building of innovation competencies.

3.6.3.2 The contribution of contextual performance

According to Ivan, *et al.* (2012:224), contextual performance entails the aspects of employee performance that enhance and maintain the psychological climate and social network of the organisation that anchor technical tasks. Contextual performance incorporates the entire behaviours and activities of any work at any position that can assist the organisation to accomplish its objectives. Contextual performance includes giving support and adherence to the rules of the organisation, efforts exerted towards the completion of a task, co-operation and assistance to the activities of the organisation. Cesário (2017:152) states that contextual performance is sub-divided

into two categories, proactive contextual performance behaviours and stabilising contextual performance behaviours.

Proactive contextual performance behaviours relate to personal initiatives, while stabilising contextual performance behaviour entails organisational citizenship behaviour that includes conscientiousness and courtesy. Proactive contextual performance behaviours focus on the transformation of organisational processes and employee work procedures. Stabilising contextual performance behavior strives to ensure a smooth flow of the existing state of performance. Contextual performance is seen as organisational citizenship behaviours (Devonish, 2013:630).

3.6.4 Phases of employee performance

According to Jiang, *et al.* (2012:73), employee performance is categorised into five phases, namely planning, monitoring, developing, rating and rewarding. The *planning* stage involves developing strategies, outlining schedules and setting goals in order to achieve goals. At the *monitoring* phase, goals are checked to inspect how well an employee is doing to achieve those goals. Monitoring entails continuous performance measurement and the provision of on-going feedback to work groups and individual employees with regard to their progress towards accomplishing pre-set goals. Abdul, *et al.* (2016:382) assert that on-going monitoring gives one the chance to observe which employees are reaching the pre-set standards, as well as to make some amendments to problematic or unrealistic standards.

At the phases of planning and monitoring performance, deficiency can surface and be addressed. At the *developing* stage, Audenaert, Decramer, Lange and Vanderstraeten (2016:1024) state that the employee is expected to make some improvements based on the areas of poor performance that have been reflected at the time an employee has been employed in the organisation. The *rating* stage provides the summary performance of the employee. This is beneficial when comparisons are made between the expected and the actual performance amongst employees. The employer needs to give recognition to best performers amongst the employees from designated groups on completion of the cycle, which is known as the *reward* stage.

3.6.5 Determinants and elements of employee performance

Comprehensive understanding of employee performance requires a person to grasp the determinants of the performance of each employee. The main reason for hiring an employee in any organisation is to extract the maximum performance out of the employee. Since there are myriad factors as well as the challenge of understanding the extent to which each factor impacts on performance, dissimilar outcomes are usually noticed. Numerous determinants influence performance. According Kazi (2015:42), some of the general variables of performance encompass qualification and experience, amongst others. All other things being equal, an employee's qualifications can stimulate performance. Experience is seen as a critical asset that boost the performance of an employee.

The higher the number of years of experience, the greater the performance level. Identifying factors that affect employee performance and the degree of connectivity among them remains problematic to most organisations. Capacity building which incorporates professional development (desires, skills, knowledge, motives, interests and values); organisational support (material resources, human resources development policies, career path and planning opportunities); and the internal work environment (organisational structure, material resources) occupies an important place as a key level of performance determinants (Devonish, 2013:630). Every organisation always seeks to create an atmosphere where employees carry out work at their maximum level of effort which leads to the effectiveness and productivity of the organisation.

This works together with required duties, tasks, opportunities and challenges within the organisation as an essential key in the determination of the level of employee performance. Employee performance is also influenced by organisational factors such as job security, job satisfaction and incentives, amongst others. Allen (2018:225) states that a number of scientists of management have attempted to construct a model of determinants of performance. For instance, Eleonora and Maurizio (2017:505) mention three determinants of employee performance, namely personal characteristics, outcomes of efforts and recognition of the job role. When an employee recognises the assigned role, performance is deemed to be high. Work efforts reflect the employee's gross previous experience, as well as the extent of enthusiasm. A

satisfactory personal employee character has a good bearing on performance (Niklas, Meir, Jürgen and Stefan, 2014:664).

Carter (2013:942) notes that the absence or presence of some determinants does not amount to effective employee performance, but is a result of the connection of three determinants, namely:

- **Business climate:** the pleasure that is given by the in-house work environment, a sense of enjoyment that is derived from the achievement of needs, desires and work objectives.
- **The capability of the employee to carry out duties:** This capability is accomplished through experience, skills from work, training and education.
- **Individual motivation:** The degree of aspirations that an employee has towards work.

Tahir, *et al.* (2014:67) state that the organisation is expected to set satisfactory employee performance as its major objective, which must be 'smart' (that is specific, measurable, achievable, realistic and timely). According to Harney and Monks (2014:34), the following aspects should be addressed to achieve good employee performance outcomes:

- **Provide job experience:** Major developments in skills happen through experiences. Skill development usually take place when a variance is noticed between past experiences and employee skills. The skills are critical to carry out the job effectively and efficiently.
- **Improvement of interpersonal relations:** An employee within the organisation can develop skills as well as improve knowledge about clients and the organisation through interaction with a more senior, experienced employee.
- **Provision of specific information to an employee:** Organisations must give exact information to employees with regard to performance problems, together with mechanisms which can be employed to increase performance.

- **Morale and motivation** - Motivation stimulates employee morale to exert more effort hence increasing productivity. On the other side morale improves productivity by lowering employee turnover, grievances, accidents and absenteeism.
- **Capacity building** - capacity building within the organisation includes professional development and the work environment

Awamley (2013:313) claims that the main factors affecting employee performance are grouped into two: management-driven aspects and factors that relate to factory design, premises and offices. Management-driven factors relate to factors such as shift-working, working patterns, absence or holiday cover, training and development provision, amongst others. Physical aspects of the environment relate to the level of comfort (natural lighting, artificial lighting, overall comfort) and office layout (work area). However, Audenaert, Decramer, Lange and Vanderstraeten (2016:1024) state that the identification of determinants that govern employee performance is difficult due to the following reasons:

- The factors that govern the performance of certain group and level of employees can differ from performance factors that govern a different group and level within the organisation;
- The factors that govern the performance of employees in a certain organisation may differ from performance determinants of employees in another organisation; and
- The factors in the external environment may have a negative or positive impact on the identification of performance determinants.

3.7 CONCLUSION

A proper employment equity implementation plan is crucial and is required to be drawn up within the organisation in which talents from designated groups are identified. Organisations are implementing employment equity to meet the lines of gender and racial balances. However, they end up meeting numerical goals in a mediocre fashion

(Peyper, 2017:2). Most organisations strive to maximise demographic balances at the expense of efficiency of performance expected from each individual employee. This tends to impact negatively on the overall performance of the organisation because the organisation may have to cope with employees who are not valued or efficiently utilised.

CHAPTER 4

THE CAPACITY BUILDING FRAMEWORK ALIGNED TO EMPLOYMENT EQUITY AND EMPLOYEE PERFORMANCE IN FINANCIAL SECTOR

4.1 INTRODUCTION

This study is premised on capacity building serving as an effective tool for employment equity implementation and employee performance. Yamoah and Maiyo (2013:42), views capacity building has been very important and the scale of need is huge. However, employers tend to misunderstand the importance real capacity building within an organisation. The most significant issue that organisations encounter is how to find employees from designated groups who match the job requirements in order to remain constructive and to accomplish the desired results of the organisation. Employees, particularly from designated groups, may learn new knowledge through capacity building that puts them as prospective candidates for promotion, especially at the levels of senior managers and top managers in which there remains insufficient representation (Gura, 2015:35). Capacity building raises employee tolerance for diverse organisational cultures. Frank, *et al.* (2011:297) postulate that the high prevalence of inequality is largely triggered by an increase in the levels in the poorly skilled labour market, which reflects the unpreparedness of the majority to fill the workplace skills required.

By making race of the economically active group as the only transformation measurement yardstick to achieve employment equity targets is largely a mistake. Capacity building has to be significantly considered. It is crucial to note that in implementing employment equity, attention should be given to the building of pools of critical skills. Hideg and Ferris (2014:49) state that business organisations are required to focus their attention on capacity building interventions that exponentially raise the numbers of suitably qualified personnel. Given that significant doubts have been cast as organisations struggle to promote female employees and employees with disabilities, the question is “how can organisations consider offering basic capacity building to manage their future job demands?” With regard to employment equity programmes, professional development should not be an individual employee’s

responsibility. Employers need to provide reinforcement and support to the core aspects of programmes.

This research study explores the influence of capacity building on employment equity and employee performance. In this chapter the linkage between capacity building, employment equity and employee performance is reviewed. This chapter covers: the background to the South African financial sector; the structure of financial sector and its role; transformation in financial sector; challenges faced by financial sector; background to the Ithala Development Finance Corporation; the structure of Ithala Development Finance Corporation; performance of Ithala Development Finance Corporation; evaluating the link between capacity building and employment equity implementation; capacity building and employment equity policy; critiques of the relationship between capacity building and employee performance; the linkage between capacity building; employment equity and employee performance; theoretical framework; contribution of line managers to employment equity implementation and management; and the importance of involving line managers in employment equity implementation.

4.2 BACKGROUND TO THE SOUTH AFRICAN FINANCIAL SECTOR

The South African financial sector is sophisticated and well-developed, with a variety of financial instruments and institutions. An improvement in the financial depth has been seen in South Africa in recent times. There was an economic slump in 1985-1989, which was predominantly due to the political unrest and imposed sanctions on South Africa, as well as the debt crisis which hampered earlier projections of remarkable capital inflows (Momoniat, Havemann and Masoga, 2017:1). During this period, most banks declined to offer services such as facilities for credit cards, property leasing and personal loans. However, new institutions emerged from the financial sector, namely general banks and merchant banks. The financial sector expanded till the 1950s, mainly anchored by the commercial banks. South Africa has been undergoing a decrease in gross domestic savings since 1989, but experienced a magnificent improvement in 2008, which later diminished in 2009. An economic downfall was also experienced in 1992 due to the recession that hit the country between 1991 and 1992. The financial sector's contribution to economic activities, in particular the GDP, was 20% in 1994 (Prinsolo, 2010:205).

Until the year 2000, there was an increase in the number of banks in South Africa. However, the trend fell slightly in 2001 and 2002 by 28%. The decline in the number of financial institutions was due to a dearth of several A2 banks, which are small banks in South Africa. This does not incorporate big financial institutions such as Investec, First National Bank, Nedbank, Standard Bank and ABSA (BASA Transformation Report, 2019:1). Some of these A2 financial institutions include McCarthy Bank, Mercantile Libson and Imperial Bank. However, other financial institutions such as Saambou and Treasury Bank dissolved due to poor financial management. Those financial institutions which did not renew their licences in 2002 were Corpcapital Bank, Cadiz Investment Bank, Brait Merchant Bank and African Merchant Bank. These banks failed to manage their costs, hence finding it difficult to renew their licences. Although a number of companies have entered the financial sector, the sector is still dominated by certain big players. About 70% of the assets of the South African banking industry is accounted for by six financial institutions, namely Capitec, Investec, First National Bank, Nedbank, Standard Bank and ABSA (Mhlanga, 2018:1). However, these players neglect certain market segments, particularly in rural areas, semi-urban areas and small businesses, which the IDFC capitalises on and penetrates. In terms of financial institutions/companies dealing with insurance, the main companies include the Liberty Group, Momentum, Sanlam, Old Mutual, Investment solutions, Santam, SASRIA, Guardian National and Hollard. These financial institutions offer both long-term and short-term insurance. IDFC also emerged in insurance services, offering both short-term and long-term insurance. The IDFC occupies the niche and mass retail market of insurance to small businesses, households and vehicles.

4.2.1 The structure of financial sector and its role

The financial sector is comprised of a diverse range of activities in the economy and can be sub-divided into three key sub-sectors, which are as follows: i) investment services (asset managers, exchanges and security broking organisations); ii.) credit and banking services (microfinance institutions, banks, credit unions, mutual banks); and iii) insurance (short-term and long-term insurers) (Momoniati, Havemann and Masoga, 2017:1). The financial sector comprises all organisations that in some way handle and manage money and other financial activities. In general, the financial sector is comprised of banks, stock brokerages, asset managers, insurers, micro-

financiers and credit unions. Financial services institutions play a fundamental role in South Africa. The Financial sector deals with economic activities which constitute wealth creation for economic productivity and consumption and funding or finance accessibility (Carrim, Fubbs and Wicomb, 2017:1). Hence, the financial sector is crucial for growth and economic development.

In modern economies, the financial sector is fundamental to economic activities. The sector plays an integral mediating role between lenders and borrowers through pegging prices, thereby incentivising savings (Martin and Hill, 2015:421). Generally, it promotes the formation of fixed capital. Major economic efficiency and competitiveness is driven by the growth of fixed capital. The Financial sector is crucial in enhancing globalisation by being a mediator between the purchasing and selling of risk embedded in both the production and movement of goods (Salahuddin and Gow, 2016:141). It serves as a safe-keeper of currency transactions whilst maintaining saving means, cost effective and convenient means for money transfer and the purchasing of goods and services. The financial sector also plays a prominent role in the private sector because of its capability of creating money by the money multiplier (Donou-Adonsou and Sylwester, 2016:82). Innovation in the financial sector promotes economic growth. In terms of earnings, the financial sector ranks amongst the highest in the world. Some companies in the financial sector are focusing on serving small and medium companies which have direct contribution to economic growth, as well as impacting poor individuals. The sector-based contributions to Gross Domestic Product data shows that the financial sector has a remarkable proportion as it is the biggest contributor to the growth of the economy of South Africa (Nanziri, 2016:109).

According to StatsSA (2019), the financial sector of South Africa is the key contributor to GDP growth and the largest source of new jobs. It plays a crucial role in transforming the South African economy. A study carried out by Donou-Adonsou and Sylwester (2016) on financial development and poverty reduction in developing countries involving a panel of 71 developing countries over the period 2002–2011. They found that banks have some ability to reduce poverty. Financial institutions shift to a higher level of supporting the economic transformation of the economy. In addition, the financial sector charter is ingrained in the financial sector to eradicate inequalities and form a sound sector. This charter was established on 01st January 2004. Many

financial institutions have increased their number of employees from designated groups at junior managerial levels as compared to senior levels. Moreover, there is an improvement in the financial sector as the number of black board members rose from 43 to 71 between 2016 and 2017. Executive directors from designated groups increased from 5 to 13 between 2016 and 2017. These executive directors are seen occupying prominent leadership positions, even in well-established financial institutions. These financial institutions play an integral role in transforming infrastructure, black small businesses and black agriculture.

About R244,3 billion was lent in 2017, which reflects an increase of 5% from the R232.7 billion lent in 2016 (BASA Transformation Report, 2019:1). An approximate 7.6% increase was realised from transformational infrastructure and 26% was increased to black agriculture. However, a decrease of 7.7% was realised in black small and medium companies. However, in terms of reinforcing transformation, many financial institutions perceived that it is not within their power to fully enforce transformation in the labour market, which is wrong. These financial institutions must play an integral role in transforming the labour issues within the industry. Revisions of the policies of management control are crucial, playing a key role in removing the policies that previously barred employees from designated groups from meaningfully participating in the economy of the country. Although other companies in the financial sector seem the same or similar, IDFC has very unique transformation drivers and characteristics. While the financial company's product offerings should be affordable, it recognises the necessity of having commercial viability to achieve its sustainability. During the period between 2016 and 2017, the total number of 'top senior managers' belonging to designated groups fell sharply. Real transformation is not about merely appointing people to positions or developing and growing executives, but should involve what the organisation is doing to improve and uplift the employees from designated groups from poverty (Commission for Employment Equity, 2018:10). Capacity building is required in key strategic areas in order to have real transformation.

The financial sector of the South Africa is well-developed as compared to India, Russia and Brazil. The financial sector contribution to South Africa's GDP is three times that of India and four times that of Brazil. However, the institutions in the financial sector in South Africa declined from 58 in 2003 to 34 in 2009 (BASA Transformation Report,

2019:1). Financial institutions should have adequate liquidity to meet the unanticipated demand for withdrawals. Most South Africans are served better with ATMs as compared to other African countries. However, nearly half of the adult population in South Africa, particularly the poor, do not have access to finance. However, IDFC intervenes to make sure that even the poor have access to finance, especially in the KwaZulu-Natal province.

4.2.2 Transformation in financial sector

Mhlanga (2018:1) posits that the pace at which transformation and de-racialisation occurs in the financial sector is very slow. For example, female and black actuaries earn less than white male actuaries (Harris, 2017:1). Any pay discrepancies by race and gender given by companies in the financial sector should be accompanied by a clear justification. Despite top management being aware of this, no action was taken to address this issue. Interestingly of course, was that the Financial Sector Charter discovered a slight increase in black women in senior management and Blacks in senior management. However, there is a decrease in the scores for Skills Development (Martin and Hill, 2015:421). In the financial sector, there has been very slow progress in transformation as black women only make up 8% of the managers in senior positions, which falls behind the target of at least 10% (BASA Transformation Report, 2019:1). Employment equity remains a critical area that needs attention in the financial sector. Hence capacity building may be key pillar for transformation. Government compels the financial sector to engage in real transformation as it deepens its radical legislation. The financial sector is seen as the engine driver of the South African economy. The Commission for Employment Equity wants to make the financial sector a de-racialised industry, which is absolutely inclusive. The slow pace of de-racialising and transforming the financial sector is frustrating the government. Most companies in the financial sector are obscuring their failures to meet the targets of the in-house Financial Service Charter and ultimately, Employment Equity provisions. Financial Sector Charter suggests that the companies failing to participate should be named and shamed. For avoiding unjustified salary discrepancies, the Financial Service Charter advocates salary band categorisation of staff (Carrim, Fubbs and Wicomb, 2017:1).

Given that companies in the financial sector tend to be the ones that largely make allocations of funds for various private sector projects as well as those in the public sector. Therefore, they remain highly influential in economic growth. The allocation and creation of wealth may also be significantly influenced by financial institutions. At least 95% of the money supply allocations is driven by financial companies, whilst the remainder of only 5% is supplied by the South African Reserve Bank (BASA Transformation Report, 2019:1). However, the creation of money lies in the hands of the government, which in turn tend not to trust the power of financial creation to be put in the hands of firms or individual companies. Innovation is seen as an issue of high importance in the financial sector, hence the market has become congested. However, successes and failures are associated with the regulatory regime. The presence of experts in financial systems minimises disruptions in the operations of financial institutions. Change and innovation are of paramount importance in the operation of the financial sector. Reluctance in ensuring the presence of financial system experts may stifle potential new developments. It is within the capabilities of financial institutions to determine the rate of investment through financial provisions which render them a prominent role in the South African economy (Martin and Hill, 2015:421). Managerial skills of striking a balance between allocating financial resources in a socially desired manner and the cost of financial services is needed in financial institutions. The financial institutions in the financial sector are not immune to government regulations, hence they are regulated to check their alignment with EE implementation.

4.2.3 Challenges faced by financial sector

According to Brown (2016:1), the South African country is facing an acute scarcity of professional skills for the financial sector, which contributes over 21% of South Africa's Gross Domestic Product and employs over 270 000 people across the country. The financial sector is seen to drag its heels more in gender equity rather than racial equity. White people still dominate the field of certified Chartered Accountants (CAs). Regardless of race, there is a severe shortage of CAs in South Africa. These skills are also prone to poaching because financial sector companies are facing challenges with retaining financial skills. Individual targets for capacity building must be executed at every management level, namely junior, middle, senior and top executive management, not just at general skill development targets contained in the Generic codes. In the financial sector, the Financial Sector Charter supports the EEA, in which

it strives to make transformations within the industry and promote a demographic profile that reflects the South African demographic profile (Prinsoo, 2010:205). There is a scarcity of proper mentorship for black actuaries. Most black actuaries come from poor backgrounds. For financial companies to bridge the gap, effective and formal mentorship programmes are required for female and black professionals. In the financial sector, an audit revealed that specialised professions are scarce, namely hedge-fund managers, auditors, qualified chartered accountants and actuaries (Brown, 2016:1). Therefore, real capacity building may bring transformation on these professions in order to align with both the Financial Sector Charter and Employment Equity Act. In particular women and black people should be provided with skills development programmes.

Brown (2016:1) laments that there is still a scarcity of qualified and skilled Chartered Accountants from designated groups in South Africa. Although women constitute two-thirds of the South African population, they have low numbers of skilled and qualified candidates. According to a SAICA report (2018:1), the number of men who are qualified Chartered Accountants are almost double (28 090) that of women (16 631). The number of Black qualified CAs (Africans, Coloureds and Indians) are less than half (12 675) of that of people from non-designated groups (Whites) (31 681). The total number of qualified Chartered Accountants with disabilities are very few across the country (221). There is high demand for actuarial scientists in South Africa and they are in short supply (Larkin, 2019:1). According to Harris (2017:1), across the whole nation of South Africa, there are only 322 qualified female actuarial scientists out of a total of 1417 and only 268 qualified actuarial scientists from previously disadvantaged groups out of 1417. This is one of the most difficult qualifications to obtain as it takes 7 to 10 years to become a fully qualified actuary. However, this qualification is crucial in financial sector companies. In the same manner, the number of qualified female ICT practitioners in South Africa dropped by almost half from 27% in 2018 to 16% in 2019 (Mano, 2019:1).

There is pressure for companies in the financial sector to deliver innovation in order to satisfy customers and promote organisational growth. Organisations in the financial sector are hit hard by the skills revolution (Godwin and Schmulow, 2015:756). The increase in digitisation requires brilliant skill sets of employees in order to avoid organisations from falling behind customer expectations. Organisations within the South African financial sector find it extremely difficult to recruit suitably qualified Black

candidates because most positions require a particular combination of experience and skills (Chigada and Hirschfelder, 2017:1). This scenario hence leads to operational inefficiency. Due to the increased reporting and regulatory demands of Employment Equity, organisations in this sector employ less qualified and inexperienced candidates, which is hampering employee performance. The predominant combination of expertise required is the ability to make assessments of the business' strategic goals and operations, as well as meeting compliance and regulations demands. It is a pre-requisite for employees to possess analytical thinking and stakeholder management skills, in addition to a grounded and solid grasping of a holistic view of the organisation (Muyambiri and Odhiambo, 2017:20).

Companies in the financial sector require sets of skills that are unique, as well as innovations to bring sustainable wealth and proficiency to deal with sophistication. In terms of Financial Sector Codes (FSC), all financial institutions are expected to meet the targets set out in 2017 (Department of Economic Development and Tourism, 2014:1). The codes expect companies in the financial sector to have a reasonable number of representatives from previously disadvantaged groups. In addition, these companies in the financial sector are required to make notable contributions to the transformation, growth and development of the country as a whole. However there remains little progress and transformation in terms of the representation of designated employees at middle, senior and top senior management levels (Mhlanga, 2018:1). Meaningful progression of the representation of designated employees at middle and senior management can only be fast-tracked when junior level managers from previously disadvantaged groups are exposed to experience, thereby facilitating them to move through the ranks. In the financial sector, women and people with disabilities are still under-represented. Attention to capacity building ought to be prioritised for Black people, in particular women and Black Africans, by the Labour Council, National Economic Development and Financial Sector Charter.

Over and above this difficulty, employees with disabilities are still experiencing marginalisation in organisations that are often hesitant to hire and appoint employees from this designated group (Hashim and Wok, 2014:193). Hence in the South African context and against the background of the employment equity laws, this calls for exhaustive skills development and accommodation amongst people with disabilities at the workplace (Jensik, 2017:1). The Minister of Labour in South Africa observes that the majority of barriers to the employment of people with disabilities were created by

employers themselves and therefore it is their duty to remove those barriers (Zeenat, 2017:1). Debatwise (2012:1) reports that it is now common that black employees in lower positions are being used as the face of business organisations. In extreme cases in financial sector, they are elevated to top management levels, called fronting, for the sake of increasing employment equity numbers, but in reality they receive little to no benefits.

The reasons for this situation are not hard to find and can largely be attributed amongst other things, to the denial of appropriate job opportunities at higher levels, as well as the appropriate levels of skills, competencies and training, including a quality school system. This reflects that black people, in particular African blacks, are in dire need of capacity building for them to be promoted and perform to the required standards in respect of higher positions in the workplace. Mohale (2015:1) agrees that the occurrence of cumulative inequality is due to the predominance of a lack of skill, inexperience, being ill-equipped and the poor accommodation of designated groups in organisations. A study conducted by Mason and Roman (2015) focused on EE in retail sector in South Africa. They used mixed-methods approach involving 1 104 participants in various retailers and found that different approach is required due to the fact that there is slow pace of transformation and change at workplace in South Africa

4.3 BACKGROUND TO THE ITHALA DEVELOPMENT FINANCE CORPORATION

The transition of the Kwa-Zulu Finance and Investment Corporation (KFC) to the IDFC was heard in 1998. The selection of a new Deputy Chairperson and Chairperson was carried out and the appointment of a new Board of Directors and shareholders was confirmed. According to Ithala Development Finance Corporation's (IDFC) (2006:5) integrated annual report, the company changed from Kwa-Zulu Finance and Investment Corporation (KFC) to Ithala Development Finance Corporation (IDFC) and the process of transition took three years, from 1996 to 1999. In June 1999, the company formally changed its corporate identity from KFC to IDFC. IDFC started operations under a new mandate. The history of IDFC is centred on being the sole company that plays an institution role in serving the poor and the un-banked. However, the other big banks apply pressure on IDFC by taking some of the nature of its 'banking' mandate. In South Africa, IDFC is the pioneer in serving the un-banked, hence creating a higher moral leverage. It became a prominent player in the financial

industry. The key operational goal of this new identity was to develop on its initial interest in Stokvel financing, as well as to provide small personal loans. It also entered the market providing diverse transactional products such as savings accounts, ATM access and debit cards. The client base of IDFC increased continuously in different areas including property investment, small enterprise development and agricultural assistance. IDFC managed to provide basic financial services like saving accounts to more than 500 000 individuals from meagre income communities in the province. Over R1.3 billion accounts for all deposits at that time (IDFC integrated annual report, 2006:17).

In 2001, the IDFC formed its new subsidiary which specifically focused on banking aspects, Ithala Limited. However, this subsidiary remains 100% owned by Ithala Development Finance Corporation. The formation of Ithala Limited is seen as the commitment of the company to fully execute its interest in serving poverty-stricken societies and the 'unbanked'. IDFC also has no accessibility to the National Payments System. IDFC can only be served from falling by its strategy of investing in human capital. Since that time, the company manages to provide accounts to over 500 000 saving accounts. These accounts have deposits totalling a value of 1.3 billion. IDFC contributes much in banking technologies, particularly with its automated teller machines (ATMs) which become accessible in both peri-urban and rural populations. The company provides funding support to small business and home loans, especially to former 'un-banked' customers. IDFC occupies the space of serving poor areas that well-established commercial banks of South Africa neglect to assist. The success of IDFC was earned through giving development assistance to the poor and low-income markets. As a way of strengthening its relevance in assisting the untapped markets for a long term, IDFC is still applying for a full formal banking licence and entrance into the National Payments System. The licence application has been turned down because the IDFC failed to meet the minimum skills and competencies required as stipulated by the South African Reserve Bank.

The main purpose of IDFC is to offer financial services to the South African people. IDFC provides financial services in the form of various products to many industries which encompasses the hospitality, tourism, retail, trade, manufacturing and service industries (IDFC Integrated Annual Report, 2014:15). In other words, IDFC focuses on promoting an entrepreneurial culture in various societies in KwaZulu-Natal. The various financial solutions packages offered by IDFC arouse the entrepreneurial spirit

whilst simultaneously providing various mechanisms of business support that empower and sustain the business. IDFC targets offering financial support to businesses and projects which show long-term sustainability and profitability. It does not believe in over-burdening customers with debt that they may face difficulty in repaying. It prioritises funding to projects that have positive impacts in developing the economy of Kwa-Zulu-Natal and that of South Africa at large. These positive impacts incorporate: i) the foreign investment level likely to be earned and the degree of the multiplier effect of the project; ii) exports, import replacements of raw materials benefitting South Africa; iii) the introduction of skills and new technologies; iv) providing medium-sized organisations with rental space; v) the creation of wealth of the project or business; and (vi) the creation of jobs (IDFC Integrated Annual Report, 2015:5). IDFC prioritises businesses that are fully committed to the success of the organisation. It ensures this by encouraging the client to make a contribution in the form of assets or cash to the IDFC. In terms of financial assistance, IDFC is extremely flexible as it provides loans that are short-medium and long term. However, a large chunk of financial assistance is given to Small, Medium and Micro Enterprises (SMMEs), as well as co-operatives so that they can buy the assets they need to operate.

IDFC continues to focus on insurance, properties and banking services, serving retail, corporate and individual customers. In short, the mainstream of insurance and banking products incorporate bank insurance, transactional banking, investment and savings products, taxi and vehicle finance and mortgage lending (IDFC Integrated Annual Report, 2016:18). Profit is generated from Asset Acquisition Finance. In this case, asset acquisition finance comprises maritime finance and instalment sale agreements. Regarding maritime finance, these are credit facilities extended to customers for them to buy commercial boats which are registered in South Africa. Instalment sale agreements relate to transactions which facilitate commodities to be bought on credit, and the ownership rights can only be secured upon completion of the instalment payments. Credit facilities are given to clients buying a new home, building a house, renovating a house, purchasing a taxi and aircraft finance. However, aircraft finance is a loan which requires extensive and special information which is above the usual credit requirements. In this case, only agreements on special aviation supported by the aviation bond is considered. The credit lines differ depending on the cash flow of the customer. IDFC also offers a loan called *working capital finance* which has repayment terms that extend from 1 to 60 months. In addition, aircraft finance also incorporates

rental and lease products. Moreover, the organisation provides insurance services which include funeral cover, home insurance, business insurance and car insurance.

IDFC has documented values which include equitable and fair employment practices; empowerment; customer satisfaction; integrity; innovation and respect. The key reason for IDFC's existence is to promote financial inclusion of all people, businesses, non-profit organisations and the government. Since its inception, it managed to offer financial services which include house finance to different societies and races, as well as saving accounts which are book-based. IDFC promotes a culture of saving through its support to burial societies, savings club and stokvels in both rural and peri-urban societies for more than 50 years. Currently, IDFC has a customer base totaling 700 000 in the KwaZulu-Natal province. It has made concerted efforts towards the technology revolution through building networking of branches across the province of KwaZulu-Natal, from the south (Harding) to the north (Ndumo) to the west (Newcastle). However, IDFC's network, which is a pure single distribution channel, has been sidelined by new innovations in the financial sector. According to the 2014 annual report, IDFC failed to keep in line with new innovations and developments. In recent years, IDFC has been pressed by extraneous shocks which have considerably affected businesses that are community service-based.

The IDFC's insurance services, which provide both short-term and long-term products, has made a remarkable development and is expected to significantly grow in the upcoming years. IDFC has gained momentum in the execution of banking systems which enable it to develop new competitive transactional portfolios. However, due to many difficulties, IDFC has instituted decisions in respect of cost rationalisation across all the business units. These cost rationalisation mechanisms incorporate the merging of branches. This was done to lower the ballooned costs. For measuring its overall performance, it employs the balanced scorecard as a business strategy. According to the 2014 annual report, insurance policies recorded were 6 957 and the customer savings recorded R2 billion.

The segment of customers of the IDFC is dominated by people from rural areas and townships. The Board formulated the balanced scorecard which guides the operation of the business. IDFC ensures financial well-being, the development of the socio-economic environment and financial services. In term of finances, IDFC strives to enhance and increase their assets and general capital base; to execute beneficial and

smart financial partnerships; to ensure compliance and effectively manage risk; to promote profitability; and proper stakeholder and governance management. In terms of customers, IDFC focuses on increasing its market share; establishing the sound management of customer relationships; enhancing brand identity and market positioning; increasing confidence in banking services; and increasing the quality and range of product portfolios. The business process of IDFC strives to achieve the effective functioning of treasury; ensure diversified and effective channels of distribution; and enhance the effectiveness of the business by employing technology interventions.

The other recognised financial institutions are ABSA Bank Limited; First National Bank; Standard Bank Limited; Nedbank Limited; Capitec Bank and Investec Limited. IDFC provides solutions in money management to the government, businesses and individuals. It provides home loans to individuals with income levels that range from R5 500 to R18 000 per month. It is the first financial institution to provide home loans to townships. In KwaZulu-Natal, IDFC is the sole provider of loans towards houses in rural communities. In 2018, IDFC provided home loans in rural areas worth R2.1 million. In the same year, it gave R36,8 million for home improvement loans.

4.3.1 Challenges facing Ithala Development Finance Corporation

Although IDFC has shown enthusiasm in serving small businesses, poor areas in peri-urban and rural constituencies, it is facing a challenge with the legislative and regulatory climate which puts the long-term viability of its financial services mandate into question. The government through its EE legislation is putting pressure on IDFC to be in compliance with the legislation. This forces IDFC to restructure its operations in order to abide by the legislation. Due to the lack of skills, the enforcement of legislation has caused the IDFC to appoint employees from designated groups for the sake of meeting the equity targets. This compromises the organisation's efforts towards getting the human capital required to develop the range of products it offers to customers. IDFC possesses great risk when compared to other commercial banks, which means that if nothing is done, in particular that of capacity building, there is a reasonable chance that this could be one of the company's contributing factors towards failure. It has been making losses in recent years: in 2017 it made a loss of R46.33 million, in 2018 again it made a loss of R33.32 million and in 2019, it made a loss of R28.90 million (Ithala Development Finance Corporation Integrated Report

2017; 2018 and 2019). This failure of the organization may be worrisome to the economy, particularly to small businesses in KwaZulu-Natal that are benefitting through loans from this company. IDFC is supportive of small business because of its relaxed conditions for loans.

Typical challenges that small businesses face when they want secure loans from other financial companies are: insufficient collateral available; inadequate credit history; not having an acceptable business plan; and the lack of a feasible business idea. However, as for the IDFC, it has easy conditions for small businesses to secure finance to grow their business. This may in turn lead to an economic slump of KwaZulu-Natal's economy, as well as the South African economy at large because small companies are a major contributor to the gross domestic product (GDP). IDFC is also under pressure from commercial banks that are head-hunting their key employees from designated groups. This is reinforced by IDFC's 2017 integrated report showing that the ten top and senior management resigned after being appointed for not more than a year in their respective positions. About 70% of these managers were employees from designated groups. This occurred because the big banks are increasingly developing their new products and portfolios. However, the launch of new products like the Mzansi account by Nedbank signal that the commercial banks view IDFC as a true competitor in the financial industry. Most big financial banks are re-considering tapping avenues by serving low-income earners in rural areas. However, the crucial aspect is that IDFC remains the sole provider of financial commodities to the 'un-banked', poor communities and small businesses in KwaZulu-Natal.

The interest of commercial banks in entering these markets raises questions about how IDFC can be innovative to remain relevant in those market. The continuous loss of IDFC's key knowledge workers to these big banks means that the innovation of its products and portfolios is likely to be compromised. Sustainable and innovative mechanisms of serving the poor and the 'un-banked' needs employees who are highly skilled and knowledgeable. Key positions require competent and experienced employee, hence this becomes a problem as many employees from designated groups do not have the requisite skills or have significant skill deficits in respective disciplines/fields of work. Without capacitating employees, it becomes difficult for the IDFC to become a valuable company in serving the poor and 'un-banked' in KwaZulu-Natal. As a result, IDFC may adopt a principled and cautious approach when attempting to comply with the pressures of the EEA placed on it. However, it can

mitigate this risk by adopting capacity building. IDFC is expected to press ahead in an attempt to remain an anchored institutional actor in the low-income banking market.

4.3.2 Human resources aspects of Ithala Development Finance Corporation

According to the IDFC 2017 Integrated Annual Report, the executive management is comprised of a Board Chairman, the Board, Chief Executive Officer and Chief Financial Officer. It has a fully functional board and sub-committees. The support functions of IDFC include marketing, information technology, human resources, credit collections and granting, administration and finance, company secretariat, compliance, internal auditing and risk. According to the IDFC 2014 Integrated Annual Report, in an attempt to reduce costs, the IDFC reduced its manning requirements by 49 employees based on operational requirements. The cost rationalization led to the closure of six branches that were making a loss. In the same exercise, 8 business units were right-sized. Those transferred to better-performing divisions, business units and branches within IDFC totalled 29 employees. In all these processes, IDFC engaged in interactive and informal platforms when communicating with employees. These interactive platforms incorporated engagement sessions with the leaders, utilizing appreciative enquiry. IDFC has put long-lasting viability in place in terms of working conditions consultation, career development opportunities, development and learning opportunities, prompt communication and honesty and rewards in general.

Despite the above the training offered by IDFC is inadequate as indicated by the IDFC 2014 Integrated Annual Report showing that only 8 employees were offered/ provided with off-the job training. According to the IDFC 2018 Integrated Annual Report, although women constitute 64% at the workplace, those in higher occupational categories of employment were men (77%)(43) (D band and above). The management is comprised of 12% (43), 77% (33) are males and 33% (10) are females. The head count indicated that the total number of employees are 358. Furthermore, the organisation has 20 employees who are on fixed-term contracts and 112 graduates who are doing experiential learning. The IDFC conforms with the EE legislation by putting a EE Committee. During the year 2014, IDFC confirmed 16 promotions in C band and 11 in B band, of which 16 were women. The company relies more on training driven through the BankSeta due to their financial problems to bear the training cost. IDFC is committed to keeping abreast with EE statutory requirements to counter any implications of non-compliance. Although IDFC in its 2017 Integrated Annual Report

states that it does not have any appetite for non-compliance, it has a great under-representation of women and people with disabilities across all the races at the managerial levels of the company. The IDFC also has a designated compliance function which identifies emerging and existing legislation applicable to the company. This ensures that non-compliance risks are closely attended to by both management and the Board in order to make sure that all the EE statutory requirements are entrenched within the organization.

4.3.3 The structure of Ithala Development Finance Corporation

IDFC is led by the Chairman and the Board of Directors. The Board concentrates on creating strength and value for the company in respect of offering a variety of insurance and retail banking products, thus encouraging financial inclusivity in the societies that the company serves (IDFC Integrated Annual Report, 2018:15). The Board is on the top of IDFC's hierarchy and is accountable to the shareholders in mapping the direction of the company strategically, as well as creating value for the company. The Board functions within a stipulated framework of governance in which it gives risk and strategic oversight, at the same time ensuring that the company abides by the requirements of the regulations and monitors risk tolerance. The Board constitutes mostly independent non-executive directors who have a mixture of skills and competencies that give an appropriate depth and breadth of experience and knowledge to align with its objectives and responsibilities. The Board constitutes seven non-executive and one executive director, with five of those non-executive being independent. At IDFC, the analysis of skill gaps of the Board is conducted annually, which is too risky if the performance is far below the minimum expectations. At all Board Committee and Board meetings, the Company Secretary is expected to be present and has unlimited access to the Chairman. However, by conducting an annual self-assessment, the Chairman may be directed to the identification of the necessary skills required within the organization.

The remuneration of Directors is earned on a monthly basis. The Board delegates some of its responsibilities to the appropriate Board Committees. The Board committees give direction to the Chief Executive Officer (CEO), who specifies authority and terms of reference within the company whilst bearing ultimate accountability. The powers of the CEO are defined by the Board and the Board Committees. The IDFC Company Secretary monitors the proper execution of powers and authority delegated

to senior management. The Company Secretary is responsible for ensuring compliance with regulatory and statutory procedures, as well as serving as the custodian of good governance. At IDFC, removals and appointments in the company is determined by the Board. The senior management are expected to act within the confines of the delegated authority. The senior managers delegate to the middle management.

IDFC operates in a regulated climate which compels it to abide by statutory requirements, including the EEA and EAAA. The regulatory body, the Commission for EE, keeps checking to ensure that the company complies with its stipulated requirements. Therefore, IDFC is expected to operate in a fair and ethical manner, aligning with EEA requirements. According to the IDFC 2017 Integrated Annual Report, the new management team was developed and is in the process of executing a new strategy, namely Build the Bank. The purpose of this strategy is to put effort towards applying for a full banking licence. The prominent strategic areas that can successful support the full banking licence incorporate financial capital, human capital and technology. Among these three strategic areas, human capital is more important. Although IDFC has tried to support their human capital through hiring experienced and skilled bankers to address the absence of experienced employees as indicated by SARB, the external skills base from which to recruit those employees is very low.

For the IDFC to get a full banking licence, it needs to have a skilled workforce. The organisation is striving to build a strong managerial team which can bring positive results to the organisation. The skills sets at IDFC need to be strengthened. However, this requires commitment from the IDFC because capacity building comes with some costs. The benefits of capacitating employees far exceed additional costs to the available expenses. However, apart from human capital, IDFC needs to fix its outdated networks and invest in new core-banking digital platforms. From the perspective of digital transformation in the 21st century, IDFC needs to come up with new products that can quickly serve customers. This promotes excellence within the organisation to become the market leader in producing sophisticated products for customers. Although IDFC progresses with efforts to become a compliant company, without building skills, restructuring human capital development processes and mechanisms, as well as making the environment workable, it cannot be an EE-compliant organisation. This is not only beneficial in complying with EE statutory requirements, but can benefit for the success and prosperity of the organisation. However, IDFC is

trying to streamline its processes and practices to create an environment where it can meet its targets.

In terms of learning, IDFC seeks to foster the sufficient capacity of its human resources; the company culture and an environment that maximizes excellence. Since the IDFC is a designated employer because it employs more than 50 employees, it is highly regulated in terms of implementing the statutory requirements of the EEA and EEAA. The organisation put in place efforts to build a strong compliance culture in which EEA statutory requirements are abided by. However, the organization operates under an environment with heightened risk as skilled and experienced employees from designated groups are few, especially women. Therefore, capacity building can be utilised as a mechanism of driving the culture of compliance in the organization. Hence, concerted effort towards crafting EE compliance-related policies should be embedded inside the systems and programmes of IDFC. By so doing, any potential negative impact related to EE compliance is mitigated. In this case, their reputation may be preserved.

However, the financial sector continues to evolve, hence increasing its operational complexity. Consequently, harnessing skilled employees should be one of the top priority within the organisation. For the organisation to remain solvent and liquid, expanding shareholder value and managing complex risk, IDFC requires best level of competence and skilled employees who are analytical and client-focused. Sadly, there is severe scarcity of specialised skilled people in South Africa, with a worse situation in KwaZulu-Natal. Hence, organisations in the financial sector are competing for a small pool of competent and skilled employees. According to IDFC's 2017 Integrated Annual Report, the scarce skills that are on exceptional demand are risk, finance and information technology. Hence, to attract and retain these knowledge workers, their reward needs to be exceptionally good and competitive. IDFC has not taken the development of employees' skills seriously in the organisation. Its development programmes are scanty and hence cannot adequately contribute to the expansion of the skills base and pool of talent which would have helped the organisation to easily choose employees from designated groups who are under-represented at the managerial level.

The Annual report also revealed that there is poor investment in capacity building, particularly in skills development. Skills are required to continuously innovate and

develop electronic banking and this supports the value addition of financial solutions to customers. If IDFC invests in human capital, it will not only find it easy to comply with EE statutory requirements, but will also gain and realise a return-on-investment for key appointments. It is crucial for the IDFC to benchmark its pay scale against prevailing market rates; providing incentives for performance schemes; and availing programmes of recognition for best performers. Continuously failing to comply with EE may result in IDFC losing reputation. Complying with EE regulations and requirements is crucial to uphold one's reputation, which in turn safeguards and provides confidence to the providers of capital. The amendments to the EEA have a strong bearing on the EE compliance status of IDFC. Not only do those amendments have an impact on the processes and systems of the IDFC, they compel IDFC to embed best practices of EE requirements in its operation, thereby instilling an EE compliance culture. This saves the organisation from avoidable non-compliance fines.

Competent employees are important for this kind of business. A skilled workforce plays a key role in refining current procedures and systems in order to give value to clients and shareholders. Although IDFC is dominated by manual systems and processes, the existing employees are putting effort into offering great service to customers. The culture of IDFC constitutes ethics, diversity, continuous development, passion and commitment. However, for every employee of IDFC to reach an optimum level of performance, an investment in training and development is required. Not only that, conducive working conditions and a culture which is supportive are needed. Although IDFC shows support for the development of emerging managers at the middle level through its partnership with University of KwaZulu-Natal and Milpark Business School, very few individuals are benefitting (19 employees as of the year 2017) and it is just training without proper plans of prioritising those employees from designated groups who are under-represented in the organisation. In other words, capacity building is not aligned with the EE policy. According to the IDFC 2017 Integrated Annual Report, the training that offered inside the company are learnerships, compliance training and customer and sales training. Customer and sales service training programmes are provided to improve company product knowledge amongst frontline workers.

Compliance training reveals a commitment to adhere to statutory requirements. *Intensive learnerships*- provides learnership opportunities to the communities. In 2017, IDFC gave 101 learners opportunities to develop. These under-represented employees are predominantly women and people with disabilities. In fact, most of its

training that it offers employees is mainly off-the-job training only, which on its own cannot drive successful performance. On-the-job training should be the major part of developing employees' skills at IDFC and must not be overlooked. Although the company shows its commitment in instilling a culture of learning which encourages the growth and development of employees, the training that is currently provided to all employees across business units and divisions is purely general, without much significance to the employees from designated groups who look forward to filling under-represented managerial positions, namely middle managers, senior managers and top, executive managers. The management of IDFC is reactive in terms of providing development programmes to employees. Instead, the management should be proactive in order to have sound EE implementation and to avoid the unnecessary poor performance that the company is facing. The company failed to meet almost all its performance targets since 2013 mainly because of poor skills among managers.

Although IDFC strives to be recognised as the employer of choice in South Africa, there is a remarkable number managers who resigned under unclear circumstances, especially in the years 2016, 2017 and 2018. IDFC created focus groups and staff blogs across all business units and divisions to ensure employees are informed about key current developments within the company. For example, the current work that is aimed at implementing a digital core-banking integrated enterprise-wide platform. Additionally, IDFC has a vibrant wellness and employee health programme which is currently operated by a special external provider called ICAS in order to have improved health conditions amongst workers. This initiative is reducing the rate of absenteeism and costs that would have been paid to temporary employees. IDFC is proactively uplifting employees' wellbeing. In its 2018 Integrated Annual Report, IDFC concedes that limited funding is a major constraint to the delivery of proper training in the company, hence investments in management training programmes was minimised. Scant coaching and mentoring has been confined at branch level only. Lack of coaching and mentoring shows disinterest of top management in developing lower ranked to grow to high levels. However, IDFC puts effort into re-aligning its resources by streamlining the lean structure and providing training to key business areas. The efforts by IDFC to introduce Investors People Standards, which assess the performance of employees, indicates that the company is serious about improving the performance of the entity. IDFC also focuses on maintaining stability in industrial relations to return the rights of union, which was withdrawn for a while.

4.3.5 Performance of Ithala Development Finance Corporation

The 2017 financial year ended with a net loss of 46.3 million (IDFC Integrated Annual Report, 2017:16). However, deposits of customers and total assets grew by 4.2% and 2.3% to attain R2.62 Billion. The IDFC delivered lower than least anticipated credit performance. Again in 2018, IDFC made a loss of R32.6 million. However, non-interest income increased by 16,6% yearly. By 31st March 2018, non-statutory investments, bank deposits and cash amounted to R985 million. IDFC have strong limitations of systems which delay the MyCash launch, as well as the automatic teller machines roll-out. Other aspects affected by the limitations of systems include devices for self-service and money transfers. This compromised the accomplishment of income targets not being attained by the period ending 31 March 2017. However, this may also have been contributed to by the unfavourable socio-economic conditions which caused customers to borrow more and save less. Moreover, every business unit of IDFC has made efforts in developing itself for amplified investments and savings; unsecured and secured; and Ithala treasury insurance. On 25 February 2017, IDFC launched MyCash, a special credit facility, responding to requests from the customers. It is only available to IDFC customers, as well as employees from the public sector on condition that their pay should be paid into a transactional account of IDFC. However, the take-up of this has been slow.

The IT team of IDFC supports the business, however the systems at the company are outdated and have not been revamped for almost 10 years. The company systems control to counter the risks associated with outdated platforms. IDFC has locational advantages, its physical position stands as a competitive advantage as over 38 branches are located in areas without any other financial service providers. IDFC management failed to achieve almost all its set objectives. By the end of 31 March 2018, the Annual Report revealed that the management of IDFC had failed to accomplish its set objective of having sound governance which focuses on external and internal audit aspects. In addition, in the years 2017 and 2018, the management of IDFC failed to reach the total planned market share, it only reached 146 870 instead of 187 558. The company also failed to accomplish its set objective of maximising and managing sound customer relationships. According to the survey of customer satisfaction, it failed to reach its target as it only managed to cover 87% of its plans. Moreover, IDFC management also failed to achieve its objectives in respect of having effective channels of distribution. The IDFC management also failed to accomplish its

set objective of enhancing the effectiveness of the business through technology as it only managed to reach 42.5% of the set plans, both in 2018. Moreover, IDFC management failed to accomplish its set plan in terms of having a culture in the organisation that encourages superiority. It only covered 71.43% of its set plan.

The following section examines capacity building and employment equity

4.4 EVALUATING THE LINK BETWEEN CAPACITY BUILDING AND EMPLOYMENT EQUITY IMPLEMENTATION

The volatile and dynamic business environment requires prior capacity building, and also continuous capacity building, of employees from designated groups before they assume their duties so that the efficiency and effectiveness of the business is maintained. Real transformation in the organisation may require a robust strategy of capacity building to improve skills and give real job responsibilities. Unique and sophisticated operational systems implemented by each organisation from the financial sector needs adequately experienced and well-trained employees to carry out their duties (Asiya, *et al.*, 2012:284). Black people and women lack the experience and skills to deliver instantaneously on the job, thereby lowering production in business organisations (Debatwise, 2012:1). Oosthuizen and Naidoo (2010) studied attitudes towards EE involving 21 organisations in South Africa in which 105 employees interviewed. They found that employees from designated groups lack conceptual and analytical skills that was required in under-represented levels in the organisation. One would argue that there is a dire need for building capacity of employees from designated groups, mostly across all different categories (that is the unskilled, semi-skilled, skilled, technical and professional levels). The efforts of capacity building programmes contribute to the essential pool of employees from designated groups that are needed for transformation towards employment equity as well as embracing sustainable employee development and success.

Mohale (2015:2) indicates that human resource personnel in South Africa encounter challenges in the exercise of implementing employment equity. The discrimination scourge is no longer confined within the community as it has already encroached into workplaces. Liesl (2016:1) indicates that people from non-previously disadvantaged groups (white males) are found to be appointed to the top managerial levels in other companies even just after they received their termination of contract of employment

from another company. This points out that opportunities are given to them whilst other race groups may be overlooked. Mike, Peng, Carliss and Miller (2015:227) highlight that most discriminatory stereotypes are gaining traction in respect of soft skills, where the focus is on personality and appearance that influence decisions on promotions, which results in black men becoming victims. Vallie (2017:3) states that the workplace discrimination discourse is dominant across gender and race. The most prevalent issues of gender relate to unfair discrimination against women (such as in the case of *Whitehead v. Woolworths 2004*). Although women comprise the main portion of the population of South Africa, they only account for one-third of the workforce.

In the African traditional set-up, Zeenat (2017:1) observes that people with disabilities were not exposed to opportunities and were hidden. Due to indigenous stereotypes, people with disabilities could not get formal employment. Hence the majority of them do not have experience. Johane (2017:2) purports that people with disabilities are the minority group. Harish, *et al.* (2012:1) notice minimal increases in the mobility of women and in African managers. The 17th Commission of Employment Equity's Annual Report (2016/2017:4) shows that only 22% of females and 14.4% of Africans were in top management and 1.2 % were persons with disability. The representation of Africans in top management positions is five times below this group's Economically Active Population. This may be mainly caused by their lack of experience and suitable skills. A system of interlocking directorates which directs one person to serve on different boards of companies is also negatively affecting the ascendancy of African people and women to company boards.

Frank, *et al.* (2011:297) state that though progress in enhancing the equal representation of races is increasing at a slow pace, capacity building priorities which support skills development and a conducive organisational culture tend to accelerate the rate of employment equity implementation. Moraka and Jansen van Rensburg (2015) conducted a study on transformation in mining industry in South Africa involving participants representing mining houses listed on the Johannesburg Securities Exchange. They found that external training opportunities and on-the-job can be essential for meaningful transformation. The development of competencies and skills helps create a baseline through which priority skills shortages in private and public companies may be averted. Harish, *et al.* (2012:2) also point out that plans on priority skills are vital for accelerating skills amongst designated groups. However, it is important to offer relevant training because, sometimes, top-notch training does not

contribute anything to the actual improvement of work that the employee does or is going to do.

The development of employment equity economically empowers the bulk of Black-designated groups at strategic levels. However, due to pull factors with regard to the mobility of skilled personnel in global markets, it has become difficult to retain them. The statistics released by Cruz (2007) revealed that after every three years about 40% black middle and senior managers in South Africa changes a job once, while 15% changes twice and 10% changes jobs three times. The intensive job hopping currently taking place in the black managerial class is due to exceptional favourable work opportunities and demand for blacks. Equally, meeting the skills development statutory mandates by sector training authorities (Sector Education and Training Authorities) is failing, despite having adequate funding. This results in the retardation of the skills needed in affirmative action appointees. Mike, Peng, Carliss and Miller (2015:227) observe that the skills shortage amongst people from designated groups in the country triggers a skills mismatch where they occupy positions for which they are not qualified.

Burmeslster (2014:1) states that it is clear that companies which are proactive in providing professional developmental opportunities to enable women to progress through the ranks, reap the rewards. Global research by the Credit Suisse Research Institute shows that companies with one or more women on the board deliver lower gearing, better average growth and higher average return on equity. A long-term initiative of building and retaining the skills of employees in order to promote them to key positions is necessary for smooth employment equity transformation. The findings from research carried out by Boosysen (2006) revealed that although many organisations regard coaching and mentoring as crucial, they have no formal programmes of mentoring or coaching in place. The finding of the study further indicated that there is inadequate black mentors especially black women mentors.

Härtel, et al. (2015:24) contend that strategic knowledge-intensive positions should be afforded to designated employees on the basis of merit. However, a study carried out by Mason and Roman (2015) focused on EE in South Africa and found that EE is

enforcing numbers instead building talent and competencies. In-house training initiative may be a useful strategy that help employees from designated groups at entry-level to learn the ropes to be in a position to take duties of higher positions, as well as accessing white-collar jobs from a brown-collar workforce. According to Mike, Peng, Carliss and Miller (2015:228), mentoring is one of the solution. However, relationships between previously disadvantaged groups and previously advantaged groups tend to affect cross-cultural mentoring.

James, Tracey and Matthew (2014:53) point out that the existence of a career ladder in an organisation helps people from previously disadvantaged groups who are willing to utilise available learning opportunities for future promotional considerations. The ability to learn within a realistic time to carry out a job, relevant experience or prior learning are factors that are considered for the suitability of a person or this can be one or any combination of those aspects as stipulated in Section 20(3) of the Employment Equity Act. All these factors determine whether a person is capable of carrying out the job in terms of one or any combination of both (Section 20(3)). Sesant (2017:1) asserts that having inadequate relevant experience cannot be the sole basis for unfairly discriminating against a person from designated group. There is no doubt that diversity in gender, race and culture, which comes as a result of employment equity, brings about higher performances to a successfully managed entity.

The target figures of a particular group level within the organisation should not be the basis for treating employees differently. Pannell (2013:30) indicates that new workplace initiatives and proactive workplace policies are needed to develop skills and create accommodation for people from designated groups (African blacks, South African Indians, South African Chinese, Coloureds, people with disabilities and women). Ulrich, Younger, Brockbank and Ulrich (2012:35) state that the culture of learning, coupled with a conducive work environment to develop employees at the workplace, may increase the prospects of employment equity implementation success. The glass ceiling associated with misogynistic cultures is highly prevalent in financial companies (Ahmed, 2015:1). A call for an absolute inclusive culture is needed in which people from different races are incorporated.

Ojokuku, *et al.* (2014:1) attest that the critical employees who sustain organisational life are those responsible for determining the functioning of the business. The nature of their duties requires potential equity appointees to undergo comprehensive capacity building to adapt to the demands of higher positions. Due to the inexperience associated with employees from designated groups in their positions, most of them are in short of leadership skills and vision to keep the organisation afloat in its operations. A study carried out by Cilliers and Stone (2005) focused on EE practices in three Information Technology company in South Africa involving 285 and found that there is lack of managerial skills from designated groups. However, they also found that human resource personnel are also being blamed for their failure to source suitably experienced and qualified candidates from designated groups. Olckers (2014:67) indicates that the deficit of skills amongst black people emanated from Bantu education, which was formed to ensure that blacks should not get skills that match or surpass their potential. The system of Bantu education erodes the current much-needed skills of problem-solving and critical thinking at managerial level of organisations.

Through effective capacity building, previously disadvantaged employees may have the opportunity to occupy high income earning positions. In this way, their living standards improve steadily. It is important to note that capacity building ensures that those previously disadvantaged employees who do not have the relevant skills are assisted to acquire skills, whilst those who possess the skills are assisted to upgrade them. However, employers usually consider credentials of education when selecting employees from previously disadvantaged groups because better-educated employees can be easily, less costly and quickly trained for certain jobs than their less-educated co-workers. Most business organisations fail to execute the relevant strategies that enhance the capacities of their employees, especially at management level, given that it is here that there are few competent leaders or managers from designated groups (Maiyo, *et al.*, 2013:42). The acquisition of basic skills that are crucial within the organisation helps employees from designated groups to execute functions that they are appointed for.

It is not simply a matter of having changes in numbers, but making sustainable changes that cannot impose negative effects on the business. Burmeslster (2014:1) reports that avenues such as capacity building need to be utilised to avoid detrimental effects on organisational success. Advancing people from designated groups is not a

merely putting them in higher ranks but means upskilling and accommodating them to become relevant in their respective responsibilities that align with standard expectations of the job. McDermott (2013:1) notes that the businesses cannot tolerate incompetence because its very existence depends on competence. In these contemporary competitive times, companies opt to promote or hire an employee with the required specific abilities who executes the duties best rather than seeking equal representation of race. Putting an untested equity employee in strategic positions is too risky in the running of the business. Employing unqualified designated people for the sake of reaching numerical targets brings production suicide within organisations. Johane (2017:1) opines that accomplishing numerical targets at the expense of aligning to the principle of fitness is usually more costly than paying penalties. A proper employment equity implementation plan is crucial where talents from designated groups are identified.

Many managers in business organisations may understand the vision statement, mission statement and strategies for directing the functioning of the organisation. However, they are of no value if not associated with the possession of tacit and valuable knowledge (Mukherjee, 2012:34). Capacitated employees at the top of the hierarchy are expected to manifest invisible elements of strong and vibrant conceptual skills. Unlike lower level employees who usually have visible skills such as technical skills, employees at the professional level, managers and senior managers of the organisational hierarchy lie in the realm of invisible skills, which are of high value to the organisation (such as conceptual skills, which the majority of people from designated groups tend not to have).

El-Mouallem and Analoui (2014:245) argue that several companies take capacity building as a way of wasting resources since they are experiencing movement of employees outside the organisation. The capacity building is viewed as two-edged sword in respect of career growth of employees in the organisation. Management are afraid that capacity building improves mobility of the employees. The trained employees are attractive to many employers. This is reinforced by Boosysen (2007) who conducted a study on EE in South Africa and found that the current cost cutting drive in still growing organisations inhibit them from raising salaries to retain black employees. Ahmad, Farrukh and Nazir (2015:61) warn that if capacity building is not conducted carefully, the investment in capacity building can benefit other organisation since they are already-skilled employees. A study carried out by Portnoi (2003)

focused on EEA in South Africa's higher education sector using systematic review method and found that for the dearth of qualified and skilled employees from the previously disadvantaged groups has led to a phenomenon called 'poaching'. It is better to offer specific skills that are aligned with the organisation to employees than just general skills as the general skills can be taken by other organisations which results in reversal of numerical targets. In addition, insufficient financial resources causes these companies to cut formal training that best suits the employees because it is expensive. Inadequate resources may be a major constraint causing a non-optimal utilisation of capacity building programmes in still growing companies.

Whilst the statistics of South Africa report that women constitute two-thirds of the South African population, they are occupying positions of low status and their pay is always lower than that of men, despite performing the same job (Ivona and Lance, 2014:50). The greatest chunk of women is presently employed in low-level frontline jobs and very few occupy management and professional level jobs. The unequal distribution of females across particular levels is attributed to previous discrimination against women in practices of employment. To create a meaningful balance, capacity building for employees from designated groups is proposed to be executed. This would mean that the preference of capacity building would be given to employees from designated employees (Potgieter, Coetzee and Ximba, 2017:1), which would increase numbers of skilled employees from previously disadvantaged groups in the organisation who are currently under-represented at the top level. However, the higher skills they have, the higher they will be demanded outside the organisation. This is disputed by Samuel (2012) who carried out a study on EE consideration and continued skills shortages in South Africa involving 160 training and development managers cutting across organisations in both the private and public sectors. He found that majority of the respondents did not believe that EE is responsible for skills lost in their organisations.

However, in these days, companies in South Africa are continuously disinvesting in human capital (Zhu and Manjarrez, 2017:1). The formation of skills is a precursor to high salaries. Organisations in South Africa will not enhance efficiency without investing in human resource development as a crucial priority. However, the people from designated groups are overpaid in relation to their performance due to their high demand. Although capacity building is costly, in human resource management it is seen as an investment. According to O'Neil, Hopkins and Bilimoria (2015:253), HR planning is associated with strategic business transformation in which employees from

designated groups are given priority in occupying managerial positions. However, taking capacity building as a corporate culture is not in existence in many organisations.

In addition, due to previous unfair discrimination, deprivation in education and high positions, employees from designated groups may espouse different assumptions to capacity building which can change the results expected from it. Employees from designated are associated with stereotypes that create an adverse environment, which causes employees to be hesitant to take high critical jobs. This has been revealed by Powell, Reddy and Juan (2016:298), which comes as a result of the internalisation of inferiority. The organisational practices need to be changed to align with the goals of employment equity.

4.4.1 Capacity building and employment equity policy

Organisational support that lies within capacity building encompasses formal and informal policies (Garriga, 2013:1). EE policy refers to the system aimed at eradicating unfair practices that block employees from designated groups from entry, promotion and retention at work. Many organisations have started to adopt EE policies. EE policies are crucial for improving the employment of people from designated groups (Smyth, Reading and McDowell, 2017:1). The training policy must align with the employment equity policy. For instance, in the case of IDFC, the EE policies should give priority to women and people with disabilities should any top vacancy arise. Such policies are aligned to the organisational strategies, goals and mission. Yamoah (2014:139) postulates that the training policy denotes what the organisation is ascribed to do in relation to the developing of the skills of employees. However, the training policy plays an integral role in the EE policy by which it ensures that women and people with disabilities are given preference for training. However, the effectiveness of these policies is based on the beneficiaries' and non-beneficiaries' support. The success of EE policies is highly linked to capacity building policies. Nevertheless, Ensor (2019:1) states that people who do not benefit from the EE policies (whites and to some extent men) negatively react to EE policies due to the fact that EE policies appear to hurt their career prospects.

The integration of capacity building and EE policies is designed to produce and raise a pool of highly qualified candidates who would occupy under-represented positions in the professional and management levels (Ntim, 2013:148). The proposed

integration is triggered by the fact that organisations are faced with difficulties in hiring top talent. This move would see the number of under-represented employees in the organisation being narrowed. Due to too much pressure from the demands of the legislation, organisations have been placing EE candidates in influential positions. However, these candidates are not fully qualified and skilled to deliver on the expectations of the organisation. A study conducted by Mason and Roman (2015) focused on EE in retail sector in South Africa. They used mixed-methods approach involving 1 104 participants in various retailers and found that EE tends to be numbers-driven at the expense of competence. Hence, it is suicidal to the continued existence of the organisation. This approach falls short of the need to develop requisite skills. The challenge of scarce-skilled people from designated groups has been accelerated by the reluctance to develop internal labour markets within the organisation. Stephen, Ochieng, Samuel, Odhiambo and Emmanuel (2013:157) emphasise the integrated supply of skills in which organisations are also expected to participate in employee development and skills formation, rather than focus on a narrowed approach of just appointing them in crucial positions. Capacity building may improve the pool of qualified potential employees from designated groups. In terms of the workplace skills plan, it should match the strategy by aligning with employment equity plans, goals and targets. It is crucial to grasp the skills needed to accomplish employment equity goals and targets (Powell, et al. 2016:298). In this regard, the lucrative skills plan should be the one that addresses the employment equity mission, vision and goals of the organisation.

As the policy of employment equity roots within an organisation and employees embrace this, problems that relates to unfair discrimination are minimised at the workplace. Khumalo (2017:1) assert that instead of creating an organisational policy of transformation that guarantees maximum employment equity implementation, responsible managers are still stuck at the compliance level. The focus on a compliance stance, which is embedded within the institutional analysis model, compromises the agenda of employment equity transformation. The issue of implementing employment equity requires a transformative process rather than an over-mechanistic process where managers are only after numeric indicators. These systems ensure that the targets and goals of employment equity are achieved. Moreover, these internal processes must eliminate discrimination through monitoring communication language, style and acts (Samridhi, Prabhjot, Kawalpreet, 2015:20). An unfair discrimination practice must be addressed through devising sound practices

that alleviate it within the organisation. In addition, cultural challenges need urgent attention as they get deep into the cultural system of the organisation (Olckers, 2014:67). The challenges can be corrected starting from the top management. The sharing of skills, knowledge and expertise promotes a diverse workforce and contributes to a great level of sustainable development. In this case, capacity building in human resource management brings team spirit through transformation of culture.

Hence, the work environment is deemed to be cordial or conducive if it is not associated with intimidation, unfair workplace discrimination and workplace harassment. There is no doubt that when employment equity implementation succeeds it does so if, amongst other things, the working conditions reflect cordial relationships amongst employees. The findings of the study conducted by Boosysen (2006) revealed that employees prefer to work in an inclusive company in which everyone is valued, than an organisation which offers lucrative remuneration packages but not value them. A confirmation of this also comes from the findings of Cruz's (2006) who states that it is not only money which attracts Black managers but an exclusionary organisational systems and practices pushes Black employees away from the company. This indicates that job hopping by Black managers is not only fuelled by financial gain, but rather due to push factors of non-supportive practices of employees and organisational systems which are exclusionary.

Some managers take policies within the organisation for granted. A policy of an organisation which shows an inclusive ethos must be fundamental to programmes of equity. Lara, *et al.* (2014:245) observe that a policy that embraces equal representation across all management levels needs to be ingrained within the organisation in order to adapt to the requirements of the new amendments of employment equity legislation in South Africa, as well as change. Again, fostering a team culture within the organisation is imperative as it alleviates discrimination against employees from previously disadvantaged groups. Team culture creates a spirit of oneness and togetherness, thereby lowering ill-treatment tendencies amongst employees from different races at the workplace. A typical work environment is comprised of hierarchies and sound company policies. A comprehensive understanding of how to utilise a positive work environment to reach employment equity goals while developing a workforce of high performance is very important.

The reinforcement of a non-discriminatory policies that protect employees with disabilities at the workplace is equally crucial. Company policy encompasses elements such as communication styles, dress code and culture of caring. The capacity building programmes should fit with the employment equity policy of the organisation. Sound company policy increases satisfaction amongst employees which can result in higher performance in the form of innovation, quality and quantity. Donaldson (2013:1) states that the initial crucial step of improving the employment status of people with disabilities is to adopt positive practices and a policy of including them in a team of employees. Employees who are working with a person with a disability need to be taught the way they should interact and the way they conduct themselves towards a person with disability.

According to Este (2017:1), the physical work environment must have appropriate temperature, sufficient privacy, be well ventilated, attractive and comfortable. Physical aspects such as the level of comfort (natural lighting, artificial lighting, overall comfort), and office layout (work area) should be conducive for employees, particularly those with disabilities. It is of paramount importance to make sure that the physical environment of the organisation is fashioned to meet the requirements of the employees in order to achieve organisational goals. Zulfqar, Bilal, Affan and Muhammad (2012:323) point out that more support is required during their employment, which relates to the accessibility of the premises, proper offices, etc. Both material support and financial support need to be availed when necessary. The initial crucial step of improving the employment status of people with disabilities is to ensure that the physical infrastructure of the organisation can accommodate those employees with disabilities.

Capacity building is the most crucial aspect in the modern day South African business environment that is believed may assist organisations to keep up with the demands of the employment equity legislation. Equally in the South African context, a diverse workforce is needed, especially given a difficult historical past which now requires that previously disadvantaged groups in the country be given much more assistance and support from an educational and skills development perspective so that they can be accommodated in the mainstream economy. Hence, the call for capacity building amongst employees from designated groups has become inevitable in South Africa given that these groups are generally not adequately prepared for their job responsibilities. Additionally, unfair discrimination and ill-treatment within workplaces

now require capacity building to cushion these past practices. The failure or success of an organisation largely hinges on the quality of its employees. The Employment Equity Act (Act No 55 of 1998) was promulgated in South Africa to address previous injustices in employment opportunities encountered by employees from designated groups (Matyala, 2016:1). The survival of the organisation is partially pegged to its alignment with the nation's legislation as this can guard the organisation against sanctions and hefty penalties.

In the context of employment equity, employers should embody the spirit of transformation in order for them to meet legislative requirements. Once the linkage between the transformation strategy and the mission of the overall business is developed, then compliance with the legislation may be achieved (Hideg, Michela and Ferris, 2011:393). Most organisations tend to neglect the process of establishing employment equity in company practices, roles, procedures and culture. The implementation of employment equity requires a shared vision through the formulation of an internal employment equity policy within the business organisation for it to produce tangible results. Furthermore, management is required to verify the capacity of business organisation with regard to designing an employment equity policy that reflects a commitment to the fairness and equity of employment equity. Since employment equity concerns employees as well as their jobs, impartiality, justice and fairness is crucial. In addition, Hargreaves (2011:685) points out that a comprehensive change of strategies that relates to employment equity should be adopted during the transition period. This incorporates the adoption of an organisational culture and values that align with employment equity goals. These strategies tend to assist the organisations to attain greater levels of transformation than simply sticking to a compliance approach, thereby embracing the spirit of ensuring employment equity. When employment equity is approached in this manner, the organisation is likely to remain competitive in the global market. Employment Equity gathers momentum in an organisation when previous cultures, core values and basic structure are dismantled to form new paradigms that enhance employment equity implementation (Gura, 2015:40).

An organisational climate which is comfortable and conducive provides a realistic adjustment for employees for example with disabilities. Furthermore, it is critical to ensure that the organisation establishes vibrant human resource policies and practices that align with the conditions of equity employees. The sites of change, categories of

difference and engagements of difference are three dimensions that are considered for in-depth practices of transformation. Ivona and Lance (2014:49) assert that employers are also required to undertake a rigorous review of procedures and policies of staffing to address discriminatory barriers within a job. These discriminatory barriers may encompass inflated job experience, psychometric test bias, panel composition for job interviews, promotional glass ceilings and religion.

Often, these restrictions are not job performance related. Firstly, the accessibility of the workplace; secondly, their potential is not acknowledged; and lastly, shortages of reasonable measures to accommodate them at work are the key problems that continue to be faced by employees with disabilities at the workplace (Hashmj, 2014:193). Accessibility for an employee with a disability can be increased by installing lifts where the workplace has more than one floor. Policies such as the provision of reasonable accommodation in the form of flexible working hours and the prohibition of sexual harassment are important in addressing past discriminatory tendencies. Moreover, organisations should change their actions and corporate culture, thereby developing an atmosphere where nepotism and corruption have no room for existence. Benjamin (2013:1167) contends that it is now a syndrome that managers are promoting and advancing employees that they are connected with.

Therefore, while employment equity is a suitable step towards equality, it may be enjoyed by certain people in an unfair manner. Hence, successful employment equity implementation needs a corporate culture that accommodates diverse approaches and styles. Maiyo, et al. (2013:42) highlight that less standardisation of methods of operation and less restrictive procedures and policies that promote more flexibility should be reinforced within the organisation. Proactive, planned measures must be the centre of focus within the organisation for dismantling institutional sexism and racism. The employers have to ensure that professional development is undertaken consistently in order to have a sufficient number of skilled equity employees. The central mission of the legislation is to dismantle the labour market to empower previously disadvantaged groups as a way of redressing past imbalances. However, Mbanjwa (2015:1) states that the history of the country has caused immense shortage of skilled employees from designated groups as a result of the lack of appropriate education. Hence, employees are required to develop greater levels of skills.

The Equally Supportive rehabilitation approach, which aligns with the assessment of a wide range of cognitive, functional and physical variables, addresses the challenges of disability (Akbar and Wissink, 2014:251). Therapy and training interventions from experienced professionals can assist employees with disabilities to upskill their competencies to reach organisational goals. Therapists assist employees with disabilities to align their skills with relevant jobs, as well as for them to regain competencies or new abilities. Assistance is often provided to gain employment goals. If the Employment Equity Act of 1998 shifts its attention from affirmative action to the professional development of previously disadvantaged employees, this will bear greater fruit. Alternatives have to be employed if employees with disabilities do not suit their current position. Hashim, et al. (2014:201) highlight that employees with disabilities may be given post-acute rehabilitation in order for them to match the expected job requirements. Employees with disabilities must also develop human capital skills which are both critical to the external labour market, as well as serving to provide firms with specific needs.

Mouallen and Analoui (2014:245) proclaim that capacity building transforms the culture of the organisation to welcome employment equity. In this case, it is focusing on widening the capabilities of employees from designated groups by the identification of needs and problems, as well as opportunities to their competencies. A vocational assessment within the organisation is important to determine whether or not an employee from a designated group is qualified to take the responsibilities (Ojokuku and Adegbite, 2014:1). The influence of capacity building is improved when the current available capacities are built and the employment equity beneficiaries are assessed. Employers are obligated to find employees from designated groups who have leadership potential, then help them with both professional and personal growth in preparation for the future.

4.5 CRITIQUES OF THE RELATIONSHIP BETWEEN CAPACITY BUILDING AND EMPLOYEE PERFORMANCE

Although there are a number of studies on the relationship between capacity building and employee performance that have been conducted, no study has been carried out which specifically focused on 'designated employees performance' as an analytical category rather than just 'employee performance' in general. Although most prior studies in general have indicated that capacity building leads to improved employee

performance in the organisation, this finding may not be generalisable to certain specific groups which are called designated groups. In many cases feelings of powerlessness permeate the minds of designated employees such that they mainly consider themselves as followers not leaders. A study conducted by Robertson, Jansen-Birch and Cooper (2012) on employee performance involving a survey of 9,930 participants and found that psychological well-being has great value over and above that of work attitude in predicting self-reported level of performance.

Employee performance is a crucial element of organisational efficiency. Capacity building is a crucial part of the investment strategy within human resources management that is designed to change the delivery systems of services of the workforce into high performance (Gualini, 2017:29). The effort to capacitate the employees from designated group does not improve performance only but also fosters a positive image about the organisation around South Africa. Ahmed, Sultana, Paul and Azeem (2013) conducted a study on employee performance evaluation and found that with the current dynamics toward knowledge-based capitalism, maintaining knowledgeable and talented employees is critical. Employers that put effort into building a conducive working environment, capabilities, abilities and skills of employees from designated groups are loyally favoured by customers. It is believed that the performance of employees is inseparable from capacity building. Hence, the higher the capacity building, the higher the employee performance. Capacity building bridges the desired standard performance and current performance gap. Workplaces with diverse races can form solid participative teamwork that improves performance. Capacity building sharpens the creativity and thinking ability that assists employees to make better decisions, thereby improving performance.

Capacity building also provides skills to employees on how to utilise resources efficiently. Most equity appointees who feel incompetent to perform a given task to the desired level of organisational performance quit the job. They cannot withstand the pressure as their efforts do not contribute to the expected performance. Capacity building incorporates professional development (desires, skills, knowledge, motives, interests and values), organisational support (material resources, human resources development policies, career path and planning opportunities) and the internal work environment (organisational structure, material resources) (Hargreaves, 2011:685).

4.5.1 The influence of professional development on employee performance

Successful organisations believe that developing self-leaders is a greater way of improving performance. Businesses need to ensure that equity employees have the skills to meet inside job opportunities as well as the potential of the employee. The manager may be expected to construct an employee development plan if the employee can benefit from the upcoming higher position. Equity employees tend to become more valuable as they acquire more knowledge and experience. Lara, *et al.* (2014:245) state that capacity building decreases the anxiety and frustration posed by the job through the creation of a conducive environment that eases the burden of stress. Efficiency in company processes are predominantly a result of capacity building. Employee performance is greater in satisfied and happy employees. It is common that equity appointees are promoted based on the expression of potential, rather than actual experience and skills. Hence, capacity building is vital to address skill and performance gaps (Stine, 2015:2). Nonetheless, internal professional developmental programs that take the form of mentoring and coaching can be notable ways of alleviating skilled Black people shortages in companies in South Africa.

Du Plessis, Munyeka, Chipunza, Samuel, Naidoo, Keyser and Gura (2015:19) state that coaching and ongoing mentoring are required for employees from designated groups. Developing a pool of employees from previously disadvantaged groups within the organisation allows the employer to choose an available qualified and skilled employment equity candidate when vacancies arise. This enhances the smooth accomplishment of employment equity objectives. Elnaga, *et al.* (2013:4) indicate that this requires managers to exercise hands-on leadership, rather than managing from the offices in order, to fully achieve employment equity goals.

However, workplace inequality is not ingrained or intentional, but is rooted in employers who lack knowledge on workforce representation. The designated groups include Africans, Indians and Coloureds, remaining a legal construct rather than a social construct. Harney, *et al.* (2014:30) attest that succession planning in which black potential leaders are identified and developed to assume leadership roles is vital for employment equity implementation. The development of a career path in which black leaders are identified, developed, nurtured, engaged and retained is also crucial.

It is easy to stimulate high performers to achieve organisational goals. The aim of employing capacity building is to accomplish a behavioural change in the protégé. Knowledge usually acquired through capacity building can be easily applied on the job. In financial organisations, employees from designated groups should develop high performance skills that are both soft skills (customer-focused) and hardcore skills (technical). Most organisations strive to maximise demographic balances at the expense of the efficiency of the performance expected from each individual employee. The professional development needs of employees from designated groups can be identified through continuous job performance monitoring (Ahmed, Sultana, Paul and Azeem, 2013:718). According to Sindelar (2016:340), this helps employees to efficiently and effectively undertake the expectations of the job at hand or develop towards the roles of higher positions.

Capacity building of employees from previously disadvantaged should encompass collective decision-making skills which encourage continuous improvement in quality in order to remain competitive in the financial industry. Extensive capacity building may improve the performance of employees in the organisation. The high performance of employees is also beneficial to the organisation through increased revenue growth and market share that comes as a result of positive business outcomes. It is essential to note that employee performance are major determinant for team, organisational and individual growth. Production targets are usually missed when the organisation disregards the skills and pays attention to numerical goals only. Organisations are implementing employment equity to meet the lines of gender and racial balances, where they seek to achieve numerical goals in a mediocre fashion (Peyper, 2017:2).

Capacity building may signal the potential performance of employees from designated groups. However, capacity building increases performance only when complementary inputs are associated, such as sound management policies. The variance in the capital accumulation of employees from designated groups is usually related to variances in employee performance. For this reason, Redman and Wilkinson (2013:23) state that individuals acquire skills while employers enjoy output. A discrepancy in technicality between employees' competence and a company's new investment affects the operation of the business. Most designated employees are not able to perform to meet the new level of demand.

Tahir, *et al.* (2014:67) state that capacity building assists the organisation to ensure that employees acquire the skills and knowledge they require to effectively perform the job, to adapt to a dynamic environment and assume new responsibilities. It also increases productivity and service quality. The more the organisation emphasises capacity building, the greater performance the organisation realises. In financial organisations, it is crucial to have the know-how of technical financial systems to perform the job at the expected optimum level. This is crucial, especially if the employment equity appointee is occupying the position of manager. Many organisations only consider distributive justice, while not caring about the negative consequences on the overall performance of employees. Organisations that have employees with disabilities should encourage managers to attend workshops to acquire skills on how to treat disabled employees (Frank, *et al.*, 2013:438). Ng (2014:429) reveals that a supportive work environment and proactive measures for these disabled employees increase their job performance. Burmeslster (2014:1) purports that the majority of employees who are affirmatively appointed do not meet the performance requirements of the job without regular supervision and interventions, even in basic areas of the job.

Usually, employees from designated groups who are appointed to the levels of professional, managerial and top managerial positions tend to blame circumstances beyond their control in the case of under-performance in the organisation. However, the fact is that they are lacking the critical skills and experience required at that position (Tandwa, 2017:2). Again, the lack of necessary equipment to support, particularly people with disabilities, is hindering the effectiveness and efficiency of bringing about tangible results in their appointed positions. Liesl (2016:1) states that there is a fierce outcry by inadequately skilled employees from designated groups.

4.5.2 The influence of organisational support on employee performance

Performance is derived from the effort of an employee and the support from organisational policies. Capacity building enhances group efficiency and the expansion of resources. Technical experience is critical as it enhances organisational competitiveness and growth within the business. It is believed capacity building improves business knowledge, which in turn increases employee performance.

According to Ojokuku, *et al.* (2014:1), organisations believe that if full support is provided to capacity building and adequate time is given, a dramatic improvement in performance may be experienced. It is assumed that capacity building can improve the performance of equity appointees. Although there are some other factors that influence employee performance such as salaries, individual motivation, interpersonal communication and leadership style, amongst others, capacity building remains one of most the critical factors that contribute to the improvement of overall performance. The performance expectation levels should be clearly defined; possible interpretations of the expectations must be given; when it is needed, as well as effective communication (Donovan,Dwight and Schneider, 2014:479). Capacity building tends to reduce the fear of failure to deliver amongst employees from designated groups. Fear causes poor performance and inefficiency.

4.5.3 The influence of the internal work environment on employee performance

The complexity of the work environment nowadays pushes organisations to adopt proactive measures in order to determine fitness of the employees from designated groups for particular positions. The competitiveness of the market needs businesses to have best calibre employees (Este, 2017:1). In this case, competitiveness is maintained through raising the bar of performance which is enhanced when businesses focus their attention on stimulating best employee performance. Regardless of a wide range of categories of employee performance, for employees to best fit the demands of the job, a conducive environment can best lead to performance improvement.

Donaldson (2013:1) states that employees with disabilities, there is often considerable commitment and loyalty. In addition, employees with disabilities are usually satisfied with the work. The performance of employees with disability is determined by the company's ability to streamline its job design to match the necessities of employees with disabilities. In most cases, these employees develop the confidence to carry out their assigned tasks thereby overturning the negative perceptions that are usually associated with them. The job performance of these employees with disabilities seem to be an external measure that confirms their worth and competence. Potgieter, *et al.* (2017:1) contend that most employees with disabilities do not believe within

themselves that they can achieve in a competitive environment, hence they usually label themselves as incompetent employees. Needles (2013:1) states that most employees with disabilities develop a worker identity which culminates as a construction of self.

4.6 THE LINKAGE BETWEEN CAPACITY BUILDING, EMPLOYMENT EQUITY AND EMPLOYEE PERFORMANCE

In respect of the different professional disciplines of African qualified employees, Rasool and Botha (2011a:112) state that a remarkable number of them do not have the required and necessary experience to immediately deliver on the job. This is exemplified and evidenced by problems that occurred at Eskom, the country's biggest energy utility, where load-shedding and power failures experienced by the entire nation South Africa in the year 2009 were caused by incompetent affirmative appointees occupying higher positions of the organisation (Oosthuizen and Naidoo, 2010:1). Debatwise (2012:1) states that employees from previously advantaged groups, white male labour, are still absolutely required to mentor and train inexperienced and unqualified employees from designated groups.

Provision of structured on-the-job training in which the professional developmental needs of employees from designated groups are identified is a crucial initial stage of capacitating employees with relevant skills (Judge, 2011:15). When the number of employees from designated groups becomes too large to manage, then managers are expected to take employees with potential and give them comprehensive development support. Johane (2017:1) purports that designated employees demand clearly defined job roles, as well as managers who conduct constant performance management in order for them to meet their objectives. As such, a record of individual developmental needs is obtained where meaningful and appropriate skills development is carried out (Hollenbeck, *et al.*, 2014:20). Specific recognition of prior learning (RPL) can be used by employers in promoting employment equity and validating knowledge employees. All managers, irrespective of the category they fall into, should be made conscious of the capacity building priorities of the organisation, as well as intervening by assisting employees to achieve their work-related assigned targets.

A healthy organisational life and functioning is mostly determined by more intangible and less visible conceptual skills. Yet, much effort is being exerted towards more tangible and visible, technical skills to people from designated groups. The levels of professionals, managers and top managers of the hierarchy demand regular self-reflection and more soft skills. Reilly and Williams (2012:3) purport that soft skills are challenging, demanding and are the most difficult skills which require a person to deal with uncertainty, contradictions, ambiguities and cynicism for the success of the business. Riad (2016:671) attests that capacity building is given to employees from designated groups to bridge performance gaps. Employee performance begins at the top management level and final outcomes are accomplished at the lower level of employees.

It is assumed that designated employees can only be successfully employed to critically intensive knowledge areas and upper-level positions when an organisation embarks on long-standing programmes of talent and skills development (Frank, *et al.*, 2013:435). However, employers have to be careful with training that offers transferable skills. Increases in transferable skills make it more likely that designated employee become more attractive to the external labour market, propelling the chances of exiting the organisation (The Globe and Mail, 2011:1).

Employee performance is promoted by will, determination and ability, observes Darwish (2013:23). Some equity appointees attribute their poor performance to visible aspects that lie beneath the hierarchy in particularly inappropriate structures. On the contrary, employers are not obliged to employ people who are unable to perform the tasks of specific work nor keep employees who cannot execute their duties simply because they may learn. Employers should retain or appoint an employee on the basis of merit or the employees can be developed and trained to sufficiently equip themselves with skills to perform the duties of a specific job. The theoretical framework for capacity building linked to employment equity and employee performance is discussed in the next section.

4.7 THEORETICAL FRAMEWORK

The process of reviewing theories helps one to establish the feasibility of the theory in melding capacity building, employment equity and employee performance. Some of the approaches are also reviewed to achieve a holistic development of the employees.

Mostly, intelligence of higher value is linked to skills and competencies that are acquired through experience. Therefore, the organisation has to provide developmental work-related tasks that promote the learning and growth of employees from previously disadvantaged groups. Mitchley (2018:1) states that work experience becomes an employment barrier amongst employees from designated groups. Employers must provide employees from previously disadvantaged groups with much needed work experience. A majority of employees from previously disadvantaged groups may have accumulated knowledge through formal education, but lack experience at the workplace. Employers should note that the only way of achieving employment equity is to acquaint employees from designated groups with experience. Due to its emphasis on experience this research study adopts Kolb's Experiential Learning Theory. The participatory approach, social exchange, human capital theory and Kolb's experiential theory are reviewed below.

4.7.1 The participatory approach

The participatory-approach propound that organisations that perform well are associated with congenial workplace relationships (Amundson, *et al.*, 2014:13). Congenial workplace relationships signify that employees learn from each other. When employees want to experiment with new activities and processes, the participatory approach is best.

4.7.2 Social exchange theory

Khawaja (2012:211) states that the social change theory reflects the changes that occur to organisations, broad social groups and individuals. This facilitates the building of methodologies and the improvement on strategies on how the organisation and employees can continuously develop capacities that make an effective contribution to social exchange in a highly complex environment. Training provides the skills and knowledge needed by employees from designated groups to align with new working practices, operating systems and responsibilities. Training also gives practical guidance to employees from previously disadvantaged groups in which they learn about the impact of any decision they come up with on other co-workers involved.

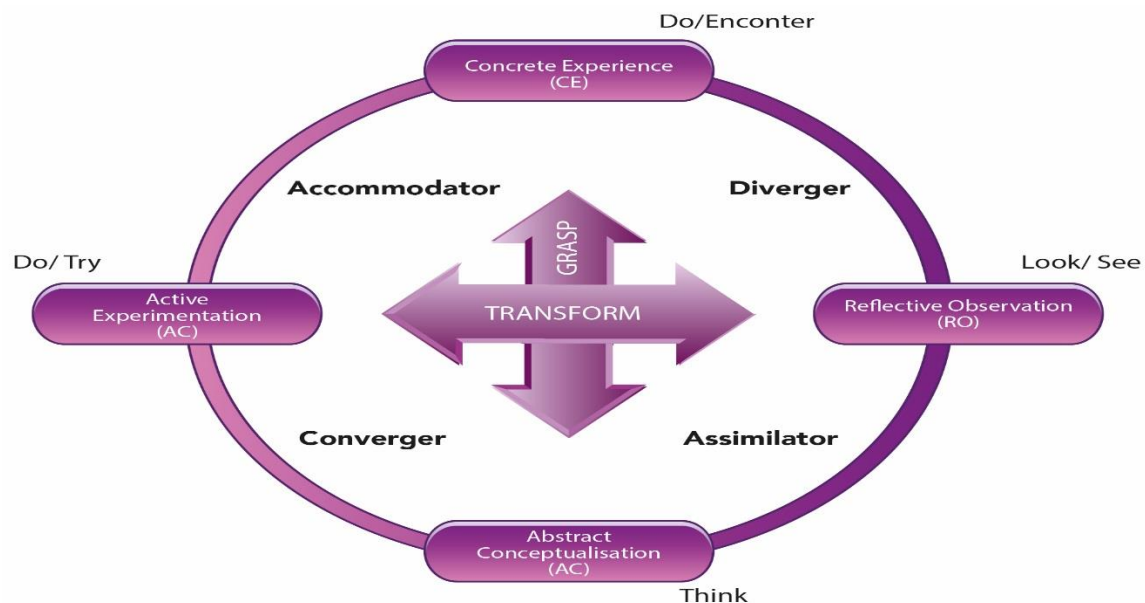
4.7.3 Human capital theory

Human Capital Theory strives to prove that the training and development of employees is essential in enhancing the performance capacity of an employee (Mouallen, *et al.*, 2014:245). This entails a necessity to invest in human capital through training and development in order to gain production. Training is essential for improving the quality of labour. The theory purports that training improves employees' productivity through the impartation of useful skills and knowledge. Human capital accumulation is increased through on-the-job training and other adult-related learning programmes outside the workplace. Across the entire occupational strata within the organisation, capacity building is required to meet the skills gap of employees from previously disadvantaged groups, especially that of employees from designated groups.

4.7.4 Kolb's experiential learning theory

According to Yeo and Marquardt (2015:81), Kolb's Experiential Learning Theory explains the process of learning through experience. It reflects knowledge formation as a result of experiential transformation. Knowledge is acquired through the comprehension of experiential aspects. Experiential Learning Theory further notes that the acquisition of knowledge takes place in a cyclical manner. In this regard, effective learning takes place when one completes the entire cycle. Li, Mobley and Kelly (2013:32) states that the experiential learning model has four learning stages in which the two opposite polars indicate dimensions of grasping experience, namely abstract conceptualisation and concrete experience whilst another two opposite polar dimensions shows transforming experience, namely active experimentation and reflective observation. Experiential learning is a knowledge construction process that incorporates deliberate creative tension amongst these four learning dimensions.

Figure 4.1: The experiential learning theory and basic learning styles



Source: Yeo and Marquardt (2015:81). Adapted

Depending on the circumstances of learning, the learner is required to have a constant selection of the criteria of the learning capabilities required (Van der and Albertyn, 2018:1). As reflected in Figure 4.1 above, there are four stages of learning cycle. A learner is required to go through each and every stage, that is, experiencing, reflecting, thinking and acting. The learner acquires new information during the course of experiencing concrete and tangible key aspects. According to Geldenhuys and Cilliers (2012:1), this produces novel knowledge through the systematic planning, thinking and analysing of learning styles. However, a study conducted by Devi (2010) on Kolb's experiential theory and its application found that it is important for the trainer to critically reflect his/her culture and that of his/her learners in order to assess an ideal learning styles, as well as adopting appropriate and suitable training pedagogies within the classroom.

Divergers prefer learning that takes the form of 'concrete experience' which is processed through reflective observation (Ruth, 2015:15). Divergers usually have different views which vary with particular situations. It is clearly accepted that in situations where brainstorming and new ideas are prioritised, employees are deemed to exert better effort towards work. In this regard, their strength is dependent on comprehension of the organisational values. Divergers maintain sound relationship

and communication amongst employees, irrespective of the different cultural backgrounds to which they belong (Devi, 2010:112).

Accommodators also prefer learning through 'concrete experience', but this is acquired through active experimentation (Hamilton, Janet, Klebba and Joanne, 2011:1). Accommodators want 'hands-on' exposure as a mechanism of absorbing knowledge. Employees of this calibre engage themselves in challenging and novel knowledge to accomplish their goals. In this case, they give preference to feelings for their control rather than pursuing logical analysis. On addressing challenges, accommodators explicitly trust people when they are looking for information, rather than utilising technical analysis (Mary, 2010:131). In situations that require urgent circumstances to be addressed, accommodators are the very suitable candidates since they are risk-takers and adaptive.

Assimilators adopt 'abstract conceptualisation' as a knowledge acquisition approach (Li, Mobley and Kelly, 2013:32). This is processed through reflective observation. Assimilators usually set information into a logical and concise form. The strength of assimilators relies on their ability to construct theoretical models. According to Paul (2009:1), assimilators give their attention to concepts of ideas and abstracts whilst giving little attention to people. In simple terms, assimilators concentrate little on practical value, while focus much on logical soundness.

Convergers acquire knowledge in the form of abstract conceptualisation in which knowledge is processed through active experimentation (Harald, Gayle and Ruth, 2010:29). Convergers focus more on technical problems and tasks, while paying less attention to social and interpersonal aspects. The strength of convergers is that they focus on problem-solving, practical application of ideas and decision-making.

Capacity building is normally delivered when a performance gap has been discovered. In this case, employment equity appointees lack the necessary skills that are needed for them to deliver the minimum expected performance. Line managers and supervisors have a higher magnitude of responsibility for the evaluation of the performance of employees under their leadership.

4.8 CONTRIBUTION OF LINE MANAGERS TO EMPLOYMENT EQUITY IMPLEMENTATION AND MANAGEMENT

According to Nik and Rowena (2015:118), the term 'line manager' refers to those persons who occupy managerial position directly and indirectly responsible for the delivery of service or the production of commodities. Line managers play an integral part in the implementation of employment equity since they are responsible for conducting assessments with regard to the number of employees required in their respective departments, races of employees within their departments and the nature of capacity building needed by employees in their departments. Line managers measure the nature of capacity building required through carrying out an evaluation of employee performance.

Samantha (2017: 128) states that line managers should also take part in the process of recruiting and selecting equity employees because they really know the attributes of the candidates that suits the positions in their departments. In terms of race representation within departments, they have to work together with the human resources department in making decisions that involve numerical representation, as well as the targets and goals of employment equity. A study conducted by Asta and Zivile (2012) on the role of line managers in Lithuania surveyed 67 respondents and the found that despite the fact that line managers are responsible for manufacturing and quality, their role in delivering HRM practices is important. For the successful capacity building of employees to take place, human resource managers must be included in the strategic management board of the organisation where they effectively design strategies.

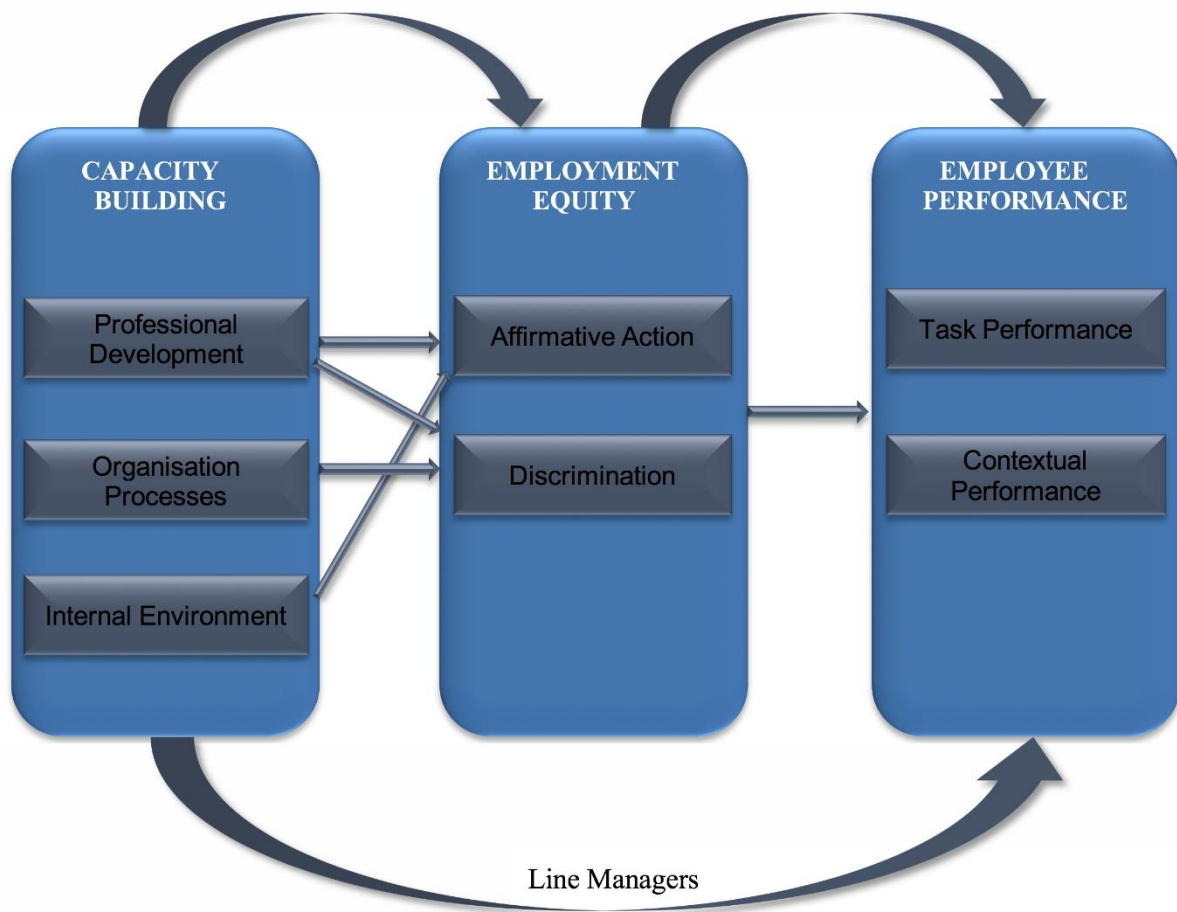
However, Kerstin, *et al.* (2013:839) highlight that due to the uneven devolution of responsibility unevenly amongst line managers, most of them remain ambiguous and uncertain with regard to the depth of their involvement in the implementation of employment equity. Some of them are reluctant to take responsibility, leaving the entire scope of employment equity-related decisions in the hands of human resource personnel. A study conducted by Samantha (2017) on front line managers and HRM and found that line managers experience role ambiguity, role overload and role conflict. Role ambiguity challenges their capability to confidently and consistently execute HRM. The involvement of line managers in recruitment and selection helps the organisation to hire candidate that can fill the under-represented race gap while at

the same time matching the job with the necessary skills. Even in promotions, as Chris, Michael and Paul (2015:577) observe, line managers have close contact with potential candidates and can assist human resources personnel to promote someone whose performance and character has been witnessed by line managers.

The occasional involvement of line managers in decision-making means that line managers have little influence over employment equity implementation. Asta and Zivile (2012:390) affirm that the participation of line manager increases employee performance because line managers make decisions as to what competencies are required for an employee from designated groups and in which position that employee can best perform. A study conducted by Brenda (2014) on variability in HRM implementation among line managers at work-units of a Dutch municipality involving a survey of 315 employees and 41 line managers. They found that there is relationship between perceived unit performance and line managers' implementation of HRM. Poor involvement of line managers in the implementation of employment equity may cause disruption of production when human resource personnel just place equity employees in key positions for the sake of reaching employment equity targets. Line managers also have direct contact with employees on a day-to-day and time-to-time basis which compels them to maintain discipline within their respective departments so as to monitor unfair discriminatory tendencies within the organisation (Anne, Martina and Rodney, 2012:3085).

Whenever capacity building is provided, line managers and supervisors are responsible for the evaluation of the performance of equity appointees (Judge, 2011:1). A study carried out by Anne, Martina and Rodney (2012) on the HRM responsibilities of line managers in four project-oriented companies in the USA, the UK, Austria and Netherlands and found that line managers protect the well-being of employees whose work traverses the organizational boundaries. Setting realistic expectations on designated groups' performance by line managers plays a crucial role of affording them an opportunity to maximize their efforts in the respective duties (Mouallen, *et al.*, 2014:245). The diagram below (Fig 4.2) is the proposed capacity building model linked to employment equity and employee performance. This proposed model in Figure 4.2 is drawn based on the literature reviewed in this chapter. The proposed model will be empirically analysed, tested, interpreted and amended in line with an analysis of results in Chapter six.

Figure 4.2: Proposed capacity building model linked to employment equity and employee performance



For the purpose of meeting the employment equity targets and goals, line managers and human resource personnel must identify potential employees from designated groups who, together, can develop to occupy positions of professional, senior management and top management levels (Feza and Shahid, 2015:616). However, many human resource personnel do not trust line managers as they view them as people who still lack the skills for handling activities of career development. Ultimately, Sophie, Jan and Annie (2016:1901) assert that human resource personnel are accountable for any penalty that is associated with poor employment equity implementation by line managers. Hence advice should be given to line managers on matters related to employment equity.

Employees from designated groups believe that well-defined performance expectations allow them to succeed in their work as they know what they are expected

to do. Cook (2014:1) states that ensuring compliance with employment equity legislation through employing capacity building is neglected and is sometimes perceived as a complex task for transformation managers, diversity and disability managers and human resource managers who are processing this function within their organisation. The challenges that are faced by line management in the employment equity implementation are the following:

4.8.1 Lack of top management support

Oosthuizen and Naidoo (2010:1) indicate that the bulk of employees at top management level take employment equity as a political imperative that they are obliged to meet. Due to this belief, they are not investing in it but rather keeping the ball of employment equity rolling by merely abiding with the legislation.

4.8.2 Paying attention to numerical numbers

Focusing on quantitative racial targets without commensurate capacity building can cost the organisation in production. Heerden (2015:1) indicates that although setting numerical goals is important, the achievement of successful employment equity implementation claims higher demands than merely getting the numbers right.

4.8.3 Lack of critical skills

Liesl (2016:1) explains that many companies fail to comply with employment equity, citing the reason that it does not add value to them since most employees from designated groups lack the critical skills required. As such, they are prepared to pay penalties.

4.9 THE IMPORTANCE OF INVOLVING LINE MANAGERS IN EMPLOYMENT EQUITY IMPLEMENTATION

It may pose a challenge that line managers, whose duties are to get things done through other people, are excluded in the implementation of employment equity, yet somehow assume human resource responsibilities for their sections or departments (Brenda, 2014:3039). In addition, line managers are the ones that deal with

performance monitoring and the allocation of roles on a daily basis. Hence, it is not easy to exclude the contribution and involvement of line managers in employment equity implementation. The involvement of line managers provides a platform for them to draw a linkage between meeting the employment equity targets and the effects of the day-to-day performance of the department. Sophie, Jan and Annie (2018:144) point out that line managers have direct, frequent contact with employees. Hence, they are the suitable people to check with in order to identify potential and competent employees from designated groups who can occupy higher positions for the sake of reaching the employment equity targets of the organisation. Human resource personnel cannot fully have know-how of the potential and behaviours of employees because they are not in direct contact with them.

Robinson and Franklin (2014:23) highlight that the success of employment equity implementation is largely accomplished when line management are given the essential responsibility of planning and checking important and non-critical areas of the organisation to avoid potential production disruptions. In this situation, they are held accountable for the designated employees' performance (Jiang, *et al.*, 2012:73). The success of the employment equity programme bears maximum results when key aspect of the planning and implementation is left in the hands of line managers, who are held accountable for the results. All the designated groups should be incorporated into the implementation of employment equity, not just one group, specifying timetables and goals that range from 1 to 5 years (Booyesen, *et al.*, 2010:38). Squire (2015:1) states that in South Africa it is illegal for the employer to put in place decision that establishes a total impediment to the potential or continual employment of non-previously disadvantaged groups, in particular white males. Employers are not encouraged to take employment equity measures that result in posing unnecessary hardship to the performance of their organisation.

By allowing the contribution of line managers, the organisation provides flexibility and consciousness in making decisions that does not compromise operational requirements (Chris, *et al.*, 2015:577). The decision to give less experienced equity employees key positions in order to reach employment equity targets may negatively affect the performance of the organisation. Human resource personnel must not be solely responsible for carrying out the employment equity implementation processes. This avoids them being labelled 'scapegoats', whereby they take charge of issues that should be resolved inside departments and not at managerial level. Feza, *et al.*

(2015:616) warn that when the implementation of employment equity remains in the hands of human resource personnel, a misunderstanding with regard to priority areas to reach the targets of employment equity is likely to arise.

The involvement of line managers in the implementation of employment equity increases co-operation between human resources personnel and line managers. Their involvement also stimulates them to supply quality information to human resources personnel. While decisions regarding employment equity policies, plans and targets need to be shared with line managers to maintain and accomplish optimum performance, human resource personnel must keep predominant role in the implementation process (Sophie, *et al.*, 2018:144), in order to avert line managers' lack of competency. The inclusion of line managers creates a favourable climate that reveals what is expected from them. Line managers are crucial in the implementation of employment equity policies, which are developed by human resource personnel. Line managers are responsible for accomplishing the employment equity goals by ensuring that employees show tolerance, commitment and quality (Kerstin, *et al.*, 2013:839). The knowledge of line managers can improve the performance of employment equity implementation policies at the workplace. The speed of making tangible decisions on aspects that pertain to employment equity implementation is likely to increase when the contribution of line managers is received by human resource personnel.

Shahid, Faisal and Muhammad (2017:959) claim that line managers should be involved in the disciplinary, training and recruitment matters of employees from designated groups. For employment equity implementation policies to be successful and to produce the desired results at the workplace, line managers should be given an integral role to deal with it. While human resource personnel may channel some human resource policies directly to employees, employment equity implementation policies require the line manager's work-related information. Asta, *et al.* (2012:390) highlight that the employment equity policies must be designed to meet the business strategy of organisation and to portray social legitimacy to the community. Line managers need to ensure an employment equity policy of the organisation that can be accompanied by relevant procedures. However, line managers tend to focus on the requirements of only a part of the business, hence many fail to have a long-term view of the organisation. The gap between employment equity goals and actual results falls in the hands of line managers.

Gaye and Cavide (2015:289) note that line managers and supervisors must reveal areas in which an employee needs improvement in order to increase performance. They have to also ensure that the workplace skills plan is prepared to address gaps in performance in a way that ensures that the training needs of the organisation are met. Line managers also monitor employee performance after the provision of training to check the fruitfulness of the training. These managers should engage with employees so that they take note of the challenges they are facing.

4.10 CONCLUSION

Mapping a purpose for employment equity protects the organisation from lurching from one problem to the other. Therefore, organisations are compelled to adopt and implement Employment Equity legislation in a rational manner. Organisations that believe in their own capacity usually find themselves shifting from victims of circumstances to having control over circumstances. Inclusive participation by the organisation to take the responsibility of complying with employment equity expectations rather than embarking on protest reflects good corporate citizenship. The preceding discussion highlighted the need for establishing that capacity building is necessary for clarifying the context under which it can support EE implementation at IDFC. The building of a model is to ensure that capacity building fits the strategic expectations of the IDFC. Managers strive to build up proactive initiatives and new policies to accommodate previously disadvantaged employees, such as people with disabilities, women and black people.

The literature reviewed indicated a need for studies to address the skills deficits and poor accommodation associated with equity-appointees that are hampering and delaying the implementation of Employment Equity, as well as causing poor performance. There are structural problems within the South African economy as most people from designated groups are unemployable because they lack the critical skills required. For this reason, it is viewed that the nature of the results of this study will bring solutions and normalcy through closely looking at the influence of capacity building.

The following Chapter 5 discusses the research methodology and design of this study.

CHAPTER 5

RESEARCH METHODOLOGY AND DESIGN

5.1 INTRODUCTION

This chapter sets out the research methodology and design of the study. The aim of the research was to explore the influence of capacity building on employment equity implementation and employee performance, with Ithala Development Finance Corporation Limited being the case study. An exploratory case study design with a mixed method research was adopted as it is the most suitable method that accurately responds to the study's research questions. Mixed methods denote the usage of both the qualitative and quantitative approaches in the same research study. According to Scheyvens (2014:30), the usage of both qualitative and quantitative approaches provides rich data to answer the questions of the research. This chapter outlines the research methodology and design for this study and covers the data collection, data collection instrument, population, sampling method and sampling size, data gathering procedures, data analysis methods and ethical considerations.

5.2 RESEARCH PHILOSOPHY

According to Saunders, Bristow, Thornhill and Lewis (2019), the key types of research philosophy are: realistic research philosophy, pragmatic research philosophy, interpretivist research philosophy and positivist research philosophy. Realism focuses on the assumption that ideas are independent from the reality of the human mind (Bajpai, 2011). It is based on the notion of a scientific approach to knowledge development. There are two types of realism, namely critical and direct. Saunders, Lewis and Thornhill (2012) aver that interpretivism entails that assumptions of reality should be based on social constructions, namely instruments, language, shared meanings and consciousness. Interpretivism studies employ inductive approach. The interpretivist approach makes provision for human interest and meaning. In fact, under interpretivism, the researcher interprets the study's elements and incorporates human interest into the research. This philosophy focuses on the qualitative method. The interpretivism philosophy concentrates on naturalistic means of collecting data, namely observations and interviews (Rubin and Babbie, 2016). Interpretivism is embraced in

the interviews carried out to gather data from the respondents in posing qualitative questions. This philosophy is also associated with secondary data. On the other hand, positivism entails that science is the sole means to get the truth (Streubert and Carpenter, 2009). It recognises and trusts factual knowledge obtained through observations from measurements. In studies that employ positivism, the researcher's role is only limited to the collection and interpretation of data in an objective manner. The findings of research are normally quantified and observed. Positivism relies on quantifiable observations that assist in analysing statistics (Saunders, Lewis and Thornhill, 2012). The questionnaire embraces the post-positivist perspective. Moreover, positivism is associated with the empiricist's view that knowledge emanates from human experience. Furthermore, in studies of positivism, the researcher concentrates on facts and is independent from the study. Positivist studies employ a deductive approach. A pragmatic philosophy avers that there are several means of conducting research and interpreting the environment (Saunders, Lewis and Thornhill, 2012). The pragmatic approach entails the use of methods which seem the most suitable to the research problem, hence avoiding philosophical debates in terms of choosing the most appropriate approach. For this study, a pragmatic approach was utilised.

5.2.1 A pragmatic approach to research

The pragmatic approach to research states that there is no sole view that can provide the whole picture and hence employs various means to get multiple realities (Bajpai, 2011). According to Saunders, Lewis and Thornhill (2012), the twin predominant paradigms about the knowledge source and nature are interpretivism and positivism. The pragmatic philosophy combines both interpretivism and positivism in the scope of one study, aligning with the research question. Different from interpretivism and positivism philosophies of research, pragmatism combines more than one approach and strategy in one study (Bajpai, 2011). A study with a pragmatic research philosophy utilises several research methods such as action research, quantitative and qualitative methods. In this study, the pragmatic research philosophy employed the quantitative and qualitative philosophies. Researchers that adopt a pragmatic approach give themselves the autonomy to utilise any procedures, techniques and methods aligned with qualitative or quantitative methods, or both (Bryman, 2015). It acknowledges that every method has its challenges, as well as noting that different approaches may be complementary. This study utilised a pragmatic philosophy whereby two philosophies

were employed, namely interpretivism which uses inductive logic, and positivism which uses deductive logic. Mixed/convergent methods involve the utilisation of induction and deduction approaches. Induction discovers the patterns, whilst deduction tests hypotheses and theories (Bajpai, 2011).

5.3 APPROACHES TO THEORY DEVELOPMENT

Saunders, Lewis and Thornhill (2009) describe three approaches to theory development, namely deduction, induction and abduction. A deductive approach checks the assumptions' validity, that is, hypothesis and theories. Through the deductive approach, hypotheses can be either rejected or accepted, resulting in clear predictions or explanations. The inductive approach focuses on the development of new theories and their generalisations (Scheyvens, 2014). In simple terms, induction relates to the facts that are derived from observations and that lead to hypotheses and theories. Flick (2015:23) states that abductive research begins with 'surprising 'puzzles' or 'facts' and then the process of research gives its explanation. In terms of the abductive approach, DePoy and Gitlin (2015:85) mention that the process of research focuses on explaining 'surprising facts', 'puzzles' and 'incomplete observations' identified at the commencement of the research. For this study, both deductive and inductive reasoning were utilised. In this study, generalisations were deduced from broad literature, and inductive reasoning was utilised in the empirical part of this research.

5.4 PRINCIPLES OF RESEARCH METHODOLOGY AND DESIGN

The study adopted an exploratory case study research design with mixed method research. This research design critically analyses, interprets and reflects different relationships and dimensions associated with capacity building, employment equity implementation and employee performance. Gray (2014:101) defines the research design as a framework of a strategic nature that aligns questions of the research with its execution. The research design deals with a plan of action that provides solutions to problems related to the research study in terms of who is involved, what to study, where the study is carried out, how it is carried out, as well as how data is collected and analysed. Carrie, *et al.* (2014:45) point out that when carrying out a research study to provide answers to questions, the following have to be considered: i) the process has to be designed in such a way that it is objective and unbiased; ii) the study

has to be conducted within a set of philosophies within a framework; and iii) it utilise techniques, procedures and methods whose reliability and validity have been tested.

The research design is a strategy and pre-set structure of examination that is devised to obtain answers to research problems and questions (Brynard, *et al.*, 2014:52). The plan reflects the entire programme of the research project. Information obtained from the research design is critical for the researcher to compile and receive sufficient responses from the target population. The information in this particular study assisted in assessing the influence of capacity building on employment equity implementation and employee performance at Ithala Development Finance Corporation Limited. The research design is a guide relating to the collection and analysis of the data, since it reflects the manner in which the research is conducted in order for the questions to be answered. The main three types of research methods are mixed method research, quantitative research and qualitative research (Adams, *et al.*, 2015:76). This study uses the mixed method, which is discussed further, along with its applicability to this study.

5.4.1 The case study

According to Ridder (2017:281), a case study relates to an inquiry of an empirical nature that examines in depth the existing phenomenon in real life, particularly when the demarcation between context and phenomenon are not evidently clear. Case studies are mostly utilised in research pertaining to business topics and management. According to Gustafsson (2017:3), case study research is executed for the following reasons: i) to bring changes; ii) to develop a theory from the many cases; iii) to make particular conclusions from a single case; and iv) to give a general conclusion from a number of cases. In this study, case study research was utilised to draw particular conclusions in respect of IDFC, as well as to understand the transformation imperatives at IDFC. The best interest of the case study design lies in the interpretation and context of the phenomenon (Gustafsson, (2017:3). The conclusion of the case study design is intensive description and analysis of the phenomenon. Case study is utilised to generate a theory, as well as for theory testing (Harrison, Birks, Franklin and Mills, 2017:1). This study generated a model which links capacity building, employment equity implementation and equity employee performance at IDFC.

In addition, it tested philosophies pertaining to the relationship between capacity building, employment equity implementation and equity employee performance, which are predominantly based on theory. The key merit is that the case study gives the researcher a chance to examine something that may have been difficult to achieve with other methods of research. The case study's goal is not only to develop an appropriate interpretation, but also to widen the scope of interpretations. In general, case studies are characterised with exploratory character. The case study design can properly test the proposed model in Chapter 4 (Figure 5.2). According to Gustafsson (2017:3), when focusing on a single case study, the researcher can have a deep understanding of the subject.

The situations across organisations in the financial sector differ, and for this particular study multiple case studies may have made it difficult or brought inconsistency and confusion. A case study may be presented as story-telling or a report. This case study was delivered through a report to ensure that it is focused and answers the research question. The strategy assisted the researcher to fairly treat evidence, come up with analytical compelling conclusions, as well as ruling out other interpretations.

5.4.1.1 Rationale for a single case study

As indicated earlier this study focuses on a single case study –the IDFC. The case study method was chosen in order to deeply comprehend the uniqueness of IDFC, as well the complexities faced by the organisation in executing the provisions of the EEA. The case study design permitted the exploration of the research area, IDFC, in detail as it directs the researcher to focus on a single or a small set of cases. According to Gustafsson (2017:2), case study research helps in relating individual people's actions or the micro-level to the big social structures or macro level. While there are many reasons that are put forth to support the usage of a single case study, in this study there were two key reasons. Firstly, the reason was that it represents a unique case in that IDFC is as a company in the financial services sector to offer and continues offering banking services, amongst other services, without a full banking licence. The key reason of failure to get the licence is that it does not have qualified and experienced personnel in critical areas, as required by the South Africa's Reserve Bank (SARB). This comes as a result of the acute shortage of skills in the financial industry

as well as competition by other organizations to meet EE targets. Secondly, it was a typical case, considering that the primary lessons acquired from the case seem to be informative about the EE status and employee performance. The researcher also viewed that a single case study is preferred as compared to multiple case studies which may have caused amplified difficulties in drawing conclusions.

In this research, the exploratory method was used to answer the research questions. The exploratory method is usually used in business studies to answer questions (Tobi and Kampen, 2018:209). An exploratory case study research method was used to accomplish the research objectives. Gustafsson (2017:3) states that case study research is most suitable when the question of 'why?' or 'how?' is being asked in respect of the current set of situations which the researcher has no or little control over. It is also crucial in tackling multivariate, complex and contextual aspects under a certain research situation. The exploratory case study does not only express the cause-effect relationship, rather it intensively covers the depth and scope of an object (case) under the study (Harrison, Birks, Franklin and Mills, 2017:2). Hence, the adoption of an exploratory case study research design was deemed appropriate.

5.4.1.2 Rationale for the Financial Sector

Among all the economic sectors in South Africa, the financial sector emerged as the sector least compliant with employment equity (EE) statutory requirements. This is revealed by the Commission for Employment Equity Report (2018:23) which found that the financial sector is the worst performer in respect of EE implementation. Although transformation was applauded at the skilled worker level where there is good representation across all races, there is little transformation at the upper and middle ranks of organisations in the financial sector. Van-Zyl and Roodt (2003:13) carried out a study on industries' response to EE constraints. They surveyed a sample of 4 729 employees from nine different companies representing different sectors. They found that companies in the financial sector responded differently to EE constraints compared with companies in other sectors. Instead of investing in training, organisations in the financial sector tended to embark on quick-fix solutions of poaching from competitors to comply with legislative requirements by offering designated groups improved packages. Ensor (2019:1) reports that there is over-

representation of Indians and white females in the upper four levels of occupation in the financial sector. According to Mhlanga (2018:1), there is very slow pace of transformation in the financial sector.

There was a very little progress in EE. There is little progress and transformation in terms of the representation of designated employees at middle, senior and top senior management levels (Mhlanga, 2018:1). The sector demographic profile was far from representative and does not reflect the South African demographic profile. Hence, the financial sector is under severe pressure to radically transform in order to meet government demands. Meaningful progression of the representation of designated employees at middle and senior management can only be fast-tracked when junior level managers from previously disadvantaged groups are exposed to experience, thereby facilitating them to move through the ranks. In the financial sector, women and people with disabilities are still under-represented (Department of Economic Development and Tourism, 2014:1). The Black Management Forum has called for tough measures such as penalties and fines for companies which fail to abide by the EEA (BASA Transformation Report. 2019:5). However, penalties are not seen as a lasting solution as they drain the finances of an organisation without meaningful improvements being observed.

According to Jensik (2017:1), the financial sector is a catalyst that unlocks the potential for social development and economic growth in a country. This is mainly due to the fact that many other economic sectors rely on the financial sector for their growth. Hence, economic growth tends to be unrealistic if there is no input of the financial sector. The interest in studying the financial sector was also motivated by the fact that it is the backbone of any country's economy and growth. In fact, without finance the economy cannot perform. Hence, there is need for this study to be conducted to investigate how capacity building can influence the issue of employment equity implementation and employee performance. In modern economies, the financial sector is fundamental to economic activities. The sector plays an integral mediating role between lenders and borrowers through pegging prices, thereby incentivising savings (Martin and Hill, 2015:421). Generally, it promotes the formation of fixed capital. Major economic efficiency and competitiveness is driven by the growth of fixed capital. The financial sector is crucial in enhancing globalisation by being a mediator between the purchasing and selling of risk embedded in both the production and movement of

goods (Salahuddin and Gow, 2016:141). Considering this backdrop, the researcher chose to carry out this study in the financial sector.

5.4.1.3 Rationale for Ithala Development Finance Corporation

Unlike other big financial institution such as ABSA, Standard Bank, Nedbank and Clintel among others, IDFC is located in one province only (KwaZulu-Natal) and is still a growing financial company so it is hard hit by the pressure from EEA which adversely affects its operation. Although the provision of loans to small businesses and the poor in KwaZulu-Natal province by IDFC has been very successful compared to other financial institutions, this does not mean that IDFC should not be affected by the EEA requirements because it is still a designated employer. The failure of the IDFC to withstand external pressure from the government to implement EE because of lack of skills in the labour market has motivated this study to investigate the influence of capacity building on EE implementation. Although IDFC is committed to comply with the EE principles by putting an EE Committee in place to oversee EE implementation in the organisation, there is still significant under-representation of people from designated groups at the management level (IDFC Integrated Report, 2017:35). The organisation has been trying to address this problem but the challenge is that it has been failing to meet all its targets. Not only that, but IDFC has been making continuous losses every year. However, the EE policies are not fully implemented at IDFC because of insufficient skills level available particularly the leadership and managerial skills (IDFC Integrated Report, 2016:18).

5.4.2 MIXED METHOD RESEARCH

Mixed methods research utilised both qualitative and quantitative research methods in the same research project for corroboration and comprehensive understanding. Bryman (2015:64) defines the mixed methods paradigm as a research approach that is growing in use for a number of studies. It is important to note that in some studies, one research method may fail to sufficiently answer the questions of the research study. The processes of collection, analysing and presentation of data may be different in the mixed methods research. Carrie, *et al.* (2014:20) state that the study's research questions usually determines the processes of collecting and analysing data. The

research questions of this study lead to the adoption of mixed methods, as discussed further on. A research study can use different types of mixed methods, namely concurrent triangulation, sequential explanatory and sequential exploratory (Bell, *et al.*, 2014:37).

For the purpose of this study, the mixed methods research was utilised adopting concurrent triangulation. Concurrent triangulation involves carrying out quantitative and qualitative methods at the same time, which results in triangulation (Rubin, *et al.* 2016:109). According to Lampard, *et al.* (2015:78), triangulation involves a scenario of having a report of results from multiple sources. The sequential explanatory method denotes following a sequence of carrying out quantitative research, then later qualitative research. The sequential exploratory method focuses on carrying out qualitative, then later a quantitative method.

5.4.2.1 Rationale for mixed methods

A mixed methods paradigm is likely to minimise potential bias associated with the use of a single case study research design (Flick, 2015:16). The advantages of both qualitative and quantitative research methods, as well as the nature of the research questions in this study, have led to the employment of the mixed methods approach. In respect of qualitative research, interactive procedures were employed which took the form of face-to-face interviews. This allows the collection of in-depth data through recording the participants' non-verbal language expressed in their beliefs, emotions and attitudes towards capacity building, employment equity implementation and employee performance during the face-to-face interviews. Face-to-face interviews carried out with line managers and human resources personnel at Ithala Finance Development Corporation Limited stimulate flexibility and naturalistic responses. On the other hand, in respect of the quantitative research design, the determination of the connection between the probable cause and the effects is fully explored with the variables. Quantitative research is highly pre-determined, fixed, rigid and structured to promote the reliability and validity of the data of this research project. Quantitative research was undertaken through a questionnaire. The purpose of this study is to explore the influence of capacity building on employment equity implementation and employee performance through the use of numeric and statistical tests. The use of methods that represent and gather human phenomena with numeric, together with a

method that represent and gathers human phenomena with words are typical instances of mixing research methods.

According to Harney, *et al.* (2014:91), the mixed methods paradigm provides rich data that responds to the objectives of the research study. In this study, it was employed to address the following key objectives: (i) To investigate the influence of capacity building on employment equity implementation in the financial industry; (ii) To examine the provisions of Employment Equity Amendment Act 47 of 2013 in relation to the improvement of status of designated groups at the selected company; (iii) To examine the contribution of capacity building to equity-appointee performance at selected companies; (iv) To develop a model that tracks and monitors the impact of capacity building on employment equity implementation. The mixed methods are also useful for testing the acceptability of the capacity building model; (v) To develop approaches that support the capacity of employers to successfully employ people with disabilities; (vi) To build human resources development policies for employees from previously disadvantaged groups; and (vii) To understand the role of line managers on employment equity implementation and management at the selected companies. According to Creswell (2014:73), there are three research processes in social sciences, namely explanatory research, exploratory research and descriptive research. This study utilises exploratory research.

5.4.3 EXPLORATORY RESEARCH

In this study, the exploratory approach was utilised to develop a capacity building model linked to employment equity implementation and employee performance at Ithala Finance Development Corporation Limited. Exploratory research focuses on clarifying and defining the problem of a particular nature that has not been clearly defined in a given setting. In addition, the need for an exploratory study could arise out of the lack of basic information on an area of interest. The available literature indicated that very little was known of the capacity building, employment equity and employee performance at the IDFC. Exploratory research addresses all types of research questions and is used when problems are at an initial stage (Adams, *et al.*, 2015:30). Exploratory research is usually utilised to develop formal hypotheses and stands as a foundation for research projects of the future. Exploratory research gives a better comprehension of a problem or concept. In respect of this study, exploratory research focuses on the insights drawn through reviewing current literature as contained in

reports, books, periodicals and studies that relates to the investigation associated with capacity building, employment equity implementation and employee performance. The next section examines various facets of the research methodology.

5.5 SITE DESCRIPTION

The study focused on IDFC. IDFC is situated in KwaZulu-Natal province. The main purpose of IDFC is to offer financial services to the South African people. IDFC provides financial services in the form of various products to many industries which encompass the hospitality, tourism, retail, trade, manufacturing and service industries (IDFC Integrated Annual Report 2016: 10). According to the IDFC 2018 Integrated Annual Report, the head count indicated that the total number of employees are 358. The organisation has 20 employees who are on fixed-term contracts and 112 graduates who are doing experiential learning. Although women constitute 64% at the workplace, those in higher occupational categories of employment were men (77%)(43) (D band and above). The management is comprised of 12% (43), 77% (33) are males and 33% (10) are females. Since the IDFC is a designated employer because it employs more than 50 employees, it is highly regulated in terms of implementing the statutory requirements of the EEA and EEAA. The organization put in place efforts to build a strong compliance culture in which EEA statutory requirements are abided by. However, the organization operates under an environment with heightened risk as skilled and experienced employees from designated groups are few, especially women.

In terms of financial assistance, IDFC is extremely flexible as it provides loans that are short-medium and long term. However, a large chunk of financial assistance is given to Small, Medium and Micro Enterprises (SMMEs), as well as co-operatives so that they can buy the assets they need to operate. IDFC targets offering financial support to businesses and projects which show long-term sustainability and profitability. It does not believe in over-burdening customers with debt that they may face difficulty in repaying. It prioritises funding to projects that have positive impacts in developing the economy of Kwa-Zulu-Natal and that of South Africa at large. IDFC continues to focus on insurance, properties and banking services, serving retail, corporate and individual customers. In short, the mainstream of insurance and banking products incorporate bank insurance, transactional banking, investment and savings products, taxi and vehicle finance and mortgage lending (IDFC Integrated Annual Report, 2016:18).

According to the 2014 annual report, insurance policies recorded were 6 957 and the customer savings recorded R2 billion. More information about IDFC is elaborated in Chapter 4.

5.6 TARGET POPULATION

Target population refers to the entire group of individuals or objects to which researchers are interested in generalising the conclusions. Population is a standardised collection of individual units (DePoy, *et al.*, 2015:90). The population comprises distinct strata where the units within each stratum are identical. The population can also be explained as infinite or finite. The finite population has a certain fixed prescribed number of people or objects, whilst an infinite population is flexible and has an unlimited number of people or objects (Wilson, 2014:22). The researcher should predict the decisions that possibly take place during the selection of the sample. Equally, respondents should have the information and particular characteristics or attributes in order to provide meaningful responses. It is often impossible for a research project to study the entire population due to costs and time constraints.

Given that this study employed an exploratory case study research design with mixed methods research, the main data collection instrument was the questionnaire, while the individual interviews were undertaken on a selective basis with a limited number of respondents. In this study, the target population comprised of all employees who occupy lower and middle level positions, except those from the historically advantaged group, fixed contractors, graduate trainees, employees with South African permanent residency status as well as foreign nationals with work permit who do not hold line management and human resource management positions at Ithala Development Finance Corporation Limited. This population group was 302. The new amendment that now excludes foreign nationals as part of the designated groups is contained in the Employment Equity Amendment Act 47 of 2013, which was enacted on 1 August 2014. Therefore, this group was excluded from the target population. In respect of the target population for the qualitative part of this study, these included all line managers and human resources personnel regardless of the group to which they belong, nationality or race. There were (10) ten in this group. For this study, only one company was selected to serve as the case study from which the respondents were drawn.

5.7 THE SAMPLING PROCEDURE AND SAMPLE SIZE

Sampling entails the selection process of picking a few from a bigger group as the basis of predicting or estimating the availability of an unknown situation of a population. Carrie, *et al.* (2014:70) define the sampling procedure as the drawing of the sample representation that encompasses the entire elements of the universe. The crucial aspect about a sample is its representativeness. The purpose of drawing a representative sample is to make recommendations and conclusions. Sampling is a general practice in which under two types of sampling techniques are grouped, namely non-probability and probability (Bryman, *et al.*, 2015:44).

Both non-probability and probability sampling were chosen in order to lessen the bias in the selection, as well as in order to conduct statistical inferences from the data. In respect of probability sampling, all elements of the target population have the same opportunity of being chosen (Scheyvens, 2014:45). It determines the probability of the inclusion of any member or element of the population in the sample. Furthermore, both quantitative and qualitative research designs were used, in which the instruments of collecting data were heterogeneous, that is, a closed-ended questionnaire and face-to-face unstructured interviews. Finally, due to the nature of the research objectives, there was a need to target elements of a specific population. The procedure for sample selection is discussed below.

5.7.1 Probability sampling

For the researcher to eliminate sampling bias, the stratified sampling technique and simple random sampling technique without replacement have been utilised for the quantitative research part of the study (Wilson, 2014:26). This stratified sampling technique break down the population into groups or 'strata'. This ensures that each group is represented in the sample (Sekaran and Bougie, 2014:294. These groups include Indians, Coloureds, Africans, Women and Employees with disability. For this study, the target population of 302 is separated into sub-groups (75 Indians, 150 African Black, 40 Coloureds (0 South African Chinese), 24 White women and 13 Employees with disability) referred to as "strata" using disproportionate, stratified sampling. Due to the fact that it was impossible to cover the entire respondents in the

population, determining a sample size was crucial for the study. The statistical formula utilised for calculation of sample size for this study was adapted from Wiid and Diggines (2011) is the following:

$$\text{Formula: } n = N / (1 + N(e^2)) \quad [\text{Equation 1}]$$

Where:

$e = 0.05$, the level of precision.

N = the population

n = expected sample size

In line with the statistical formula, the sample size for the study at 5% level of significance was $n = 302 / (1 + 302(0.0025)) = 172$ respondents.

After obtaining the sample size, the allocation of each stratum was carried out and calculated utilising the following formula by (Wushe and Shenje, 2019:4):

$$\text{Formula: } n_i = n * N_i / N \quad [\text{Equation 2}],$$

where :

N = number of members in the entire population

N_i = number of members in the population from strata i for $i = 1, 2, \dots, 5$

n = sample size.

n_i = number of members in the sample from strata i for $i = 1, 2, \dots, 5$

In accordance with the statistical formula $n_i = n * N_i / N$, the racial make-up of these 172 respondents was then drawn randomly without replacement from the strata, constituted 85 African Black; 43 Indians; 23 Coloureds; 14 White women and 7 employees with disabilities across all races. This formula was utilised to pick a reasonably sized sample that equates the aggregate representation of Indian

employees, African employees, Coloured employees, women and employees with disabilities.

On sampling without replacement, after an item or element is picked from the sampling frame of strata, it is removed from the population and it cannot be returned to the sampling frame. A sampling frame is composed of the entire list of elements or members that are representative of the population. For this study, the sampling frame was all employees from previously disadvantaged groups at Ithala Development Finance Corporation Limited. After the stratified sampling technique was employed, the simple random sampling technique was used to select a sample from the strata that would represent the population under the study. Since random sampling without replacement does not permit the same element of the target population to be chosen in the sample more than once, hence it has greater efficiency as compared to a random sampling with replacement. A computer program or a manual approach may be utilised to choose a sample under the simple random sampling technique without replacement. This researcher used a manual approach because it is very simple to undertake. A sample of 172 employees was chosen for the quantitative research design.

5.7.2 The non-probability sampling

Purposive sampling was used for the qualitative research part of this study. Different from the quantitative approach where the statistical sampling of the sample size is fixed, in qualitative research design purposive sampling relies on the available experts that falls under the study subject. Purposive sampling was utilised as a non-probability sampling technique in which the eight (8) respondents, who were from the human resources department as well as other line managers, were selected to participate in the interviews because they have information and are knowledgeable about the employment equity amendments and the performance of the business.

Purposive sampling relates to elements of the population that are chosen to form a sample simply because they are most likely to be informative and knowledgeable about the phenomenon under investigation. Scheyvens (2014:170) asserts that rigorous imagination is required in order to identify appropriate information as well as

a way of refining ideas as they emerge. The researcher selected a sample of respondents who had adequate know-how about the employment equity amendments and employee performance. Hence purposive sampling was used in this study.

5.8 MEASURING INSTRUMENTS: QUESTIONNAIRE AND UNSTRUCTURED INTERVIEW

In this study, data was collected through questionnaires and interviews. According to Gray (2017:74), measuring instruments are tools that are utilised by researchers as aids to evaluate and assess variables. A questionnaire denotes the set of questions that is prepared to be completed by the respondents concerning a particular research study in order to acquire data which may be used to address scientific protocols (Bryman, 2015:54). Interviews relate to the verbal interaction between the respondents and the interviewer. Interviews need to be properly planned (Bell, *et al.*, 2014:34). In respect of this study, a self-administered closed-ended structured quantitative questionnaire was developed (Annexure B), as well as a set of questions for the face-to-face unstructured interview.

5.8.1 The questionnaire

The questionnaire is the most frequently used data collection instrument of all the instruments. It is a prominent means of gathering primary data of a quantitative nature. The questionnaire constructed by Kokkinaki and Ambler (1999:1) was adopted in assessing the influence of capacity building on employment equity implementation and employee performance. According to Rubin and Babbie (2016:47), the main principles in constructing a questionnaire include the following:

- It must be readable and easily understood by the respondents;
- The respondents are able to supply the information that answers the questions;
- There is a possibility that the respondents are willing to answer the research questions; and
- The outcomes of the responses will be of interest to the respondents.

5.8.1.1 Advantages of a structured questionnaire for this study

A structured questionnaire allows for an easier reach to all the selected respondents. The use of a closed-ended structured questionnaire allows for easier interpretation, creation and coding of data (Lampard, *et al.*, 2015:69). The method of the research will have greater reliability given that the respondents are providing answers to a set of questions that has limited answer choices. Structured questionnaires therefore result in a low cognitive load to the respondent, that is it lessens a lot of thinking that may be needed by respondents where the questions are open-ended. Therefore, for this study, taking into consideration the aforementioned advantages, the closed-ended structured questionnaire was adopted as part of the measuring instruments.

5.8.1.2 Disadvantages of a structured questionnaire for this study

Bryman and Bell (2015) caution that some statements in questionnaires may be left unanswered due to ignorance. Additionally, some respondents may become dishonest about the subject under investigation. Thus, a questionnaire may not capture the emotions/feelings or responses of the respondents.

5.8.1.3 Design of the Questionnaire

The questionnaire encompassed mix of closed-ended structured questions. The design and construction of the questionnaire underwent refinement until the formulation of the final research instrument. The questions are designed to focus on a particular area so that accurate data is generated, which is vital for statistical analysis. For this study, there were questions that focused on capacity building, some questions focused on employment equity and lastly, questions that covered employee performance were asked.

Gray (2014:75) highlights that the measuring instrument should have standardised characteristics, namely feasible, valid, objective and reliable. On responding to questions, respondents are provided with many alternatives to select from. The five-point Likert scale was utilised with responses that ranges from (1) strongly disagree to

(5) strongly agree which allows respondents to rate the degree to which they were in agreement with each statement. The Likert scale allows the researcher to obtain objective responses. The statements in the Likert scale were aligned to key objectives and some focused on various variables in the capacity model (Figure 4.2).

For the purpose of this study, the instrument that was utilised consists of a pre-coded structured questionnaire which allowed one to solicit maximum responses, as well as more detailed information. The questionnaire constituted information relating to demographics as per Section A and included qualification, gender, job status, work experience and age. The questionnaire also contained statements, in Annexure B, with these questions and statements having been derived from the research questions and a comprehensive review of key variables, namely capacity building, employment equity implementation and employee performance. The respondents were provided with a fixed alternative choice of answers. The questionnaire (Annexure B) constituted 42 statements.

5.8.1.4 Coding the Questionnaire

According to Kumar (2014:30), coding refers to the provision of numeric codes for every response that falls within a certain section of the questionnaire. It is advantageous for this study as the questions have already been pre-coded following the sequence of alternatives during its construction. By incorporating pre-coded questions, data capturing may be easily done since the respondent is only asked to put an (X) next to the numerical code on each statement on the Likert scale.

5.8.1.5 Information addressed to respondents: Covering letter

The covering letter (Annexure A) was addressed to the respondents outlining the topic, significance of the study, their participation value to the study and the aim of the study. The anonymity and confidentiality of participants were guaranteed, which allowed for the lowering of any anxiety.

5.8.2 Interviews

In this study, unstructured interviews were undertaken. While there are two types of interviews, namely the structured interview and unstructured interview (Flick, 2015:30), the unstructured interview has been preferred. With regard to the unstructured interview, the interviewer has a specific schedule and the questions are asked to gather much information about the respondents' thoughts. The appropriate size of a sample for qualitative research must be a minimum of five people so that adequate information for the research is provided (Creswell, 2014:82). The selected respondents participated in this research project voluntarily. Eight people, (2) human resources personnel and (6) line managers at Ithala Finance Corporation Limited were selected to be interviewed. Interviews were conducted in English were audio recorded and translated into notes post the interview.

The interview took 15 minutes per participant. Interview for each participant was digitally recorded and later collated and transcribed. The interview assisted the researcher to have different perspectives and to build deep insights into the concepts under the study. Unstructured interviews were conducted individually with selected staff members in the Human Resources Department and line managers at Ithala Development Finance Corporation Limited. They were interviewed to give a clearer understanding of the effectiveness of capacity building on employment equity implementation and employee performance. The researcher can derive themes from the textual content that is obtained from the responses of respondents. Therefore, themes were deduced from the interviews.

5.9 THE PRE-TESTING AND THE PILOT SURVEY

Pre-testing refers to the process of questionnaire evaluation that is exercised with a small given number of respondents in order to ensure that it performs and is as well-understood as expected (Adams, *et al.*, 2015:75). Pre-testing is usually conducted to ascertain how best the research instrument works, that is the interview schedules and questionnaires in relation to the current study (Rubin and Babbie, 2016). It provides the opportunity to correct the anomalies prior to the distribution of the final questionnaire to the selected respondents. Vague statements were re-worded, depending on the feedback from participants. The initial testing is carried out with a small group that could resonate with the target population. This initial test was carried

out with the assistance of 5 human resource management students. The five human resource management students were from different races that resemble the strata (groups) of the actual target population of this study. The comments obtained from these 5 respondents were used to refine the questionnaire. The comments laid a foundation for phrasing, wording and editing of the questionnaire. Based on the feedback of the participants, re-wording was undertaken in respect of ambiguous items. The key value of pre-testing lies in its ability to determine whether each question is completely grasped by the participant, the wording and language is easy and clear to grasp, and all the instructions within the questionnaire were fully understood by the respondents. Sekaran and Bougie (2014:26) state that pre-testing is crucial to satisfy the credibility of the questionnaire design as well as encouraging positive participation of the respondents.

A pilot study refers to the trial run that is usually undertaken in small surveys (Gray, 2014:355). Different from pre-testing, the responses from the pilot survey can be statistically analysed for its reliability and content testing. Pilot surveys help in the determination of the characteristics of the population, as well as the sample's feasibility. The pilot study ascertains if the methods behind the research idea are sound and if there is a good understanding of the protocol. The fundamental aspect about the pilot study is that it helps to determine the questionnaire's reliability and validity so that necessary changes are conducted before the actual fieldwork. Respondents chosen for the trial run must be homogeneous and be representative of the target population with regard to attitude, intellectual ability and subject matter knowledge (Kumar, 2014:110). A pilot survey was conducted before the primary data was collected, hence adapting and modifying of the questionnaire which was used to collect the data. The responses obtained in the trial run must be accurate and clear in order to speed up the data capturing process.

In this study, the pilot survey was carried out using the second version of the questionnaire and interview questions for content validity. The questionnaire was piloted to ten employees who are not part of the final sample. Therefore, in this study the pilot test was administered to a random sample of 10 respondents selected from the strata (Women, Indians, Coloureds, Africans and people with disabilities). This did not compromise the groupings of the target population in any way. These 10 respondents were excluded from the target population (N=302), having participated in the pilot testing phase. The pilot study tends to give a level of satisfaction with regard

to the questionnaire's acceptability. Hence, the pilot test administration is carried out in a similar manner to the actual field work (Bryman, *et al.*, 2015:48). Amendments were undertaken to maintain consistency, standardisation and fluidity. Post the revision of the items in the questionnaire, it was distributed to the selected respondents. Similarly, in respect of the interviews, a pilot interview was held to two line managers who were excluded from the target population. The questions were amended accordingly from the pilot.

5.10 VALIDITY AND RELIABILITY OF THE RESEARCH INSTRUMENT

The findings should be valid and reliable for the research to be accurate (Brynard, *et al.*, 2015:38). Reliability denotes that the findings always remain the same if the research is repeated. Validity on the other hand relates to the correctness and truthfulness of the research findings. A study cannot be valid without initially being reliable, but the study can be reliable but not valid. The validity of the measurement instrument must not be assumed even if the measurement instrument is reliable. The measures that were utilised to make improvements to the reliability and validity of the questionnaire are as follows:

- A pilot study was carried out, which highlighted key areas for improving the instrument's reliability.
- This study has a large sample, which is highly likely to give more accurate results as compared to a scenario where a small sample is used.
- The questions incorporated into the questionnaire of this study were directly derived from the study's objectives.
- Every question asked was aligned to a particular objective.
- The questions were short and straightforward and easy in order to make them understandable to respondents with distinct dimensions of intellectual capacities.
- The instrument used in this study was pre-tested to give proper information that assisted in structuring the instrument to make an improvement to the validity of the results.

5.10.1 Reliability of the research instrument

According to Sekaran, *et al.* (2014:31), the degree to which results consistently and accurately represent the total population under study is reliability. The research instrument is deemed to be reliable when the same results of the research can be reproduced with the same methodology. The purpose of reliability is to indicate that the empirical investigation can be trusted, as the same results are consistently obtained when the questionnaire is repetitively administered under the same conditions by another observer or on a different occasion by the same observer. For this study, internal consistency reliability was used to establish the reliability construct through carrying out the pilot study. Scheyvens (2014:188) states that the measuring instrument's reliability can be obtained in four ways: *test-retest reliability test*, *parallel forms reliability test*, *split-half reliability* and *internal consistency method*.

The *test-retest reliability test* relates to the comparison of two administrations of the identical measuring tool usually broken up by a given time interval. A zero (0) difference on test-retest reflects 100% reliability, whilst a ratio of 1 on the test-retest shows 100% reliability. *Parallel forms reliability test* relates to a slight change of the original test to the second testing in order to address the challenges of reactivity. The most complex aspect with parallel forms of reliability is to understand whether or not the new version of the instrument is not still the same as the original one. *Split-half reliability test* entails dividing the test into two halves and deducing the degree of consistency between the two halves. *Internal consistency test* occurs when a number of items are developed to measure a particular construct. Those items must have higher similarity as they are expected to measure one common construct. Therefore, the internal consistency of the instrument is indicated by the extent of similarity of constructs. Internal consistency reliability entails the results' consistency across the statements or questions, mostly measured using the statistical tool known as the Cronbach Co-efficient Alpha.

5.10.2 Validity of the research instrument

According to Rubin, *et al.* (2016:81), validity relates to the extent to which the interpretation of the entire research is credible or whether a certain measurement reflects accurately or not. Validity concentrates on the measuring instrument's

effectiveness in bringing valid results. The questionnaire should be able to measure what it is expected to measure for it to be said to be valid. The questionnaire must be usable for the given purpose for which it is designed. The scales of questionnaires developed and tested in prior studies were utilised (De Beer, 2016:143), which increases the reliability of the data collection, as well as the construct and content validity. In this study, the scales were utilised to measure the statements that were relating to capacity building, employment equity implementation and employee performance. The validity concept shows the soundness of the research conclusions. Validity strives to maintain accuracy by ensuring that the measurement instrument measures what it is intended to measure. The pre-testing and pilot testing improves the validity of the research instrument. It encourages a sound interpretation of results, as well as drawing conclusions that are authentic and acceptable to the target population.

5.11 TRUSTWORTHINESS OF THE QUALITATIVE PART OF THE STUDY

In qualitative research, trustworthiness is achieved by engaging in detailed and in-depth multiple meanings and perspectives ascribed by respondents in their respective personal responses (Harney and Monks, 2014:30). Trustworthiness of the process of the study is measured by the degree to which the research gives information, as well as the manner in which the results have been obtained. According to Gray (2017:42), there are four components of assessing trustworthiness of the qualitative part of this research, namely transferability, dependability, credibility and conformability. Transferability refers to the extent to which the findings of the research have a meaning to others in the same setting (Lampard and Pole, 2015:55). According to Scheyvens (2014), dependability refers to the reliability and consistency of the findings of the research, as well as the extent to which procedures of the research are documented, allowing any other person to critique, audit and follow the process of the research. Credibility entails the extent to which the researcher ensures research participants are identified and accurately described (Harney and Monks, 2014:29). Conformity refers to the objectiveness of the research, the extent of congruence of accuracy, relevance or meaning of data conducted by two or more people (Adams and Lawrence, 2015:16).

5.11.1 Transferability

The transferability of the research was made by ensuring that the research objectives guide the study. The researcher utilised a theoretical framework as guidance in developing the research questions, which in turn informed the objectives of the research underpinning this study.

5.11.2 Dependability

The dependability of the research was guaranteed. In this study, the researcher ensured that the design of the interview schedule was performed in such manner that if future studies are to conduct the same study in the same setting, same or similar results will be produced. The existence of variations amongst responses from participants were verified to check the extent of consistency of the findings.

5.11.3 Credibility

The study's credibility was ascertained by utilising methods of qualitative research which were once used in earlier studies. Interview schedule was utilised to gather important first-hand information from the views of participants in respect of the influence of capacity building on employment equity implementation and employee performance at IDFC. In this the participants were HR personnel and line managers. The codes were cross-checked to avoid mistakes. In addition, the respondents were afforded an opportunity to exercise their right not to participate in this study. This is to ensure the collected data is gathered from those who free to give information and take part in the study willingly.

5.11.4 Conformability

The researcher kept checking the data repeatedly to ensure that the interpretation and findings which emerge from the responses are not biased but are a true reflection of the views of the participants. In this study of IDFC, the researcher checked the conformability through confirming responses from other participants, as well as by comparing the responses that may answer the objectives of this study.

5.12 DATA COLLECTION

According to Bell, *et al.* (2014:98), data collection refers to the process of measuring and gathering information on particular variables in a systematic and well established manner. The collection of data in case study research is mostly wide and is usually obtained from many sources, like official publications, documents, observations, interviews and questionnaires (Ridder (2017:281). In this case study, the data was collected from secondary and primary sources. In this study, closed-ended questionnaires and unstructured interviews were utilised to gather data. Data collection is divided into two distinct methods, namely primary data and secondary data (Adams, *et al.* 2015:75). Structured questionnaires and unstructured interviews were used to collect primary data. Secondary data is collected through profiles, websites of Ithala Development Finance Corporation Limited, books and journals, blogs and the internet. The primary and secondary data are further discussed below.

5.12.1 Data collection techniques and method

The essential merit of the case study method as noted by Harrison, Birks, Franklin and Mills (2017:1) is the utilisation of multiple techniques and sources in the process of gathering data. By utilizing multiple sources, this study obtains a triangulation process and corroboration. Hence, the conclusions and findings from this study may become more accurate and convincing due to the utilisation of multiple sources of evidence. Both secondary and primary data were used to acquire all the necessary information required to meet the research objectives. For the purpose of this study, a quantitative structured closed-ended questionnaire was distributed under the direct supervision of the researcher. Higher rates of responses are obtained from the personal method of collecting data because the personal method has higher accuracy than any other methods (Lampard, *et al.*, 2015:65). The Covering letter (Annexure A) requested respondents to return the completed questionnaires within 2 weeks.

5.12.1.1 Primary data

In this study, interviews and close-ended structured questionnaires (Annexure B) were the instruments utilised for gathering primary data collected from the selected sample

of respondents at Ithala Development Finance Corporation Limited. Different from other research design, case studies need an inquiring mind during data gathering (Ridder, 2017:281). The main issue is the capability to ask and pose appropriate questions. As data was gathered, the information gathered was continuously reviewed. This allows interviewees to dispel or verify information gathered earlier. It became easy for the researcher to discern the main observations and trends, which helped in writing up the case.

5.12.1.2 Secondary data

Secondary data refers to readily available information that is gathered by organisation or individuals, other than the researcher (Bryman, 2015:29). Secondary data is crucial in the sense that the researcher can utilise the current data and analyse it. Therefore, this study's secondary data was obtained from the rigorous reviewing of periodicals, theses, dissertations, journal articles, reports, government publications, relevant textbooks, the internet and media articles. Secondary data was also obtained from the human resources department at Ithala Development Finance Corporation Limited. Secondary data also assisted with the proposed capacity building model (Figure 4.2) aligned to employment equity implementation and employee performance at Ithala Development Finance Corporation Limited.

5.13 HYPOTHESES FORMULATION

Carrie, *et al.* (2014:35) describe hypothesis testing as the process that begins with the researcher's beliefs and ideas regarding the components of certain variables in the population. Beliefs and ideas were therefore tested to check their credibility in relation to the data from the sample. These hypotheses bring specificity, focus and clarity to the problem statement. The hypothesis is utilised to statistically test the significance between two variables to give a conclusion, namely the dependent variable and independent variable (Creswell, 2014:43).

For this study, the independent variable was capacity building (x), whilst the dependent variables were: employment equity and employee performance (y). A more detailed

discussion of the hypotheses tested in this study was carried out in the following chapters, as well as an analysis of results and discussion of findings. The following hypotheses were tested in this study.

- Hypothesis 1: There is a positive relationship between capacity building and employment equity implementation at the workplace.
- Hypothesis 2: There is a positive relationship between capacity building and employee performance at the workplace.
- Hypothesis 3: There is a positive relationship between proper employment equity implementation and employee performance at the workplace.
- Hypothesis 4: There is a positive relationship between the provision of professional development and elimination of discrimination at the workplace.
- Hypothesis 5: There is a positive relationship between current organisational processes and the elimination of discrimination at the workplace.
- Hypothesis 6: There is a positive relationship between the state of the internal environment and the elimination of discrimination at the workplace.
- Hypothesis 7: There is a positive relationship between the provision of professional development and the accomplishment of affirmative action at the workplace.
- Hypothesis 8: There is a positive relationship between the existing organisational processes and the achievement of affirmative action at the workplace.
- Hypothesis 9: There is a positive relationship between the state of the internal environment and the accomplishment of affirmative action at the workplace.
- Hypothesis 10: There is a positive relationship between the elimination of discrimination and the improvement of employee performance at the workplace.
- Hypothesis 11: There is a positive relationship between the maintenance of affirmative action and the improvement of employee performance at the workplace.

5.14 ETHICAL CONSIDERATIONS

In respect of ethical considerations, an assurance was given to the respondents that the information gathered will be utilised strictly for research purposes. There are a number of important reasons for adhering to ethical norms in the study. Norms support the aim of the research study through error avoidance and the promotion of truthfulness. Ethical standards promote the foundational values that act as an essential baseline to collaborative work. These are fairness, mutual respect, accountability and trust (Kumar, 2014:23). This is crucial because most research requires much co-ordination and the co-operation of different people from different disciplines.

Ethical protocols assist in ensuring that the researcher has accountability to the general public for every activity that takes place during the study. Furthermore, respondents in a research study tend to have a number of questions in respect of research that they are requested to participate in. Given this, the respondents in this study were oriented around the questionnaire, as well as other aspects of the research. The Covering letter (annexure A) incorporated the confidentiality issues, topic of the research, ethical considerations, as well as the aspect of anonymity. These address the site ethical considerations and transparency. The respondents had the liberty to withdraw their participation at any given time without any obligation to give reasons. It is also important to note that the respondents were not coerced in to taking part in the research study. As part of ethical consideration, permission (Annexure D) to conduct research at Ithala Development Finance Corporation Limited was obtained. Furthermore, a letter of permission to carry out the research was attached to every questionnaire that was sent to the respondents.

During any research study, the following issues are crucial to consider: violation of privacy, informed consent, confidentiality and anonymity, rectification of any harm, information concealment, debriefing and deception of respondents (Lampard, *et al.*, 2015:121). In the case of this study, the covering letter (Annexure A) that was attached to the questionnaire (Annexure B) also reinforced the aforementioned issues. The respondents were guaranteed that no names would be mentioned when results are reported and that their responses would be specifically used for statistical purposes. The questionnaires that were completed by respondents are kept in a safe place and only shredded after a five (5) year period.

5.15 DATA ANALYSIS

Data analysis is the process of transforming, cleaning, modeling and inspecting data with a view to recognising essential information, advising decision-making and suggesting conclusions (Brynard, *et al.*, 2015:89). Editing relates to the scrutiny and thorough check of the completed questionnaires (Scheyvens, 2014:44). Hence, it is important for checking the accuracy and completeness of the data before it is captured. Every completed returned questionnaire was scrutinised to make sure that the criterion for completeness was abided by. The responses per questionnaire were captured to form the data set, which was subjected to statistical analysis.

5.15.1 Data analysis for qualitative research

The data recorded was transcribed. Sekaran, *et al.* (2014:62) state that transcribing data encourages accessibility to responses, hence minimising the likelihood of distortion of participants' responses. The interviews for each participant was transcribed. This allows the exploration of emerging concepts and patterns while they were still fresh in the researcher's mind. The transcribed raw data was used for coding by the researcher. The process of coding helps to identify themes that are deduced from the responses. In this study, the gathered extracts from participants' responses were collated. The categories were compiled from the themes. The data was analysed and interpreted for patterns that have arisen. In addition, it also assisted to design and develop concept and concepts maps.

5.15.2 Data analysis for quantitative research

Gray (2014:180) posits that the statistical analysis is the key tool for organising, highlighting and extracting information for hypotheses testing, developing theories, as well as drawing conclusions from the existing investigation. Statistics assist to explore the interdependence and relationships between variables; read data; determine the degree of existing relationships; deduce the sense of data, as well as building certainties in the findings. The responses were captured in a data set were analysed utilising the latest version of the Statistical Package for the Social Sciences (SPSS) (version 25 for Windows). The analysis of the statistics was carried out in two phases,

that is the descriptive statistical analysis and inferential statistics. These are used for hypothesis testing in the next section.

Descriptive statistical analysis relates to the summary of data in the form of graphs, tables, calculation of descriptive measures and pie charts (Wilson, 2014:52). Descriptive statistics describe the critical aspects of the data. Through descriptive statistics, the data is described in an appropriate and understandable fashion. Inferential statistics utilise meaningful statistical tests to obtain correct values with regard to the tested hypothesis. It is important to note that the types of parametric tests utilised depend on the nature of the captured data, namely nominal, ratio, interval scales or ordinal. The suitable manipulation of statistics is utilised for hypotheses testing and these statistics help in the interpretation of results, as well as in the discussion of findings. The Statistical Package for the Social Sciences (SPSS) version 25 for Windows was used to analyse the questionnaire in order to test the hypotheses statistically. The Statistical Package for the Social Sciences (SPSS) version 25 for Windows assists to break the gathered raw data into simple tabular forms of a quantitative nature that makes for easy assimilation and understanding. The multiple regression was utilised in this study. There are two types of regression analysis, namely simple linear regression and multiple regression. This study utilised multiple regression because there are more than one predictors. Multiple regression was computed using SPSS. The benefits of utilising regression analysis are as follows: i) it shows the significant relationship between the independent and dependent variables and ii) it reflects the strength of the impact of multiple independent variables on a dependent variable (Carrie and Kevin, 2014:90).

The function of descriptive statistics is to minimise huge amounts of data in order to draw conclusions about the variables under the study. Descriptive statistics utilises two ways of data description, namely the numerical and graphical (DePoy, *et al.*, 2015:39). Inferential statistics utilise the findings generated from the sample data to make a generalisation and draw a conclusion about the population. It is crucial to ascertain the causal effect rather than just a mere association between variables. The study determines the causal effect of capacity building elements on employment equity implementation and employee performance. The proposed integrated capacity

building model was scrutinised. The correlation or connection between two variables is usually well understood when displayed in graphics.

Regression and correlation analyses were the two major techniques that assisted in the deduction of the relationship between the real dimensions of the variables. Hence, the quantitative paradigm illustrates the key sub-variables for cross-tabulation. Correlation analysis was carried out to check the connection between variables in the integrated model. Factor analysis was carried out for validity testing of the measurement instruments. Pearson's Chi-Squared test was carried out for hypotheses testing of variables in this study.

5.16 CONCLUSION

This chapter covered the research design and methodology employed. An exploratory single case design with a mixed methods approach was adopted. The selection of the chosen sample was achieved by using both stratified sampling and simple random sampling techniques at Ithala Development Finance Corporation Limited. Interviews were conducted face-to-face by the researcher. The reliability and validity constructs were also discussed comprehensively. The pre-testing and pilot study were part of the methodology, as well as the use of the Cronbach Alpha Test to attest to the scientific merit of the reliability of the questionnaire. The next chapter presents a discussion of the findings and analysis of the data.

CHAPTER 6

DATA ANALYSIS AND DISCUSSION OF THE FINDINGS

6 INTRODUCTION

In this chapter, the discussion of the findings and the analysis of the results derived from the responses to the questionnaire and face-to-face unstructured interview are covered. In terms of the quantitative questionnaire, the collected data was analysed with the aid of the Statistical Package for the Social Sciences (SPSS) version 25 for Windows. The results were presented in the form of tables, figures and numbered graphics. For the quantitative data in this study, the target population constituted 302 employees. This included the lower level unskilled designated employees, lower level semi-skilled designated employees, lower level technical designated employees and professional designated employees at Ithala Development Finance Corporation Limited. The questionnaire containing 42 Likert scale typed statements was distributed to a sample of 172 selected respondent employees from Ithala Financial Corporation Limited. The response rate was approximately 72 %, as 123 respondents returned the questionnaire. In the scrutiny exercise of the 123 returned questionnaires, it was found that twenty-eight questionnaires were incomplete and therefore were discarded for any further analysis. Therefore, the researcher considered 95 questionnaires for the analysis of the data.

In this study, the target population for the qualitative data collection was ten managers. A total of eight (8) managers participated in the interviews. Two HR personnel from the Ithala Finance Corporation Limited participated in face-to-face interviews, a male and a female. In respect of the other six line managers who participated in the interviews, four were males and two females. The line managers interviewed were drawn from all the race groups. The qualitative data was analysed having been transcribed from the audio tapes. Face-to-face unstructured interviews were used to gather data with regard to the influence of capacity building on employment equity implementation and employee performance. Through the quantitative data analysis, eight themes emerged, namely experience as a challenge to the employment equity implementation; equity appointees performance; infrastructure for employees with

disability; professional development and human development policies; headhunting of equity appointees; and line management involvement. Given that the data was analysed in two parts that is, quantitative data analysis and qualitative data analysis, each one is discussed below.

6.1 QUANTITATIVE DATA ANALYSIS

According to Sekaran and Bougie (2014:62), descriptive statistics incorporate the collection, presentation, classification and analysis of data to provide clarity with regard to a particular situation at a given time. Bar diagrams, tables and pie charts were used to present the descriptive data in this study. Inferential statistics were used in this study to test hypotheses and predictions. Inferential statistics refer to the conclusion drawn from a larger group or score of people than the available ones. Inferential statistics has two branches, that is non-parametric (less robust) and parametric statistical tests (robust) (Wilson, 2014:52). Inferential statistics were used in this study to test hypotheses and predictions. For parametric tests, the main tests conducted were regression analysis, t-test and analysis of variance whilst for non-parametric tests Pearson's Chi-square and Spearman correlation tests were the main tests carried out. Hypothesis testing was performed using the Pearson's Chi-Square (a non-parametric test). According to Bell and Water (2014:67), the Chi-Square Test is a technique of a non-parametric nature that assesses whether or not the rate of scores found on one or more nominal-levels significantly differs from those expected based on theory. Barlett's Test and Kaiser-Meyer-Olkin were also carried out for testing the construct validity of the measuring instrument. Correlation analysis was conducted to test the connections between the variables, that is capacity building, employment equity implementation and employee performance. The following section covers the reliability statistics and factor analysis.

6.2 RELIABILITY STATISTICS

The Cronbach Alpha was utilised as a measurement item for internal consistencies and construct stability with regard to capacity building, employment equity implementation and employee performance. Reliability is computed by taking several measurements on the same subjects. Reliability entails the measurement instrument that produces the same outcome from the same inputs (Bryman, 2015:29). A reliability

coefficient of 0.60 or higher is considered as “acceptable” for a newly developed construct. The research instrument consisted of 42 items, with a level of measurement at a nominal or an ordinal level. The questionnaire was divided into 4 sections which measured various themes as illustrated below:

- A Biographical data
- B Capacity Building
- C Employment Equity implementation
- D Employee Performance

The table below reflects the Cronbach's alpha score for all the items that constituted the questionnaire.

TABLE 6.1: RELIABILITY OF THE ITEMS IN THE MEASURING INSTRUMENT

	N of Items	Cronbach's Alpha
Capacity Building	14	0.70
Employment equity implementation	16	0.77
Employee Performance	6	0.64

The reliability scores for all sections exceed the recommended Cronbach's alpha value. As seen in Table 6.1, capacity building scored 0.70, employment equity implementation scored 0.77 and employee performance scored 0.64. This indicates a degree of acceptable, consistent scoring for these sections of the research, which therefore confirms the measurement scale's reliability.

The following section covered the analysis of the demographic data.

6.3 SECTION A: ANALYSIS OF THE DEMOGRAPHIC DATA

Section A of the questionnaire gathered data relating to the biography of the respondents. The biographical data gathered was as follows: age, gender, length of service and race.

GENDER DISTRIBUTION OF RESPONDENTS

FIGURE 6. 1 GENDER OF RESPONDENTS (N=95)

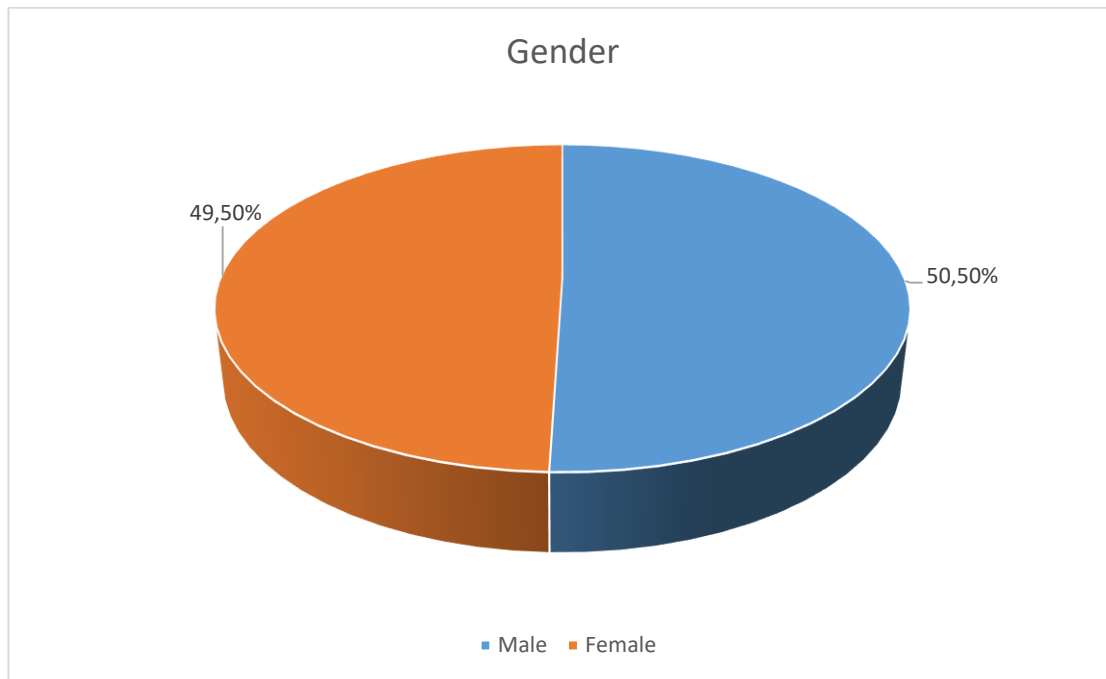
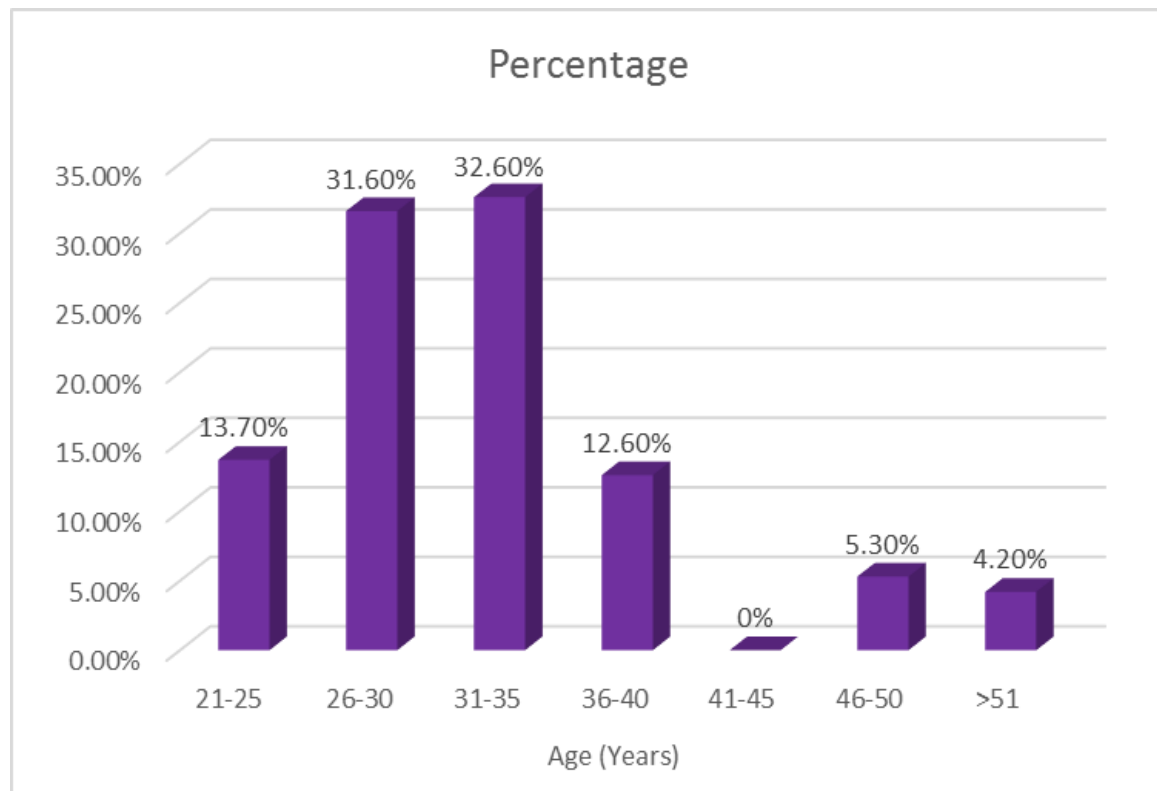


Figure 6.1 illustrates the gender distribution of the respondents expressed in percentages. There was an even spread of females and males who participated in this study. Females comprised 50.5%, whilst 49.5% were males. One can conclude that in this particular case study, there seems to be a balance between males and females who participated in this study. Next is a report on the ages of the respondents.

FIGURE 6. 2 AGE OF RESPONDENTS (N=95)



In this study, 77.90% of the staff were up to the age of 35 years old. In the financial industry this may be a good sign because this group is much more adapted to digital banking. The breakdown of the analysis was as follows: 32.60% of the respondents were between the ages of 31 and 35 years; respondents between the age of 26 and 30 years constituted 31.60% of the total of sample respondents; the age group between 21 and 25 years had 13.70% of sample respondents. A percentage of 12.60% reflected the respondents aged between 36 to 40 years. Only 5.30% was the number of respondents between the ages of 45 and 50 years. The least number of respondents was 51 years and above, which was only 4.20%. Table 6.2 illustrates the cross-tabulation of age and gender.

TABLE 6. 2: CROSS-TABULATION OF AGE AND GENDER (N=95)

What age group do you fall in? * Please indicate your gender Cross-tabulation					
			Please indicate your gender		Total
			Male	Female	
What age group do you fall in?	21 - 25	Count	7	6	13
		% within What age group do you fall in?	53,8%	46,2%	100,0 %
		% within Please indicate your gender	14,6%	12,8%	13,7%
		% of Total	7,4%	6,3%	13,7%
	26 - 30	Count	15	15	30
		% within What age group do you fall in?	50,0%	50,0%	100,0 %
		% within Please indicate your gender	31,3%	31,9%	31,6%
		% of Total	15,8%	15,8%	31,6%
	31 - 35	Count	16	15	31
		% within What age group do you fall in?	51,6%	48,4%	100,0 %
		% within Please indicate your gender	33,3%	31,9%	32,6%
		% of Total	16,8%	15,8%	32,6%
	36 - 40	Count	5	7	12
		% within What age group do you fall in?	41,7%	58,3%	100,0 %
		% within Please indicate your gender	10,4%	14,9%	12,6%
		% of Total	5,3%	7,4%	12,6%
	45 - 50	Count	3	2	5
		% within What age group do you fall in?	60,0%	40,0%	100,0 %
		% within Please indicate your gender	6,3%	4,3%	5,3%
		% of Total	3,2%	2,1%	5,3%
	> 51	Count	2	2	4
		% within What age group do you fall in?	50,0%	50,0%	100,0 %
		% within Please indicate your gender	4,2%	4,3%	4,2%
		% of Total	2,1%	2,1%	4,2%
Total		Count	48	47	95
		% within What age group do you fall in?	50,5%	49,5%	100,0 %
		% within Please indicate your gender	100,0%	100,0%	100,0 %
		% of Total	50,5%	49,5%	100,0 %

In this study, it is evident that the women and men mirror each other in respect of age. As observed in Table 6.2 males and females of the age group between 26-35 years had the most respondents (64.2%) with 32.6% being males in the age group of 26-35 years, whilst females of the same age group consisted of 31.6%. Figure 6.3 below illustrates the length of service of the respondents.

FIGURE 6. 3: LENGTH OF SERVICE OF RESPONDENTS (N=95)

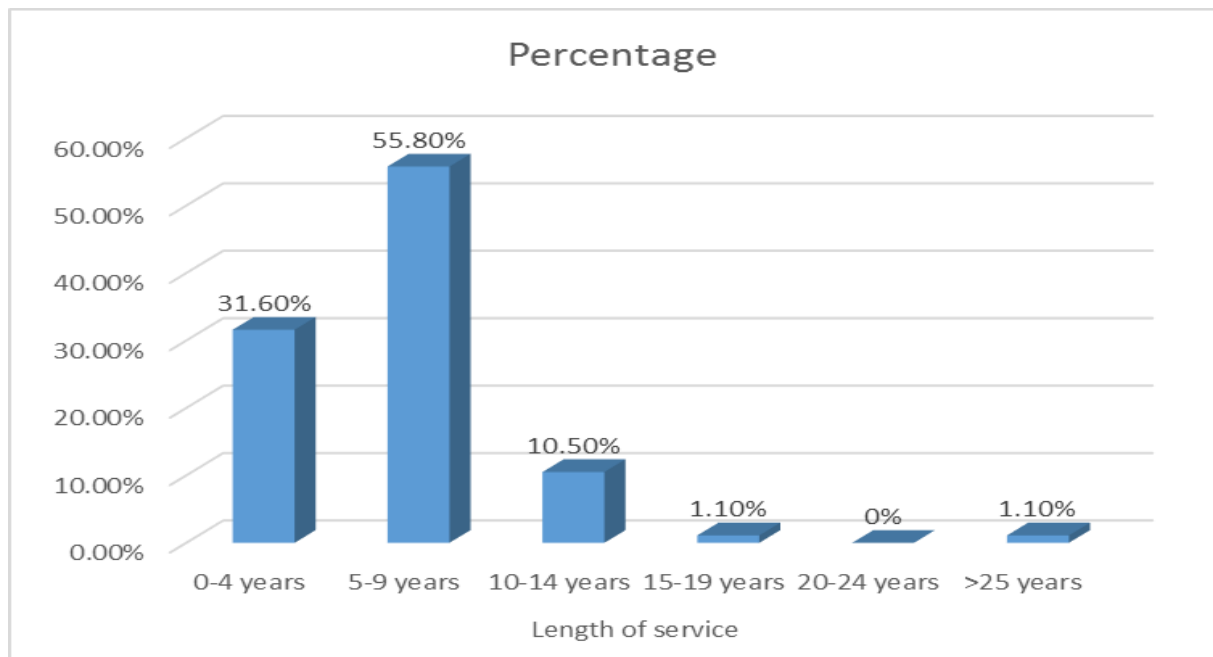
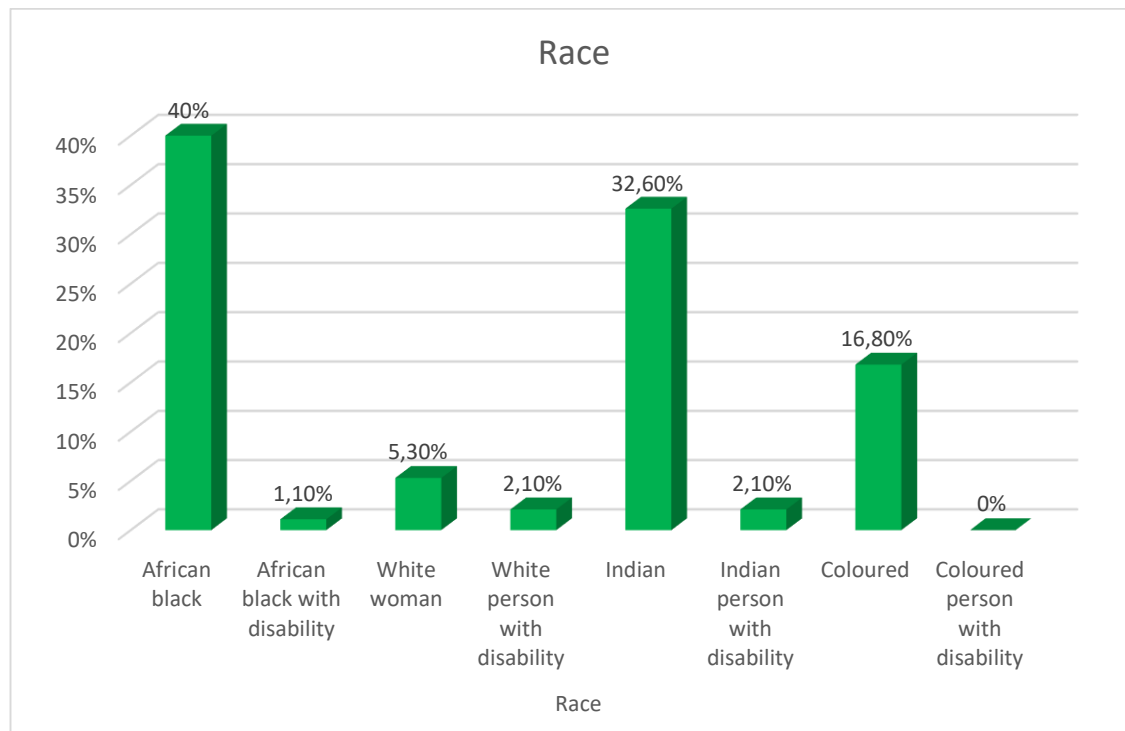


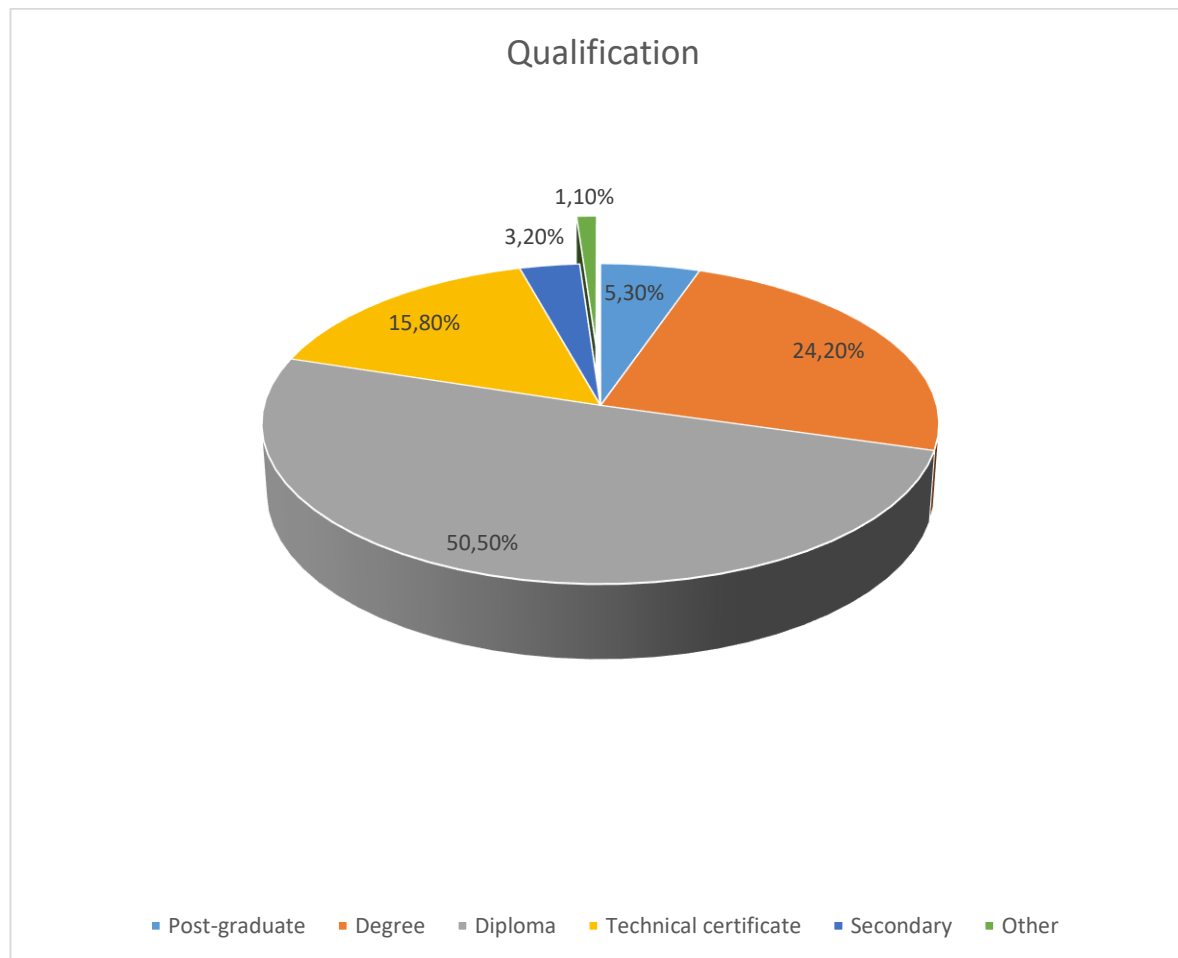
Figure 6.3 points out that the majority of employees in this case study had up to 9 years of experience, while 12.70% of the employees had above 10 years of experience. This resonates with the literature in that employees, especially from previously disadvantaged groups, do not have adequate experience. Having an adequately experienced employee is crucial for the good performance of the business as it increases efficiency in the operations. However, in this study, 87.4% of the participating employees did not have more than 9 years of experience. It therefore makes it difficult for those having less years of experience to generally ascend rapidly to higher positions that demand more skills than knowledge. Figure 6.4 reports on the race of respondents.

FIGURE 6. 4: RACE OF RESPONDENTS (N=95)



In terms of race, the organisation in this study had more Africans, followed by Indians, then Coloureds and the least were White women. The figure for Africans aligns with the literature (Table 3), which indicates that Africans have the largest workforce of 78% that falls under the National Economically Active Population (EAP) and a KwaZulu-Natal Provincial Economic Active Group of 84.3%. Some of the employees with disabilities were respondents in this study, implying that the company is ensuring that it employs a diversified workforce. As evident from Figure 6.4, approximately 40% of the respondents that participated in the study are African, whilst 1.10% were African employees with disabilities. White women that participated in the study are 5.30%, while White women with disabilities comprised 2.10%. Figure 6.4 further indicates that 32.60% of participants in the study are Indians, whilst 2.10% comprise Indians with disabilities. A total of 16.70% who participated in the study are Coloureds. Figure 6.5 below reports on the qualifications of the respondents.

FIGURE 6. 5: QUALIFICATIONS OF RESPONDENTS (N=95)



In this study, most employees possessed some sort of formal qualification, with approximately 74% had diplomas and/or degrees. This contradicts the literature that employees from designated groups are not appropriately qualified, hence there is a skills deficit. This could be because appointment to a job is done according to the qualification that person possesses. The breakdown of qualifications was as follows: 50.50% of the respondents that participated in the study had a diploma as their highest qualification. A total of 24.20% of the respondents that participated in the study had a degree as their highest qualification. Figure 6.5 shows that 15.80% of the participants in the study had technical certificates. The respondents who had attained a post-graduate level as their highest qualification were 5.30%. A total of 3.20% of respondents had a matriculation certificate as their highest level of qualification. Section B below analyses the influence of capacity building.

6.4 DESCRIPTIVE STATISTICS

Descriptive statistical analysis relates to the summary of data in the form of graphs, tables, calculation of descriptive measures and pie charts (Wilson, 2014:52). Descriptive statistics describe the critical aspects of the data. Through descriptive statistics, the data is described in an appropriate and understandable fashion. The function of descriptive statistics is to minimise huge amounts of data in order to draw conclusions about the variables under the study. Descriptive statistics utilises two ways of data description, namely the numerical and graphical (DePoy, et al., 2015:39). The following research questions were addressed through descriptive statistics in Section B, C and D:

- What can be learnt about capacity building's influence on employment equity implementation at the selected private company?
- What are the nature and type of capacity building programmes which directly help contribute to an equity-appointee's performance in organisations?
- Which is an appropriate approach that may support the capacity of employers to successfully employ people with disabilities?
- What critical elements are necessary when developing appropriate human resource development policies for the promotion of previously disadvantaged groups in organisations?
- What are the critical roles and functions of line managers in order to contribute to employment equity implementation and management at the selected private company?

6.4.1 SECTION B: THE INFLUENCE OF CAPACITY BUILDING

This section analysed the data gathered in respect of the theme - capacity building. There were 14 statements which were aimed at measuring the perceptions and understanding of the state of capacity building within Ithala Financial Corporation Limited.

The development of the knowledge and skills to perform the job is essential in order to effectively implement employment equity. The key test was to determine how employees perceived professional development in relation to overall capacity building within the organisation. The sub-themes sought to establish whether or not professional development in general is provided by the organisation; whether or not the training needs of employees are addressed; whether or not employees are exposed to technical skills; and whether or not employees are exposed to conceptual skills.

TABLE 6.3: THE STATE OF PROFESSIONAL DEVELOPMENT PROVIDED (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
I have adequate knowledge and skills needed to perform my job duties	B7.1	8	8.4%	14	14.7%	4	4.2%	63	66.3%	6	6.3%
My company provides me with the necessary training in areas identified for development	B7.2	7	7.4%	13	13.7%	5	5.3%	58	61.1%	12	12.6%

As evident in Table 6.3 above, a significant majority of respondents, approximately 73%, acknowledged that the company provided them with necessary training in areas identified for development, whilst only 21.10% disagreed that this was the situation. A paltry 5.30% remained neutral about the statement. A total of 72.60% believed that they had the adequate knowledge and skills to perform the job, whereas 23.10% of the respondents did not feel that way. This provides an opportunity for the organisation to target this group with a view to providing them with the appropriate training and development. Maiyo, et al. (2013:42) highlight that due to the budgetary constraints of most private companies, the first step is the identification of needs which will contribute to quick results with limited funds. Capacity assessment helps to recognise the existing need, thereby devising new capacity building programmes to address these needs.

Table 6.3 also covered the aspect of training needs. In this study, it is crucial for the organisation to conduct a training needs analysis for employees from designated groups before providing them with any programme of development. Each employee from designated groups should be approached and asked the area that he or she finds difficult and lacking. Then, appropriate training programmes should be implemented.

The following sub-section reported the results of the way training needs are addressed in the organisation.

TABLE 6.4: ADDRESSING TRAINING NEEDS (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
I am willing to learn more to increase the effectiveness of my current job	B7.3	5	5.3%	10	10.5%	5	5.3%	68	71.6%	7	7.4%
I feel that my training needs are not adequately addressed by the organization	B7.4	5	5.3%	10	10.5%	4	4.2%	72	75.8%	4	4.2%
I bring my training and development needs to the attention of my superior	B7.5	5	5.3%	10	10.5%	4	4.2%	74	77.9%	2	2.1%

In this study, for the organisation to operate efficiently, the training needs must be addressed and the employees should be willing to learn. As evident in Table 6.4, a bulk of the respondents (79%) confirmed that they were willing to learn more in order to increase the effectiveness of their current job. The zeal to learn by employees brings innovation and widens knowledge, which is essential for them to effectively carry out their duties. Though employees conceded that they are eager to learn, 80% believed that their training needs were not adequately addressed by the organisation. This is despite 80% of the respondents informed their superiors about their training and development needs. As long as training needs are continuously overlooked, this will tend to impact on the individual performances of these designated employees. Capacity building needs to be properly planned not just providing all employees with one method of professional development which may not improve their competencies. A well undertaken capacity building needs assessment is essential to design programmes in line with priorities (Herrmann, 2017:38).

Table 6.4 also provided an analysis of the provision of real-life experiential learning for employees from designated groups. Real-life experiential learning exposes employees to learning whilst they are busy carrying out their jobs. This is very important, especially at key levels within the organisation such as professional, senior managerial and top managerial levels where employees from designated groups may not be suitable for appointment due to the lack of adequate experience (Manyane, 2016:1). During Apartheid, Blacks were discriminated against and were not afforded the opportunity to

occupy higher level positions such as the senior managerial, top managerial and the executive levels. Hence, the syndrome of insufficient experience still exists amongst these employees. The following sub-section analysed the access to real-life experiential learning of employees from designated groups.

TABLE 6. 5: PROVISION OF REAL-LIFE EXPERIENTIAL LEARNING (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
The organisation exposes me to real-life job experiences as part of my training and development	B7.8	9	9.5%	14	14.7 %	0	0.0 %	64	67.4 %	8	8.4 %
Previously disadvantaged persons are now given preference for skills training and development	B7.1 2	5	5.3%	12	12.6 %	3	3.2 %	63	66.3 %	12	12.6 %

Table 6.5, examined the responses in respect of the perceptions around the provision of real work experience training. One could see this type of training as being partly on-the-job. Workers are given a number of assignments and roles that prepare them not only to do current work, but to be in a position to be ready for future new work opportunities. Approximately 75.80% of the respondents were in agreement with the statement that their organisation exposed them to real-life job experiences as part of their training and development, while 24.20 % disagreed that they were given this type of training. When it came to an acknowledgement of whether previously disadvantaged people were given preferences in respect of training and development, 78.90% of the respondents acknowledged that this was the case in the organisation. However, there was still approximately 18% of the staff who felt that this was not necessarily the position. Given that the composition of the staff largely falls into the category of previously disadvantaged, it shows that some staff may be feeling that they were not necessarily being treated equally when it comes to staff training and development. . Most employees in financial companies from designated groups are qualified but inexperienced hence they do not suitably fit in those managerial positions. Experience is very important as it is associated with the skill.

Table 6.6 below contains the results in respect of the provision of conceptual skills to employees from designated groups. Conceptual skill enables the employees who

occupy managerial positions to visualise the entire organisation and synthesise important ideas for the smooth and effective operation of the business. In this study, employees from designated groups who have the potential to occupy senior managerial levels and top managerial were expected to apply their insights to any difficult and uncertain situations or scenarios that may befall the organisation. Blacks, especially Africans, are under-represented at senior managerial and top managerial levels because they often tend to lack such critical conceptual skills. The following subsection reported the provision of conceptual skills to employees from previously disadvantaged groups.

TABLE 6.6: PROVISION OF CONCEPTUAL SKILLS (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
I have been given the appropriate skills by the organization to make the correct decisions when there have been uncertain conditions	B7.9	6	6.3%	58	61.1%	4	4.2%	22	23.2%	5	5.3%
The organisation prepares me for future higher level positions	B7.10	7	7.4%	64	67.4%	4	4.2%	17	17.9%	3	3.2%

Table 6.6 pointed out certain contradictions in respect of the nature of the training and development offered to the staff in this case study. In particular, the respondents, (approximately 67%) did not feel that they were given the appropriate skills by the organisation to make correct decisions when there have been uncertain conditions. This response does point to the nature and quality of training and development offered. Only about 28% of respondents agreed that they were given appropriate skills to help them make decisions when there have been uncertain conditions. About 74% of respondents did not see the organisation as helping them to prepare for future higher level positions. In many ways, the 21.10% of respondents who saw themselves as being given appropriate training and development which has prepared them for future higher level positions is closer to the reality that often a smaller percentage of staff are given training and development in organisations, which allows them to compete for higher level positions. The integration of capacity building and EE policies is designed to produce and raise a pool of highly qualified candidates who would occupy under-represented positions in the professional and management levels (Ntim, 2013:148).

The proposed integration is triggered by the fact that organisations are faced with difficulties in hiring top talent.

Table 6.7 looked at the perceptions of employees in respect of organisational processes as related to capacity building within the organisation. The nature of organisational processes has a tendency to contribute to the existence of discrimination, as well as to the general individual employee performance within an organisation. Therefore, organisations are expected to look closely and examine their training policies, developmental processes and promotion policies in order for them to counter unfair discrimination within the organisation.

Table 6. 7: THE PERCEPTION OF EMPLOYEES IN RESPECT OF ORGANISATIONAL PROCESSES (n=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
The organisation has a well-defined development process for an individual to move from one job to another	B7.6	7	7.4%	9	9.5%	9	9.5%	58	61.1%	12	12.6%
The organisation has a well-formulated policy on promotions and training	B7.1 1	9	9.5%	6	6.3%	37	38.9%	40	42.1%	3	3.2%

The promotion of employment equity is dependent, amongst other things, on having well-defined development processes for individual mobility within the organisation, as well as a clearly formulated promotions policy. In this respect, approximately 74% of the respondents agreed that their organisation had a well-defined development process for an individual to move from one job to another. In contrast, there was ambivalence that approximately 50% of the respondents did not see the organisation as having a well-formulated policy on promotions. In contrast, one cannot discount the response of approximately 42% who agreed that there was a well formulated policy on promotions. There is need to be further examine why a large percentage of staff remained neutral. It could be concluded that they do not know about the promotions policy or they actually see very little operationally. Ivona and Lance (2014:49) assert that employers are required to undertake a rigorous review of procedures and policies of staffing to address discriminatory barriers within a job.

Table 6.8 examined the results in respect of the internal environment relative to capacity building within the organisation. In this study, the internal environment relates to the support, culture, physical appearance and general reporting relationship within the organisation. These results were reported on Table 6.8 below.

TABLE 6. 8: THE PERCEPTION OF EMPLOYEES IN RESPECT OF THE STATE OF THE INTERNAL ENVIRONMENT (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
Persons with disability are always given all the general support that they need	B7.7	2	2.1%	10	10.5 %	10	10.5 %	61	64.2 %	12	12.6 %
My work environment is pleasant and enjoyable	B7.1 3	8	8.4%	12	12.6 %	5	5.3 %	62	65.3 %	8	8.4 %
My organisation has special rehabilitation for people with disability	B7.1 4	10	10.5%	15	15.8 %	3	3.2 %	63	66.3 %	4	4.2 %

The responses evident in Table 6.8 indicated a generally conducive work environment and one could further conclude that it is accommodative for all employees, including those from the designated groups. The majority of respondents (approximately 74%) were of the view that the work environment was pleasant and enjoyable. However, there should be some cause for concern in this organisation selected as our case study in that approximately 21% did not believe that this was so. Maiyo, et al. (2013:42) highlight that less standardisation of methods of operation and less restrictive procedures and policies that promote more flexibility should be reinforced within the organisation. Proactive, planned measures must be the centre of focus within the organisation for dismantling institutional sexism and racism.

In respect of staff with disabilities, approximately 77% of the respondents either agreed or strongly agreed that employees with disabilities were always given the support that they need. Linked to the issue of disability management, 70.50% felt that the organisation had a special rehabilitation programme for employees with disabilities. The Equally Supportive rehabilitation approach, which aligns with the assessment of a wide range of cognitive, functional and physical variables, addresses the challenges of disability (Akbar and Wissink, 2014:251). Therapy and training interventions from

experienced professionals can assist employees with disabilities to upskill their competencies to reach organisational goals.

In the next section, attention was on reviewing the results in respect of the variable of unfair discrimination, particularly to determine whether unfair discrimination existed within the organisation. The notion of equitable and fair treatment within an organisation is enshrined within the labour laws in South Africa. Against this background and especially in the promotion of employment equity, the importance of a company having policies in respect of discrimination cannot be over-emphasised.

6.4.2 SECTION C: THE STATE OF EMPLOYMENT EQUITY IMPLEMENTATION

This section analysed the data gathered in respect of the theme - employment equity implementation. There were 16 statements aimed at measuring the perceptions and understanding of the state of employment equity implementation within Ithala Financial Corporation Limited.

TABLE 6.9: POLICIES IN RELATION TO UNFAIR DISCRIMINATION (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
The organisation has policies in respect of discrimination	B7.2 2	0	0.0%	13	13.7 %	4	4.2 %	76	80.0 %	2	2.1 %
The organisation acts against employees who practice any form of discrimination against other staff members	B7.2 3	4	4.2%	13	13.7 %	3	3.2 %	67	70.5 %	8	8.4 %

In this study, approximately 82% of the respondents affirmed that their organisation had policies in respect of workplace discrimination, whilst a small minority of approximately 13% thought otherwise. A further confirmation came from approximately 79% of the respondents who believed that the organisation would act against employees who practise any form of discrimination against other staff members.

Table 6.10 reported on the level of fairness and justice. Full employment equity implementation is achieved when a high culture of justice and fairness is instilled within the organisation. The management of the organisation ought to closely look at the treatment of employees, especially from designated groups. Once the linkage between the transformation strategy and the mission of the overall business is developed, then compliance with the legislation may be achieved (Hideg, Michela and Ferris, 2011:393). The implementation of employment equity requires a shared vision through the formulation of an internal employment equity policy within the business organisation for it to produce tangible results.

TABLE 6.10: THE LEVEL OF FAIRNESS AND JUSTICE (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
I have an equal chance with any other race group of getting promotion when a higher position falls vacant	B7.2 5	0	0.0%	15	15.8 %	2	2.1 %	67	70.5 %	11	11.6 %
There is equal pay and benefits for equal work in the organization	B7.2 6	4	4.2%	14	14.7 %	4	4.2 %	64	67.4 %	9	9.5 %
There is a culture of fairness in the organization in terms of opportunities for all employees	B7.2 7	5	5.3%	14	14.7 %	2	2.1 %	69	72.6 %	5	5.3 %
I am treated with respect and dignity by my immediate supervisor	B7.2 9	4	4.2%	8	8.4 %	47	49.5 %	32	33.7 %	4	4.2 %

An important consideration around the promotion of employment equity is the perceptions held by staff in respect of fairness and justice when it comes to promotions. To this end, approximately 82% of the respondents saw themselves as having an equal chance with any other race when it comes to getting a promotion when a higher position fell vacant. This on its own does not mean that the organisation would not discriminate on a fair basis in respect of equity promotions as per their employment equity targets. However, there is a small percentage of 15.80% who believed that they did not have an equal chance with any other race group of getting a promotion when a higher position fell vacant. In respect of remuneration matters, the majority of respondents (76.90%) agreed that there was equal pay and benefits for work. However, 19% also did not agree that there was equal pay and benefits for equal work. A significant number of respondents (77.90%) felt that there was a culture of fairness

in the organisation in terms of opportunities for all employees. In terms of treatment with respect and dignity by their immediate supervisor, 49.50% of the respondents were neutral. This is often a worrisome sign as it tends to show that employees are holding back on expressing their true feelings in this respect. They do not want to say it is poor and neither do they want to say it is positive.

Table 6.11 looked at the results in respect of equity implementation perceptions within the organisation, in particular how employees perceive the overall functioning of the organisation in relation to affirmative action. Employees from previously disadvantaged groups need to be represented at each level in relation to their Economically Active Population (EAP). The following sub-section reported the results of employment equity implementation.

TABLE 6.11: PERCEPTIONS OF EQUITY IMPLEMENTATION (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
The organisation has a culture of ensuring employment diversity at each level	B7.1 7	5	5.3 %	12	12.6 %	2	2.1 %	65	68.4 %	11	11.6 %
Women employees are well represented across all levels of the organisation	B7.1 8	2	2.1 %	14	14.7 %	7	7.4 %	58	61.1 %	14	14.7 %
The organisation is comprised of all the different race groups on a fair basis	B7.2 0	2	2.1 %	15	15.8 %	14	14.7 %	58	61.1 %	6	6.3 %
The majority of women employees at the organisation are working in low level positions	B7.2 1	13	13.7 %	63	66.3 %	1	1.1 %	18	18.9 %	0	0.0 %
The organisation has policies in respect of discrimination	B7.2 2	0	0.0 %	13	13.7 %	4	4.2 %	76	80.0 %	2	2.1 %
Employee with disabilities are also found on higher positions in the organisation	B7.2 4	0	0.0 %	14	14.7 %	8	8.4 %	62	65.3 %	11	11.6 %
The organisation has reasonable facilities to accommodate staff with disabilities such as lifts, ramps, toilets etc.	B7.2 8	6	6.3 %	10	10.5 %	5	5.3 %	68	71.6 %	6	6.3 %

In this study, the achievement of employment equity implementation relied heavily on the availability of employees from the designated groups at levels within the organisation. In line with this, 80% of the respondents acknowledged that their organisation had a culture of ensuring employment diversity at each level. Further reinforcement was affirmed by the majority of respondents (67.40%) who believed that

their organisation was comprised of all the different race groups on a fair basis. One could therefore conclude that the organisation in this study is making great strides in ensuring that its employment equity is fully accomplished.

It was equally interesting to observe that approximately 75% of the respondents felt that female employees were well represented across all levels of the organisation, whilst 16.80% of the respondents disagreed with the statement. A further 80% of respondents viewed the majority of the women employees as working across all levels in the organisation. Management is required to verify the capacity of business organisation with regard to designing an employment equity policy that reflects a commitment to the fairness and equity of employment equity. Hargreaves (2011:685) points out that a comprehensive change of strategies that relates to employment equity should be adopted during the transition period.

The majority of response (76.90%) acknowledged that employees with disabilities were also found at higher position in the organisation. In addition, it was found that the organisation in this study had reasonable facilities to accommodate staff with disabilities such as ramps, toilets and lifts. This was confirmed by approximately 80% of the respondents. Hideg, *et al.* (2014:49) state that affirmative action was adopted as one of the mechanisms for addressing the differences that took hold during apartheid in South Africa, in which designated groups were unfairly treated and discriminated against in the work environment.

Table 6.12 reflected on the results on how employees perceive the issues around the contribution of work experience towards employment equity implementation. The table below covered items related to work experience.

TABLE 6.12: THE CONTRIBUTION OF WORK EXPERIENCE TOWARDS EMPLOYMENT EQUITY IMPLEMENTATION (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
I can see myself holding a higher position in the organisation because I have the required experience	B7.1 5	18	18.9%	48	50.5%	9	9.5%	19	20.0%	1	1.1%
If I got the appropriate training and development, I may qualify for a higher position at my organisation	B7.1 6	5	5.3%	14	14.7%	5	5.3%	59	62.1%	12	12.6%
If I was given the necessary work experience, I may get a higher position at my organisation	B7.1 9	0	0.0%	15	15.8%	4	4.2%	68	71.6%	8	8.4%
The organisation ensures the proper implementation of the equity legislation	B7.3 0	2	2.1%	10	10.5%	52	54.7%	29	30.5%	2	2.1%

The results in Table 6.12 clearly pointed to a significant percentage of respondents saw themselves as lacking the appropriate experience to hold higher positions within the organisation. This correlates with the view held by the respondents that if they were given the necessary work experience, they may get to a higher level. Approximately 79% held this view. However, from a practical organisational point of view 21% of the respondents believed that the experience they possessed could see them as being in a position to undertake higher levels of work. The results in Table 6.12 also showed that 74.70%, felt that if they received appropriate training and development, they may qualify for a higher position in their organisation. However, 20% disagreed with the statement. Over half of the respondents (54%) seemed uncertain about the manner in which employment equity was implemented within the organisation. Stephen, Ochieng, Samuel, Odhiambo and Emmanuel (2013:157) emphasise the integrated supply of skills in which organisations are also expected to participate in employee development and skills formation, rather than focus on a narrowed approach of just appointing them in crucial positions. Capacity building may improve the pool of qualified potential employees from designated groups. In terms of the workplace skills plan, it should match the strategy by aligning with employment equity plans, goals and targets.

The following section analysed the data gathered in respect of the theme – employee performance. The items were aimed at measuring the perceptions and understanding of the state of employment equity implementation within Ithala Financial Corporation Limited. Section D below discussed the state of employee performance.

6.4.3 SECTION D: THE STATE OF EMPLOYEE PERFORMANCE

Table 6.13 reported the magnitude of the contextual performance in relation to the overall performance. Performance is comprised of contextual performance and task performance (Kampkötter, 2016:1). Contextual performance relates to the aspects of the employee that enhance and maintain the psychological climate and social network within the organisation that support the technical aspects. In the context of this study and in order to determine the contextual performance, the way slackness was handled, the extent to which an employee understood the aspects of the job and the extent to which experience and qualifications were prioritised were considered. Contextual performance is usually set for decision-makers such as supervisors, foremen and managers.

TABLE 6.13: THE CONTRIBUTION OF CONTEXTUAL PERFORMANCE TOWARDS OVERALL PERFORMANCE (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
I always meet the performance standards of my job because I fully understand all aspects of my job	B7.3 1	2	2.1%	73	76.8 %	3	3.2 %	13	13.7 %	4	4.2 %
The organisation does not allow for any slackness from any staff members, including those that may have been appointed on equity grounds to improve the staffing profile and balance	B7.3 5	6	6.3%	13	13.7 %	2	2.1 %	70	73.7 %	4	4.2 %
The organisation views qualifications and experience as critical, irrespective if it is to meet equity considerations	B7.3 6	5	5.3%	12	12.6 %	3	3.2 %	72	75.8 %	3	3.2 %

The response of 79% of the respondents in Table 6.13 should be of concern to any company management in respect of the statement about whether they always met the performance standards of their jobs because they fully understood all aspects of their jobs. In this regard, 79% strongly disagreed or disagreed that they met the performance standards of their jobs because they fully understood all aspects of their jobs. This large negative type of response needs an intervention within the organisation, not limited to training and development but also other interventions as well to move the failure of staff to fully understand various aspects of their job. In

contrast, approximately 78% of respondents believed that organisation did not tolerate poor performance from any staff member including those staff that were appointed on equity grounds. Therefore, one may conclude that the first statement may have been misinterpreted by the majority of respondents or alternatively, it is plausible that the vast majority of staff, including equity staff, believe that they have not fully mastered their jobs and hence link this to not meeting the performance standards. The final variable tested in respect of contextual performance found that 79% of the respondents held the view that qualifications and experience remained critical considerations, even when equity considerations were primary in an appointment. Capacity building is a crucial part of the investment strategy within human resources management that is designed to change the delivery systems of services of the workforce into high performance (Gualini, 2017:29). The effort to capacitate the employees from designated group does not improve performance only but also fosters a positive image about the organisation around South Africa. Ahmed, Sultana, Paul and Azeem (2013) conducted a study on employee performance evaluation and found that with the current dynamics toward knowledge-based capitalism, maintaining knowledgeable and talented employees is critical.

Table 6.14 below reported on the contribution of task performance in relation to overall performance. Task performance relates to the contribution made by the activities of employees to the technical core that results in the production of materials or services (Kampkötter, 2016:1). In the context of this study, task performance was assessed by checking the quality of service in terms of speed and accuracy; the availability of training to improve the service; the extent to which the work was monitored; and the timeliness of getting feedback from superiors.

TABLE 6.14: CONTRIBUTION OF TASK PERFORMANCE IN RELATION TO THE OVERALL PERFORMANCE (N=95)

		Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
		Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %	Cou nt	Row N %
Equity imperatives have resulted in the appointment of some staff to higher positions without them being appropriately trained and developed for the positions they hold	B7.3 2	2	2.1%	65	68.4 %	2	2.1 %	18	18.9 %	8	8.4 %
My superior always monitors and gives me good feedback, which allows me to improve my performance	B7.3 3	4	4.2%	12	12.6 %	3	3.2 %	75	78.9 %	1	1.1 %
Quality of service has improved in the organisation because staff with appropriate skills have been employed	B7.3 4	2	2.1%	16	16.8 %	0	0.0 %	72	75.8 %	5	5.3 %

It was clear that when it comes to equity appointments in this organisation, including those appointed to higher positions, that the defining criteria was to appoint such candidates who are properly trained and developed for the position. To this end, 70% of respondents affirmed this view. Various studies have pointed out that it is not always the case for many organisation (Squire, 2015:24). Equally reinforcing the above view was the response by approximately 80% of the respondents that staff were trained and developed for positions, irrespective of whether or not they are equity appointees. These respondents confirmed that their superior always monitored them and gave feedback, hence allowing for one to improve performance. As a consequence of managing staff as well as equity appointed candidates, this organisation has been able to have their overall quality of service improved and view this has being affirmed by approximately 80% of respondents.

The following section looks at inferential analysis. In this study, regression analysis and correlation analysis were utilised to build and test the integrated model of capacity building, employment equity and employee performance. This empirically tested whether or not: i.) capacity building influences employment equity; ii.) capacity building influences employee performance; and iii) employment equity influences employee performance.

6.5 INFERENCE ANALYSIS

This sub-section provides inferential analysis. Inferential statistics were used in this study to test hypotheses and predictions. For parametric tests, the main tests conducted were regression analysis, t-test and analysis of variance whilst for non-parametric tests Pearson's Chi-square and Spearman correlation tests were the main tests carried out. According to Saunders, Mark, Bristow, Thornhill and Lewis (2019), there are mainly seven different types of regression analysis, namely elastic net regression, lasso regression, ridge regression, stepwise regression, polynomial regression, logistic regression and linear regression. This study employed linear regression. Bajpai (2011) states that regression analysis allows the researcher to compare the effects of variables measured on different scales. Multiple linear regression has more than one independent variable.

Multiple regression analysis is utilised to check if there is a statistically significant relationship between sets of variables (Gray, 2014:35). It is utilised to identify trends from data sets. There are two forms of regression analysis, namely simple linear regression and multiple regression. Multiple regression analysis is almost the same as simple linear regression (Brynard, Hanekom and Brynard, 2014:110). The only difference between simple linear regression and multiple regression is in the number of predictors ("x" variables) used in the regression. This study utilised multiple regression because there are more than one sub- predictors. Multiple regression was computed using SPSS. ANOVA tests whether the regression model was a perfect descriptor of the relationship between predictor variables. The benefits of utilising regression analysis are as follows: i) it shows the significant relationship between the independent and dependent variables and ii) it reflects the strength of the impact of multiple independent variables on a dependent variable (Carrie and Kevin, 2014:90). The metric R-square evaluates the model performance. The inferential analysis answered the following research objectives:

- To investigate the influence of capacity building on employment equity implementation at the selected private company;
- To examine the contribution that capacity building plays in respect of an equity-appointee performance; and
- To develop a model that helps track and monitor the impact of capacity building on employment equity implementation;

6.5.1 Multiple linear regression analysis: capacity building and employment equity

Multiple linear regression analysis was undertaken to determine whether the independent variable (capacity building: professional development; organisational processes and internal environment) influences the dependent variable (employment equity). Multiple linear regression analysis was also utilised in determining which among the independent sub-variables (professional development, organisational processes and internal environment) has a higher contribution to the variation of the dependent variable (employment equity). Figure 6.6, Table 6.15 and Table 6.16 illustrated and covered the results relating to capacity building and employment equity.

FIGURE 6. 6: CAPACITY BUILDING AND EMPLOYMENT EQUITY (N=95)

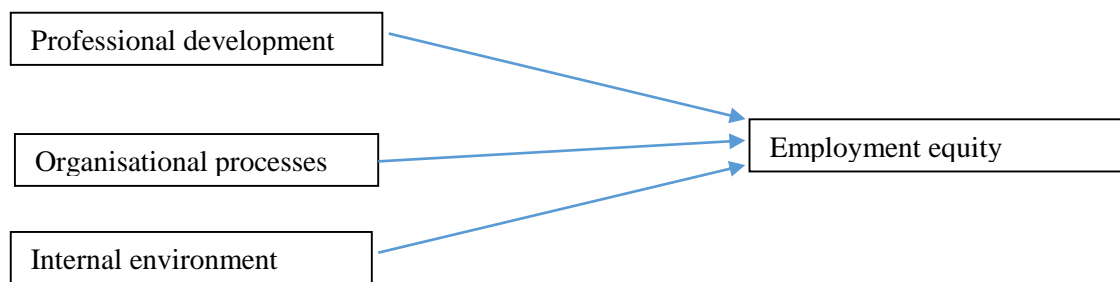


TABLE 6.15: MODEL SUMMARY (N=95)

Model	R	R-Square	Adjusted R-square	Std. Error of the estimate
1	.429a	.808	0.37	.21 211

a. Predictors (Influencers): (Constant), Capacity building (professional development, organisational processes and internal environment)

b. Dependent variable: employment equity

COEFFICIENTS (n=95)

Model	Unstandardize	Standardized
	d Coefficient	Coefficient
	B	Std. Error
		Sig. (P-value)

1	(Constant)	6.125	.371	.000
	Professional development	-.458	.243	.000
	Organisational processes	-.232	.236	.000
	Internal environment	.244	.247	.000

Dependent variable: employment equity

RANKING OF STANDARDIZED COEFFICIENT, BETA (B) (n=95)

Independent variables	Standardized coefficient beta	Rank
Professional development	.594	1
Organisational processes	.549	2
Internal environment	.259	3

The (R-square) value shown in the 'model summary' assisted to explain the variance in the dependent variable (employment equity). In Table 6.15, the value of (R-square) was 0.808. This points to the independent variable (capacity building; professional development; organisational processes and internal environment) as predictor (influencing) of the dependent variable (employment equity) by 80.8%. This also means that there are other independent variables which were not considered in this study but are crucial in explaining employment equity. Employees, particularly from designated groups, learn new knowledge through capacity building that puts them as prospective candidates for promotion, especially to the level of senior managers and top managers in which they are not sufficiently represented.

Table 6.15 contained the coefficients that allow one to make a comparison as to which of the three independent sub-variables (professional development, organisational processes and internal environment) makes the highest contribution to the variation of employment equity (dependent variable). Hence, the Beta standardised coefficients were utilised in making comparisons. The results indicated that professional development was the most predictor (influencing) variable that contributed the highest to the variation of employment equity ($\beta = 0.594$; $p = 0.000$). Following were organisational processes ($\beta = 0.549$; $p = 0.000$) and the internal environment ($\beta = 0.259$;

p= 0.000). The following sub-section reported on the results of a multiple linear regression analysis for capacity building and employee performance. Ojokuku and Adegbite (2014) attest that the critical employees who sustain organisational life are those responsible for determining the functioning of the business. The nature of their duties requires potential equity appointees to undergo comprehensive capacity building to adapt to the demands of higher positions. Due to the inexperience associated with employees from designated groups in their positions, most of them are in short of leadership skills and vision to keep the organisation afloat in its operations.

Table 6.16: ANALYSIS OF VARIANCE (ANOVA) (n=95)

Model		Sum of Squares	Df	Mean Square	F	Sig. (p-value)
1	Regression	8.080	4	1.620	20.108	.000b
	Residual	21.002	256	.281		
	Total	29.082	260			

significant at the 0.01 level

For testing the statistical significance of the regression model, the ANOVA was carried out. ANOVA tests whether the regression model was a perfect descriptor of the relationship between predictor variables (capacity building: professional development; organisational processes; and internal environment) and dependent variables (employment equity). Hence, in considering the results in Table 6.16, the model was a perfect descriptor of the connection between independent variables (capacity building: professional development; organisational processes; and internal environment) and the dependent variable (employment equity) (F= 20.108; p=0.000). A high F-value reflected a good descriptor value, while a small p-value means the results were significant and hence became sufficient for predicting the response. The F-value was utilised to conclude whether the entire model has statistically significant predictive capability. The p-value was considered statistically significant when it was less than or equal to 0.05. Therefore, this indicates that the independent variables (capacity building: professional development; organisational processes; and internal environment) are significant in explaining the variation in the dependent variable (employment equity). Employees from designated groups require professional development to commensurate with the new skills and knowledge expected in the

higher position. Professional development initiative may be a useful strategy that help employees from designated groups at entry-level to learn the ropes to be in a position to take duties of higher positions, as well as accessing white-collar jobs from a brown-collar workforce.

6.5.2 Multiple linear regression analysis: capacity building and employee performance (n=95)

This section examined the relationship between capacity building and employee performance. Multiple linear regression analysis was employed to determine whether the independent variable (capacity building: professional development; organisational processes; and internal environment) influences the dependent variable (employee performance). The multiple linear regression analysis was used to establish which amongst the independent variables (capacity building: professional development; organisational processes; and internal environment) has a higher contribution to the variation of the dependent variable (employee performance). Figure 6.7, Table 6.17 and Table 6.18 below analysed and reported the results relating to capacity building and employee performance.

FIGURE 6. 7: CAPACITY BUILDING AND EMPLOYEE PERFORMANCE (N=95)

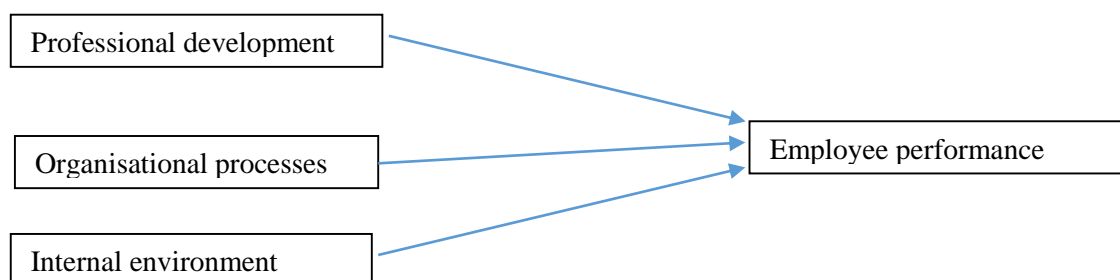


TABLE 6.17: MODEL SUMMARY (N=95)

Model	R	R Square	Adjusted R square	Std. Error of the estimate
1	.929a	.608	0.27	.29211

a. Predictors (Influencers): (Constant), Capacity building (professional development, organisational processes and internal environment)

b. Dependent variable: employee performance

COEFFICIENTS (N=95)

Model		Unstandardize	Standardized	
		d Coefficient	Coefficient	
		B	Std. Error	Sig.
1	(Constant)	3.025	. 270	.000
	Professional development	-.357	.142	.000
	Organisational processes	-.221	.135	.000
	Internal environment	.143	.137	.000

Dependent variable: employee performance

RANKING OF STANDARDIZED COEFFICIENT, BETA (B) (N=95)

Independent variables	Standardized coefficient beta	Rank
Professional development	.385	1
Organisational processes	.337	2
Internal environment	.158	3

The (R-square) value shown in the 'model summary' above assisted to explain the variance in the dependent variable (employee performance). Table 6.17 pointed out that the value of (R-square) was 0.608. This reflects that the independent variable

(capacity building: professional development; organisational processes; and internal environment) predicts (influences) the dependent variable (employee performance) by 60.8%. Left out was 39.2% (100%-60.8%) not explained. This means that there are other independent variables that were not considered in this study, which are crucial in explaining employee performance. Equity employees tend to become more valuable as they acquire more knowledge and experience. Lara, et al. (2014:245) state that capacity building decreases the anxiety and frustration posed by the job through the creation of a conducive environment that eases the burden of stress.

Tables 6.17 analysed the coefficients that allow one to make a comparison as to which of the three sub-independent variables (professional development, organisational processes and internal environment) makes the highest contribution to the variation in employee performance. Hence, the Beta standardised coefficients were utilised in making comparisons. The results indicated that professional development is the most predicting (influencing) variable that contributed the highest to the variation of employee performance ($\beta = 0.385$; $p = 0.000$). Following this was organisational processes ($\beta = 0.337$; $p = 0.000$) and internal environment ($\beta = 0.158$; $p = 0.000$). The following sub-section analysed the results of the multiple linear regression analysis for employment equity and employee performance. Capacity building bridges the desired standard performance and current performance gap. Workplaces with diverse races can form solid participative teamwork that improves performance. Capacity building sharpens the creativity and thinking ability that assists employees to make better decisions, thereby improving performance.

TABLE 6.18: ANALYSIS OF VARIANCE (ANOVA) (N=95)

Model		Sum of Squares	Df	Mean Square	F	Sig.(p-value)
1	Regression	7.180	4	1.620	19.138	.000b
	Residual	21.202	254	.181		
	Total		28.382	258		

significant at the 0.01 level

The statistical significance of the regression model tests were carried out using ANOVA. ANOVA tested whether the regression model is a perfect descriptor of the relationship between predictor (influencer) variables (capacity building: professional development; organisational processes; and internal environment) and the dependent variable (employee performance). Hence, considering the results in Table 6.18, the model was a perfect descriptor of the connection between independent variables (capacity building: professional development; organisational processes; and internal environment) and the dependent variable (employee performance) ($F= 19.138$; $p=0.000$). Therefore, this indicated that the independent variables (capacity building: professional development; organisational processes; and internal environment) were significant in explaining the variation in the dependent variable (employee performance). It is common that equity appointees are promoted based on the expression of potential, rather than actual experience and skills. Hence, capacity building is vital to address skill and performance gaps (Stine, 2015:2).

6.5.3 Multiple linear regression analysis: employment equity and employee performance

The multiple linear regression analysis was used to establish whether the independent variable (employment equity: unfair discrimination; and affirmative action) predicts (influences) the dependent variable (employee performance). The multiple linear regression analysis was also utilised in determining which among the independent variable (employment equity: unfair discrimination and affirmative action) makes a higher contribution to the variation of the dependent variable (employee performance). Figure 6.8, Table 6.19 and Table 6.20 reported the results relating to employment equity and employee performance.

FIGURE 6. 8: EMPLOYMENT EQUITY AND EMPLOYEE PERFORMANCE (N=95)



TABLE 6. 19: MODEL SUMMARY (N=95)

Model	R	R Square	Adjusted R square	Std. Error of the estimate
1	.228a	.119	0.27	.15211

- a. Predictors (Influencers): (Constant) (employment equity: unfair discrimination and affirmative action)
b. Dependent variable: employee performance

COEFFICIENTS (N=95)

Model		Unstandardize	Standardized	
		d Coefficient	Coefficient	
		B	Std. Error	Sig.
1	(Constant)	3.455	.270	.000
	Unfair discrimination	-.235	.121	.000
	Affirmative action	-.206	.117	.140

Dependent variable: employee performance

RANKING OF STANDARDIZED COEFFICIENT, BETA (B) (N=95)

Independent variables	Standardized coefficient beta	Rank
Unfair discrimination	.284	1
Affirmative action	-.104	2

The (R-square) value shown in the 'model summary' above assisted to explain the variance in the dependent variable (employee performance). Table 6.19 pointed out that the value of (R-square) was 0.119. This reflects that the independent variable

(employment equity: unfair discrimination and affirmative action) predicts (influences) the dependent variable (employee performance) by 11.9%. Hence left out 88.1% (100%-11.9%) not explained. This means that there other independent variables that were not considered in this study which are crucial in explaining employee performance. Employee performance is promoted by will, determination and ability, observes Darwish (2013:23). Some equity appointees attribute their poor performance to visible aspects that lie beneath the hierarchy in particularly inappropriate structures. On the contrary, employers are not obliged to employ people who are unable to perform the tasks of specific work nor keep employees who cannot execute their duties simply because they may learn.

Table 6.19 analysed the coefficients that allow one to make a comparison as to which of the two sub-independent variables (employment equity: unfair discrimination and affirmative action) makes the highest contribution to the variation in employee performance. Hence, the Beta standardised coefficients were utilised in making comparisons. The results indicated that unfair discrimination is the most predicting (influencing) variable that contributes the highest to the variation in employee performance ($\beta = 0.284$; $p = 0.000$). Affirmative action did not predict (influence) employee performance ($\beta = -0.104$; $p = 0.140$).

TABLE 6.20: ANALYSIS OF VARIANCE (ANOVA) (N=95)

Model		Sum of Squares	Df	Mean Square	F	Sig.(p-value)
1	Regression	3.182	4	1.230	14.106	.001b
	Residual	15.201	251	.056		
	Total	18.383	255			

significant at the 0.01 level

The statistical significance of the regression model tests were carried out using ANOVA. ANOVA tested whether the regression model is a perfect descriptor of the relationship between predictor (influencer) variables (employment equity: unfair discrimination and affirmative action) and the dependent variable (employee performance). Hence considering the results in Table 6.20, the model was a perfect descriptor of the connection between independent variables (employment equity:

unfair discrimination and affirmative action) and the dependent variable (employee performance) ($F= 14.106$; $p=0.001$). Therefore, this indicates that the independent variables (employment equity: unfair discrimination and affirmative action) are significant in explaining the variation in the dependent variable (employee performance). Employees from different races, who come to the organisation as a result of employment equity, sometimes become incompatible to the extent that their conflicts stifle the effectiveness and efficiency of the organisation. If these workforce conflicts are improperly managed they can end up as personal issues that affect the morale of employees.

The following section examined the hypotheses testing.

6.6 HYPOTHESIS TESTING

In order to undertake hypothesis testing, the Spearman's correlation analysis and Pearson's Chi-square were utilised. The correlation analysis and chi-square assisted in the determination of the connection between the independent variable (capacity building) and dependent variables (employment equity and employee performance). Correlation analysis and chi-square are useful in order to explain the extent to which one variable is strongly related to another. This correlation analysis and chi-square are utilised for determining the existence of a relationship between the variables and the strength of the relationship (Creswell, 2014:16). It is important to take the distribution of scores of the two variables into consideration when studying the relationship between two variables, which is termed bivariate distribution. Through undertaking a correlation analysis, an indication of factors that have a negative or positive correlation is obtained. Harney and Monks (2014:91) highlight that a positive correlation indicate that high scores on one variable are connected with high scores of the other, whilst lowers scores are paired with low scores of other variables. Correlation analysis was carried out on the ordinal data. SSPS version 25 for Windows was utilised for determining the bivariate correlations analysis.

The significance, direction and strength of the relationships between variables is measured using the Spearman's correlation coefficient and Pearson's Chi-square. Kumar (2014:18) states that Pearson correlation value is represented by the r-value.

The range of r-value stretches from 1.00 to +1.00. A +1.00 r-value reflects the presence of a good positive linear association between variables, whereas -1.00 r-value reflects a negative linear relationship between variables. When r-value is 0, it indicates that there is no association between variables. The p-value is indicated by a 99% confidence value, which means that if the p-value is less than 0.05 ($p < 0.05$), this is considered statistically significant. Conversely, when the p-value is greater than 0.05 ($p > 0.05$), it means it is statistically insignificant. Hence, correlation analysis provides p-values and r-values to reflect the significance, direction and strength of the statistics (DePoy, *et al.*, 2015:31).

The various hypotheses were reported as follows:

Hypothesis 1: There is a positive relationship between capacity building and employment equity implementation.

TABLE 6.21: CAPACITY BUILDING AND EMPLOYMENT EQUITY IMPLEMENTATION AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	41.039 ^a	16	0,001
Likelihood Ratio	32,648	16	0,008
Fisher's Exact Test	29,568		
Linear-by-Linear Association	14.670 ^b	1	0,000
N of Valid Cases	95		

Pearson's Chi-Square value = 41.039, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.001$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

In Table 6.21, the calculated value of 41.039 for Pearson's Chi-Square exceeded the pegged X^2 cut-off minimum value of 26. 296. The value of 26.296 is minimum cut-off for Pearson's Chi-Square. Pearson's Chi-Square $p < 0.001$ was below the cut-off parameter that is Pearson's significance ($p < 0.05$). Therefore, this indicates that the relationship between capacity building and employment equity implementation is highly significant. Hence, the hypothesis was accepted. Capacity building does not only bring improved skills, but also transforms the culture to make the workplace

bearable and workable according to Wassem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad and Nawab (2019:1).

Hypothesis 2: There is a positive relationship between capacity building and employee performance.

TABLE 6.22: CAPACITY BUILDING AND EMPLOYEE PERFORMANCE AT THE WORKPLACE (N=95)

Spearman's correlation analysis
The correlation value between capacity building and employee performance at the workplace was .264
<p>INTERPRETATION:</p> <p>This pointed to there being a positive correlation between capacity building and employee performance at the workplace. The respondents affirmed that by providing capacity building to employees, performance will increase. Therefore, the hypothesis was accepted.</p>

Hypothesis 3: There is a positive relationship between proper employment equity implementation and employee performance.

TABLE 6.23: EMPLOYMENT EQUITY IMPLEMENTATION AND EMPLOYEE PERFORMANCE AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	27.152 ^a	12	0,036
Likelihood Ratio	16,811	12	0,157
Fisher's Exact Test	22,967		
Linear-by-Linear Association	7.326 ^b	1	0,007
N of Valid Cases	95		

Pearson's Chi-Square value = 27.152, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.03$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

In Table 6.23, the value of the calculated Pearson's Chi-square was 27.152, which exceeds the minimum X^2 cut-off value of 26.296. Pearson's Chi-Square test result of $p < 0.03$ was under the cut-off parameter that is Pearson's significance ($p < 0.05$). The results of the statistical tests reveal a significant relationship between employment equity implementation and employee performance. Hence, the hypothesis was accepted. The willingness of employees to contribute to the objectives of the business is ascribed to their emotional well-being, which is largely influenced by their treatment at the workplace. The manner in which designated employees are treated is critical to their performance as well as to the organisations success, posits Spector (2015:123).

Hypothesis 4: There is a positive relationship between the provision of professional development and the elimination of discrimination.

TABLE 6.24: PROFESSIONAL DEVELOPMENT AND ELIMINATION OF DISCRIMINATION AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	28.840 ^a	12	0,016
Likelihood Ratio	23,425	12	0,024
Fisher's Exact Test	18,949		
Linear-by-Linear Association	16.973 ^b	1	0,000
N of Valid Cases	95		

Pearson's Chi-Square value = 28.840, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.01$, Cut-off parameter: Pearson's Significance ($p < 0.05$).

In Table 6.24, the value of the Pearson's Chi-square test was 28.840, which exceeded the minimum X^2 cut-off value of 26.296. Furthermore the Pearson's Chi-Square test result of $p < 0.01$ was beneath the cut-off parameter that is Pearson's significance ($p < 0.05$). Hence the results of the statistical tests reveals a significant relationship between professional development and the elimination of discrimination at the workplace. Therefore, the hypothesis was accepted. An acute lack of capacity to properly fit in certain higher level positions by employees from designated groups does affect the inclusivity of these individuals in the financial organisations. Frank and Horwitz (2013:2435) state that a change process that recognises employment equity

require all employees from designated groups to develop novel skills so that they meet standard requirements of the high positions.

Hypothesis 5: There is a positive relationship between the existing organisational processes and the elimination of discrimination.

TABLE 6.25: ORGANISATIONAL PROCESSES AND ELIMINATION OF DISCRIMINATION AT THE WORKPLACE (N=95)

Spearman's Correlation analysis	
The correlation value between existing organisational processes and the elimination of discrimination at the workplace was .264	
<p>INTERPRETATION:</p> <p>This pointed to there being a significant correlation between existing organisational processes and the elimination of discrimination at the workplace. Respondents indicated that having proper organisational processes for conducting business tends to eliminate discrimination at the workplace. Hence, the hypothesis was accepted</p>	

Hypothesis 6: There is a positive relationship between the state of the internal environment and the elimination of discrimination.

TABLE 6.26: INTERNAL ENVIRONMENT AND ELIMINATION OF DISCRIMINATION AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.354 ^a	16	0,012
Likelihood Ratio	27,412	16	0,037
Fisher's Exact Test	25,388		
Linear-by-Linear Association	9.565 ^b	1	0,002
N of Valid Cases	95		

Pearson's Chi-Square value = 31.354, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.01$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

Table 6.26 showed that the value of 31.354 for Pearson's Chi-Square surpassed the pegged X^2 cut-off minimum value of 26.296. Pearson's Chi-Square $p < 0.01$ is under the cut-off parameter that is Pearson's significance ($p < 0.05$). This indicates that the relationship between the internal environment and the elimination of discrimination at the workplace is highly significant. Therefore, the hypothesis was accepted. Many problems inside the organisation, such as unfair discrimination, creep in through the erosion of good organisational culture, which leads to organisational dysfunction.

Hypothesis 7: There is a positive relationship between the provision of professional development and the accomplishment of affirmative action.

TABLE 6.27: PROFESSIONAL DEVELOPMENT AND ACCOMPLISHMENT OF AFFIRMATIVE ACTION AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.312 ^a	12	0,004
Likelihood Ratio	16,995	12	0,150
Fisher's Exact Test	17,496		
Linear-by-Linear Association	3.641 ^b	1	0,056
N of Valid Cases	95		

Pearson's Chi-Square value = 29.312, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.004$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

Table 6.27 reported that the value of 29.312 for Pearson's Chi-square exceeded the minimum X^2 cut-off value of 26.296. The Pearson's Chi-Square test result of $p < 0.004$ was below the cut-off parameter: Pearson significance ($p < 0.05$). The results of the statistical tests reveal a significant relationship between professional development and the accomplishment of affirmative action at the workplace. Therefore, the hypothesis was accepted. The development of skills and knowledge in the many sectors is most demanding and stands as a formidable task, particularly in the rapid transformation and dramatic change of the environment, as well as accelerated competition. Maiyo,

et al. (2013:42) state that this urges organisations to stabilize their mode and abilities of critical thinking through taking capacity building seriously.

Hypothesis 8: There is a positive relationship between existing organisational processes and the achievement of affirmative action.

TABLE 6.28: EXISTING ORGANISATIONAL PROCESSES AND ACHIEVEMENT OF AFFIRMATIVE ACTION AT THE WORKPLACE (N=95)

Spearman's correlation analysis
The correlation value between existing organisational processes and the achievement of affirmative action at the workplace was .207
<p>INTERPRETATION:</p> <p>This reveals that there is significant correlation between existing organisational processes and the achievement of affirmative at the workplace. Respondents indicated that having proper organisational processes promotes the achievement of affirmative action at the workplace. Hence, the hypothesis was accepted</p>

Hypothesis 9: There is a positive relationship between the state of the internal environment and the accomplishment of affirmative action.

TABLE 6.29: INTERNAL ENVIRONMENT AND ACCOMPLISHMENT OF AFFIRMATIVE ACTION AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	42.846 ^a	16	0,000
Likelihood Ratio	36,606	16	0,002
Fisher's Exact Test	29,945		
Linear-by-Linear Association	11.280 ^c	1	0,001
N of Valid Cases	95		

Pearson's Chi-Square value = 42.846, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.000$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

Table 6.29 pointed out a value of 42.846 of Pearson's Chi-square, which surpassed the minimum X^2 cut-off value of 26.296. Pearson's Chi-Square test result of $p < 0.000$ was under the cut-off parameter, which is Pearson's significance ($p < 0.05$). The results of the statistical tests reveals a significant relationship between internal environment and accomplishment of affirmative action at the workplace. Hence, the hypothesis was accepted. It is of paramount importance to make sure that the physical environment of the organisation is fashioned to meet the requirements of the employees in order to achieve organisational goals. Zulfqar, Bilal, Affan and Muhammad (2012:323) point out that more support is required during their employment, which relates to the accessibility of the premises, proper offices, etc. Both material support and financial support need to be availed when necessary.

Hypothesis 10: There is a positive relationship between the elimination of discrimination and the improvement of employee performance.

TABLE 6.30: ELIMINATION OF DISCRIMINATION AND IMPROVEMENT OF EMPLOYEE PERFORMANCE AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	27.415	12	0,013
Likelihood Ratio	21,727	12	0,041
Fisher's Exact Test	20,289		
Linear-by-Linear Association	4.885 ^b	1	0,027
N of Valid Cases	95		

Pearson's Chi-Square value = 27.415, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.013$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

Table 6.30 pointed out that the value of 27.415 for Pearson's Chi-square surpassed the minimum X^2 cut-off value of 26.296. Pearson's Chi-Square test result of $p < 0.013$ was under the cut-off parameter: Pearson's significance ($p < 0.05$). The results of the statistical tests reveal a significant relationship between the elimination of discrimination and the improvement of employee performance at the workplace. Hence, the hypothesis was accepted. The complexity of the work environment nowadays pushes organisations to adopt proactive measures in order to determine fitness of the employees from designated groups for particular positions. The competitiveness of the market needs businesses to have best calibre employees (Este, 2017:1).

Hypothesis 11: There is a positive relationship between the maintenance of affirmative action and the improvement of employee performance

TABLE 6.31: MAINTENANCE OF AFFIRMATIVE ACTION AND IMPROVEMENT OF EMPLOYEE PERFORMANCE AT THE WORKPLACE (N=95)

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.381 ^a	12	0,831
Likelihood Ratio	8,260	12	0,764
Fisher's Exact Test	11,723		
Linear-by-Linear Association	2.370 ^b	1	0,124
N of Valid Cases	95		

Pearson's Chi-Square value = 7.381, Cut-off value: Chi-Square ($X^2 > 26.296$); df = 16, $p < 0.831$, Cut-off parameter: Pearson's Significance ($p < 0.05$)

In Table 6.31, the value of 7.381 for Pearson's Chi-square was lower than the minimum X^2 cut-off value of 26.296. At the same time Pearson's Chi-Square test result of $p < 0.8$ exceeded the cut-off parameter: Pearson's significance ($p < 0.05$). The results of the statistical tests reveal an insignificant relationship between the maintenance of affirmative action and the improvement of employee performance at the workplace. Hence, the hypothesis was rejected.

6.7 FACTOR ANALYSIS AND VALIDITY TESTING

Validity details the degree to which the study perfectly responds to its objectives (Gray, 2017:80). Therefore, it helps to carry out the construct validity test of the measuring instrument. To this end, all items in each section were subjected to a test in order to establish the suitability of the matrices for factor analyses. This was performed through the use of Barlett's Test and Kaiser-Meyer-Olkin test. The requirement is that the Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be greater than 0.50 and Bartlett's Test of Sphericity less than 0.05. In all instances, the conditions are satisfied, which allows for the factor analysis procedure.

TABLE 6.32: KAISER-MEYER-OLKIN AND BARTLETT'S TEST (N=95)

	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
		Approx. Chi-Square	Df	Sig.
Capacity Building	0.851	430.967	45	0.000
Employment equity implementation	0.820	595.682	91	0.000
Employee Performance	0.691	180.156	15	0.000

As evident in Table 6.32, capacity building scored a Kaiser-Meyer-Olkin result of 0.851 and Bartlett's Test of Sphericity 0.000. Employment equity implementation scored Kaiser-Meyer-Olkin 0.820 and Bartlett's Test of Sphericity 0.000. Employee performance scored a Kaiser-Meyer-Olkin of 0.691 and Bartlett's Test of Sphericity of 0.000. All of the conditions are satisfied for factor analysis. That is, all of the sections B, C and D scored above 0.500, the Kaiser-Meyer-Olkin Measure of Sampling Adequacy's minimum value and below 0.05, the Bartlett's Test of Sphericity's maximum value. Next the study examined the measuring instrument's construct validity through factor analysis.

6.7.1 Factor analysis

Factor analysis is utilised for examining the measuring instrument's construct validity. The core aim of factor analysis is identifying items that belong together in such a way that they are similarly answered and they measure the same factor or dimension. Sekaran, *et al.* (2014:35) point out that this statistical technique is employed mainly to measure construct validity. Apart from measuring construct validity, factor analysis is utilised to decrease the number of variables from large to small, as well as for the establishment of underlying dimensions between measured constructs and variables. Wilson (2014:15) state that factor analysis is carried out on a set of items and produces a factor loading matrix as its primary output. Factor loading entails a correlation between a factor that has been extracted from the data and variable. The loadings are correlations between factors and items. Normally, large values serve as indicators in which such items are grouped to a particular factor.

Below are the three factor tables followed by a brief discussion.

TABLE 6.33: ROTATED COMPONENT MATRIX FOR CAPACITY BUILDING (N=95)

Component Matrix ^a	
Capacity Building	Component 1
My company provides me with the necessary training in areas identified for development.	0.534
I feel that my training needs are not adequately addressed by the organization.	0.765
I bring my training and development needs to the attention of my superior.	0.881
The organisation has a well-defined development process for an individual to move from one job to another.	0.623
Persons with disability are always given all the general support that they need.	0.722
The organisation exposes me to real-life job experiences as part of my training and development.	0.657
The organisation has a well-formulated policy on promotions and training	0.549
Previously disadvantaged persons are now given preferences for skills training and development.	0.775
My work environment is pleasant and enjoyable.	0.808
My organisation has a special rehabilitation for people with disability	0.795

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

TABLE 6.34: ROTATED COMPONENT MATRIX FOR EMPLOYMENT EQUITY IMPLEMENTATION (N=95)

Employment equity implementation	Component 1
If I got the appropriate training and development, I may qualify for a higher position at my organisation.	0.625
The organisation has a culture of ensuring employment diversity at each level.	0.685
Women employees are well represented across all levels of the organization.	0.715
If I was given the necessary work experience I may get a higher position at my organisation.	0.739
The organisation is comprised of all the different race groups on a fair basis	0.648
The organisation has policies in respect of discrimination	0.519
The organisation will act against employees who practice any form of discrimination against others staff members.	0.611
Employee with disabilities are also found at higher position in the organisation	0.581
I have an equal chance with any other race group of getting promotion when a higher position falls vacant.	0.589
There is equal pay and benefits for equal work in the organization.	0.791
There is a culture of fairness in the organization in terms of opportunities for all employees.	0.791
The organization has reasonable facilities to accommodate staff with disabilities such as lifts, ramps, toilets etc.	0.637
I am treated with respect and dignity by my immediate supervisor..	0.570
The organization ensures the proper implementation of the equity legislation.	0.528

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

TABLE 6.35: ROTATED COMPONENT MATRIX FOR EMPLOYEE PERFORMANCE (N=95)

Rotated Component Matrix ^a			
Employee Performance	Component		
	1	2	3
I always meet the performance standards of my job because I fully understand all aspects of my job.	0.012	0.890	-0.248
Equity imperatives has resulted in the appointment some staff to higher positions without them being appropriately trained and developed for the positions they hold.	-0.399	0.755	0.226
My superior always monitors and gives me good feedback which allows me to improve my performance.	0.855	-0.079	-0.022
Quality of service has improved in the organisation because staff with appropriate skills have been employed.	0.161	-0.056	0.944
The organisation does not allow for any slack from any staff members including those that may have been appointed on equity grounds to improve the staffing profile and balance.	0.803	-0.154	0.324
The organization views qualification and experience as critical irrespective if it is to meet equity considerations	0.910	-0.143	0.096

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

For the above results, the rotation method through Varimax with Kaiser Normalisation and the principle component analysis was utilised as the extraction method. The orthogonal rotation method lowers the number of variables on each factor that have loadings. The statements that constituted sections B (Table 6.33) and C (Table 6.34) loaded perfectly along a single component. This implies that the statements that constituted these sections perfectly measured what it set out to measure. It is noted that the variables that constituted Section D (Table 6.35) loaded along 3 components (sub-themes). This means that respondents identified different trends within the section. Within the section, the splits were colour coded. These sub-themes are quality, speed and efficiency. Therefore, each component that comprised the questionnaire measured the construct validity positively.

The following section covered an analysis of variance and a t-test for the assessment of whether or not there was significant difference between different demographic groups.

6.7.2 The T-test

An assessment of whether the group means of interval variables differ from one another is conducted using a t-test. A t-test is only utilised when there is a comparison of two groups. For this study, the researcher investigated whether or not the employment equity implementation perceptions differ between female and male employees. The analysis was further used for the assessment of the level of employee performance between females and males. On drawing conclusion about how the variables differ, an examination of the p-values was conducted where it was compared to a value of 0.1 (10%). When the p-value is lower than 0.1, it means that females and males have different perceptions on capacity building, employment equity implementation and different levels of employee performance. When the p-value is above 0.1, it means that females and males have the same perceptions on capacity building, employment equity implementation and the level of employee performance.

TABLE 6.36: T-TEST (N=95)

Variables		T-statistic	P-value
Gender	Capacity building	-0.657	0.513
	Employment equity implementation	0.425	0.672
	Employee performance	-2.206	0.031

As evident in Table 6.36, the gender p-value on capacity building between female and male employees was 0.513. In this case, the p-value was higher than 0.1. The result reflects that the both female and male employees have the same perceptions towards capacity building. The gender p-value on employment equity implementation between female and male employees was 0.672, again reflecting that the results reveal that the perceptions of both female and male towards employment equity implementation is the same. The gender p-value on employee performance between female and male employees was 0.031. In this case, the p-value is lower than 0.1. This shows that the perceptions of female and male employees towards employee performance differs. The following section discussed the qualitative results of the study.

6.8 QUALITATIVE RESULTS OF THE STUDY

This section examined the results from the qualitative data collected. A total of eight in-depth interview questions were carried out utilising unstructured questions. The data was successfully collected from two human resources personnel and six line managers. The participants comprised four women and four men. In terms of racial composition, all the races were represented, that is African, Indian, Coloureds, White and people with disabilities. The participants had between 8 and 20 years of service in the organisation and their age group was between 35 and 55 years old. The collected data was transcribed, translated and coded. The findings from the interviews were quoted verbatim. The use of a verbatim interview recording permits one to augment the presentation without alteration of original statements from the participants. In this case, themes emerged through the interviews and these themes are regarded as 'general trends'. The themes were derived from the textual content that has been obtained from the responses. Concordant and corresponding material has been put together and then analysed. Sekaran, *et al.* (2014:62) state that it is difficult to interpret data until the data is organised well. Part of the data organisation process is to synthesise contradictory and dissimilar information into their different themes. Section 6.10 reflected on the emerging themes.

6.8.1 Poor performance of equity appointees due to lack of experience

This section examined the issue of poor performance of equity employees due to a lack of experience. Inexperienced employees usually attempt to conduct duties in accordance with their understanding, which may lead to errors that may be detrimental to the work processes of the organisation. When work the process is negatively affected, re-working and correction may be required, which is costly for most organisations. A worst case scenario maybe reached, for example in organisations in banking sector, when the inexperienced employee causes harm to the customers resulting in putting the operations of the organisation into disrepute. Again, the problem could be dire when the error caused by that inexperienced employee attracts penalties and other financial costs for the organisation. A situation may worsen when an inexperienced employee occupies a managerial position as any bad decisions made may affect the entire company. Usually, employees look to managers in the case of

any workplace problems. The very same employees become disillusioned if they find that their manager does not fully understand as per their expectations.

As one interviewee pointed out *“we are practically implementing employment equity. However, the level of performance of the appointees is drastically low”* and *“we are adhering to the legislation, but the problem is most of the affirmative appointees performing badly in their appointed positions. ...these appointees, they need comprehensive mentoring of two years before they can fully assume their duties”*. When an employee is hired to a position where she or he has inadequate experience, performance is likely to be negatively affected. The inexperienced employee lacks confidence and job know-how to effectively carry out the duties for the position. The unavailability of suitably qualified employees from disadvantaged groups, particularly African women, always threatens the overall performance of the business. However, Manyane (2016:1) indicates that white women who are better qualified and experienced than African women, are more advantaged as they get promoted faster. Due to poor performance of some of these African women, which could be attributed to a poor educational background, it is difficult for them to secure job opportunities especially that of higher positions, as compared to their white counterparts. Most black managers also tend to set themselves up for failure especially in top positions because these posts demand greater experience, which they tend not to possess.

6.8.2 Lack of proper mentoring and coaching

The importance of mentoring and coaching, especially for equity appointees, cannot be underestimated. Given the need to build the confidence of these appointees, they do need mentors and coaches who can help them to overcome various difficulties in a typical workplace which includes social issues, economic and political issues amongst others. While there are development programmes that are useful to build the skills base to ensure that pools of talented employees from previously disadvantaged groups are absorbed in the organisation, it may not be sufficient.

One of the interviewees pointed out that *“as of now, we only have proper training programmes for graduate trainees and learnerships. We have learnerships that are in*

place specifically for employees from designated groups. We have general training for everyone. We do not have specific training for employees from designated groups. We are trying to introduce formal mentoring. However, we have insufficient female mentors as well as black mentors. We are currently in the process of planning how best we can nurture, coach and mentor employees from designated groups”.

Generally, as Asiya, *et al.* (2012:284) observed, graduate development programmes, internships and learnerships are preliminary development programmes for graduates who do not have any experience in their field of study. These programmes provide an opportunity for graduates to get work experience, as well as creating a talent pool for any company. Most expertise is possessed by those previously advantaged people and one could conclude that some of them do perceive that mentoring Blacks employees may threaten their continued employment. Nonetheless, the need to coach equity appointees with high-level conceptual skills for senior management and top management level positions is an imperative if a significant transformation is to take place in the workplace.

Sadly, South Africa has a dire challenge of oversupply of an semi-skilled and unskilled labour and an extreme shortage of conceptual skills in particular the technical, senior management and top management level skills (Ana, 2017:1). Hence, development programmes should concentrate on procedures and processes. Promoting effective and clear communication about fairness at the workplace addresses discriminatory thinking amongst employees. Support programmes such as mentoring and coaching are required to equip employees from designated groups with management skills within a period of 2 to 5 years.

6.8.3 Employment equity implementation - focus on numbers

Due to hefty penalties sanctioned for organisations that breach the legislation, companies are concentrating on meeting the numbers instead of bringing real transformation that maintains the performance of the organisation (McDermott, 2013:1). In 2017, six companies in Cape town (Gooderson, Clientele Legal, Clientele Life, Mazor Aluminium, Razor Steel and Spanjaard Limited) were charged for not

complying with the provisions of employment equity legislation (Zeenat, 2017:1). Meanwhile, in Pretoria, 21 companies were fined for not complying with provisions of employment equity and more than 50% of Johannesburg Stock Exchange companies were fined (Khumalo, 2017:1). Consequently, many organisations end up hiring inexperienced employees from previously disadvantaged groups for critical positions and ultimately this results in the operations of the business facing difficulties. The interviewed respondents confirm as follows: *“.....the way employment equity is enforced leads us human resources practitioners to focus on numbers instead of creating value by providing professional development”*.

Obviously, this tends to affect the overall performance of the organisation negatively. It is also important to realise that when the organisation is crafting its human development policy for designated employees, it should plan a time horizon for the duration of the policy. The organisation should also ensure that the policies are implemented without the total side-lining of employees from previously advantaged groups.

6.8.4 Succession planning and career pathing

Through succession planning, the organisation identifies and trains high potential employees from designated groups to advance into key positions, where a majority of Blacks are underrepresented. Succession plans are developed to counter the unexpected changes that take place when an employee dies, retires, resigns, gets sick or is fired (Badawy, *et al*, 2016:1). It is an opportunity that the organisation can utilise to uplift employees from designated groups that are under-represented at the professional, managerial, senior managerial and top management levels. In this study, the organisation needs to select promising employees from previously disadvantaged groups, then build the skills that help them to thrive in higher posts. In their career path for them to occupy higher posts, they are expected to acquire leadership and planning skills. The interviewed respondents confirmed as follows, *“At the moment, we are working on having a transparent and clear succession planning, but as of now we do not have such structures. However, since most of our staff at the middle and senior levels of management are reaching retirement age, we are currently fixing that succession planning where employees from designated groups occupy those places*

created". Normally, management utilises vacancies to fill the gaps of designated groups that are under-represented. Furthermore, natural attrition is used to address under-represented target groups.

The retirement of employees from non-designated group can also be utilised to address the unequal representation of designated groups. *"It is within our company policy that we should promote from inside whenever a vacancy arises. So consideration is given to internal candidates first before external applicants are reviewed, provided our aim to accomplish the employment goals is not compromised"*. While one participant perceived that all human resources development programmes that were followed in order to meet employment equity targets as tools that perpetuate inequality, some policies are seen as reverse discrimination. Hence, mechanisms have to be properly crafted as a way of neutralising the stain put forth by those employment equity implementation-related policies.

6.8.5 Infrastructure development for supporting employees with disabilities at the workplace

One of the barriers to the employment of employees with disability is poor infrastructure. Parking and restrooms are usually not accessible to employees with disabilities in many workplaces (Budeli-Nemakonde, 2016:75). This is because employers may not adequately fix the workplace in a way that it becomes conducive for employees with disabilities. In some workplaces, there are no elevators at all. Infrastructure that adapts to the conditions of employees with disabilities is required in order to maximise the efforts of those employees. The interviewed respondents confirmed as follows: *"We have managed to create much space in corridors, passages and lifts in order to accommodate our employees with disabilities, especially those that are using wheelchairs. We are also planning to build houses for employees with disabilities that we have"*. The organisation strives to make the environment adaptable to employees with disabilities. According to employment equity legislation, the employer is required to have at least 3% of employees with disabilities out of the total workforce (Akbar, 2014:251).

6.8.6 Recruitment strategies: equity appointments

Most experienced employees from designated groups are scarce, hence many organisations scramble to get those employees through offering favourable salaries and benefits in order to meet the provisions of employment equity (Vijayalaxmi, 2014:97). These employees are usually head-hunted most of the time. The interviewed respondents confirmed as follows: *“We have been trying to promote Black employees at different managerial levels, but we are facing a problem. These Black employees are being head-hunted by other organisation who offer them significantly higher salaries and more benefits than us. We have already promoted those that are inside our organisation, but we are still facing the same challenge. However, we will not tire, we will continue to recruit Black people from outside”*. It is common that compensation attracts many employees and, usually, organisations fight for few experienced Black employees in order align with employment equity requirements.

The next section examined how best the managers can improve the execution of equity plans. For the full execution of equity plans, line managers need to be involved. It is also important that line managers are expected to be acquainted with proper employment equity. This is achieved through providing development programmes aligned to the execution of employment equity. These development programmes equip line managers with adequate knowledge about employment equity implementation (Kirsten, 2014:1). The following section looked at the involvement of line management.

6.8.7 The involvement of line management

Regular communication between the human resources team and line managers creates a work environment of commitment, support and understanding that contributes to smooth employment equity implementation in the workplace. The interviewed respondents confirmed the following: *“Yes, I advise the HR personnel of potential employment equity candidates who can be able to occupy any position that may arise within the organisation”*; Another one says: *“Yes, I contributed much, particularly when setting the employment equity goals and targets. I assist the HR personnel also in developing the employment equity plans. However, the buy-in of the top management and senior management should improve”*. It is noted that consulting both line managers and employees is good when implementing employment equity as

it enhances the overall performance of the company, since line managers are well acquainted with areas that need attention (Nazir and Islam, 2017:98). The line manager must understand the cultural differences of their subordinates. When there is a lack of direct involvement of line managers, there is no meaningful progress in terms of employment equity implementation.

“Yes, our HR team regularly communicates when they want to appoint any employee within my department. Normally, they consult issues relating to the conduct of the employee, the performance of the employee and absenteeism, among others”. By consulting managers, they create collective responsibility in the implementation of the employment equity. Employees from designated groups should be made to grasp individual performance expectations from employment equity appointees (Ershad, Reza and Kambiz, 2015:41). Employees from the previously advantaged groups must be made to grasp their responsibilities of embracing the employment equity programme through the avoidance of misconceptions and eliminating fear associated with the programme. The following section examines the development programmes for line management in relation to equity execution.

6.8.8 Development programmes for line managers in relation to equity execution

The organisation ought to have specific development programmes for equity implementation. It is imperative that the HR team should constantly teach line managers how the equity execution should take place. This can be done through holding workshops where they can teach all line managers about the importance of implementing employment equity and how it should happen across the entire organisation. The interviewed respondents observed the following: *“we have internal human resources development policies in our organisation, but the challenge is whether the Black employees take them seriously or not. We constantly circulate the policies to all our workplace sections and these policies are just kept in their files, if they show no interest to utilise them. However, some of our employees when asked if our organisation has those policies, their reply is no we do not have such policies”.* It can be concluded that the organisation has development policies, but the organisation ought to constantly inform staff about these policies so that they can take advantage

of those opportunities. The following section examined whether line managers have knowledge about employment equity amendments or not.

6.8.10 Knowledge of the amendments to employment equity act

Line managers are expected to have sufficient know-how with regard to employment equity implementation in order to fully achieve the pre-set goals. The interviewed respondents tend to confirm as follows: *“Yes, but I cannot say I know all of the amendments. But what I am really sure of is that the penalties for not implementing the employment equity were increased so much”*. Another one says: *“Yes, but I have limited knowledge on that subject area as most of those issues are dealt with our HR team”*. It is important for a line manager to know who are the designated employees and non-designated employees. Again, they need to know at what level the employees from designated groups are under-represented.

6.9 CONCLUSION

The results of this study from both quantitative and qualitative analyses affirmed that capacity building is a major contributor to the achievement of employment equity. A positive relationship between capacity building and employment equity was also revealed in this study. Again, the results of this study pointed out that capacity building is a major contributor to the achievement of employee performance. There was a positive relationship between capacity building and employee performance. The study revealed that designated employees were provided with training in the areas they need for their development. However, the results of the study revealed that despite the fact that a majority of those designated employees make the training and development needs known to their superiors, they felt that their training needs were not sufficiently addressed

CHAPTER 7

SUMMARY OF RESULTS, CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS FOR FUTURE STUDY

7 INTRODUCTION

This chapter contains the summary of results, the discussion and a conclusion. Additionally, the chapter makes recommendations and suggestions for future study. The discussion of the results also incorporates a report on the results that align with capacity building, employment equity implementation and employee performance in respect of the objectives of this study. The following section discusses the summary of the results in respect of biographical information.

7.1 SUMMARY OF RESULTS IN RESPECT OF BIOGRAPHICAL INFORMATION

The respondents at Ithala Finance Corporation Limited who participated in the study comprised 49.50% men and 50.50% women. In respect of their ages, the majority of respondents (approximately 77%) were between the ages of 21 and 35 years. Regarding the qualitative data obtained, eight participated in the interviews. A total of eight in-depth interviews were carried out utilising unstructured questions. Eight interviewees participated in the interview, four males and four females, hence giving a balance to the gender variable. The data was successfully collected from two human resources personnel and six line managers. The participants comprised four women and four men. In terms of racial composition, all the races were represented, that is, African, Indian, Coloureds, White and people with disabilities.

In terms of work experience, the majority of respondents (86.7%) ranged between under a year to 9 years. Looking at the level of experience, one notes the following: about one-third of the respondents had work experience of up to 4 years. To some extent, one could view this in terms of the literature (section 2.2.7.4) that points to employees from designated groups not having sufficient experience. For the

qualitative part, the participants had between 8 and 20 years of service in the organisation and their age group was between 35 and 55 years.

In terms of the racial profile, which remains important for any study linked to employment equity, it points to the majority of respondents being African in this study, followed by Indians, then Coloureds and finally, White women. This resonates with literature (Table 3) which indicates that Africans comprise the largest workforce of 78% that falls under the National Economically Active Population (EAP) and a KwaZulu-Natal Provincial Economically Active Group of 84.3%. Some employees with disabilities were part of the respondents of this study, thereby implying that the company had a wide focus in terms of its job appointments. In respect of the qualitative data obtained, all races were represented for the interviews.

Upon examining the educational qualifications, the finding revealed that the majority of respondents (74.70%) in this study possessed diploma and degree qualifications. This finding tends to be different to that found in the literature (section 2.2.7.4) which pointed to employees from designated groups not being adequately qualified and therefore pointing to a skills deficit. One could conclude that in respect of this study, the organisation has been steadfast in ensuring that the personnel it appoints has to possess some sort of post school-educational qualification. The next section looked at a summary of the results in respect of the objectives of this study.

7.2 SUMMARY OF KEY FINDINGS IN RESPECT OF THE STUDY OBJECTIVES

The objectives of this study are as follows:

- To investigate the influence of capacity building on employment equity implementation at the selected private company;
- To examine the provisions of the Employment Equity Amendment Act No. 47 of 2013 in relation to the improvement of status of designated groups at the selected company;
- To examine the contribution that capacity building plays in respect of an equity-appointee's performance;

- To develop a model that helps track and monitor the impact of capacity building on employment equity implementation;
- To develop an approach that may support the capacity of employers to successfully employ people with disabilities;
- To help devise appropriate human resource development policies for the promotion of previously disadvantaged groups in organisations; and
- To understand the role of line managers in respect of employment equity implementation and management at the selected private company.

The summary of the findings were discussed in respect of each key objective which guided this study as follows:

7.2.1 To investigate the influence of capacity building on employment equity implementation at the selected private company

The results of this study established that capacity building has a great influence on employment equity implementation ($F=20.108$; $p=0.000$). Hence, one can conclude that there is a positive relationship between capacity building and employment equity implementation. The results of this study revealed that capacity building is a major contributor to the achievement of employment equity as indicated by (R-square) was 0.808. This implies that capacity building contributed 80.80% towards the success of employment equity. One can conclude that rigorous investment in capacity building is enough to realise great strides in employment equity implementation, especially at under-represented levels. The goal of the government in respect of the Employment Equity Act is to ensure that organisations reflect, at all job levels, the demographics of the economically active population of South Africa. It is worrisome that the South African government focuses on outcomes-based employment equity which tend to give much attention to racial numbers instead of making efforts towards input-based employment equity programme which prioritises capacity building. From the interviews in this study, it was observed that while there were development programmes in particular graduate trainees and learnerships, that were useful to build the skill base to ensure that pools of talented employees from previously disadvantaged groups are absorbed in the organisation, it may not be sufficient.

One of the difficulties of employment equity points to employees from non-designated groups across South Africa being over-represented at the senior managerial levels and top managerial levels. Hence the need for a capacity building approach to employment equity for the targeted groups. Employers are also following the government's actions as they are also concentrating on racial output while input (capacity building) is taken for granted. Therefore, it would be useful if the law enforcers and government focus not so much on checking the representations of groups and issuing penalties for non-compliers, but rather channelling their efforts towards promoting and assessing capacity building programmes and outcomes.

This makes skilled employees from designated groups readily available at the exact time they are needed by employers. Amongst the capacity building variables, professional development was the major contributor ($\beta = 0.594$; $p = 0.000$), followed by organisational processes ($\beta = 0.549$; $p = 0.000$) and lastly the internal environment ($\beta = 0.259$; $p = 0.000$). From the findings of this study it is clear that successful employment equity implementation without negatively affecting performance of the business is largely achieved when prospective equity appointees are provided with sound professional development. This implies that skills are critical and its presence makes the implementation of employment equity that much easier. Again in respect of hypothesis testing, it emerged that there is a positive relationship between capacity building and employment equity implementation. The results report that Pearson's Chi-Square $p < 0.001$ was below the Cut-off parameter: Pearson's significance ($p < 0.05$). This test shows that organisations should give capacity building priority in order to accomplish meaningful employment equity implementation. The results of this study contribute to the advancement of employment equity as it empirically reveals that employing intensive capacity building is a major employment equity implementation success factor.

In this study, capacity building is assessed within three areas, namely professional development, organisational processes and internal environment. With regard to professional development, this study finds that designated employees were provided with training in areas identified as needing development. An overwhelming number of respondents, 73.70% reported that the company provided them with the necessary training in areas identified for development. However, the study also revealed that despite the majority of those designated employees alerting their superiors to their

training and development needs, many felt that their training needs were not sufficiently addressed. A total of 80% of the respondents confirmed that they brought training and development needs to the attention of their superiors and, equally 80%, believed that their training needs were not adequately being addressed by the organisation. Part of the explanation for the above sentiments expressed by the line managers is that most organisations are striving to cut expenditure in this poor economic climate in South Africa and one of the areas of expenditure that tends to be cut is that of professional development of employees. It may be seen as a luxury item in the budget of the organisation. During the interviews it was established that the organisation provided general learnerships, internships and general training which tends to point to the possibility of skills acquisition for designated people being hindered. Despite this finding, the positive aspect was that respondents were eager to learn as 79% of them indicated that they were willing to learn more in order to increase the effectiveness of their current jobs.

Some contradiction could also be seen when 85% of the respondents did not feel that their organisation gave them appropriate skills to handle decision-making in circumstances where uncertain conditions may arise. Hence one could tie this response to 72% of the respondents who reported that once they were given appropriate professional development, they may qualify for a higher positions in the organisation. A sign of frustration may also be detected in respect of the staff, given that 79% of respondents pointed out that they could not see themselves occupying a higher positions due to them having inadequate experience. Hideg, *et al.* (2014:244) indicate that employees from designated groups need much greater exposure to work-related aspects. The above findings may connote a negative perception about the skills that equity designated candidates are exposed to during their training. However, this is not conclusive and further studies need to be conducted to properly establish if this is actually the case. Given that employees from designated groups were historically denied higher paid jobs and education, it would be common cause that these employees now need skills empowerment so that they get on par with other employees from non-designated groups (Tandwa, 2017:1). However, from the interviews it was revealed that the way employment equity was enforced leads human resource practitioners in this study to focus on numbers instead of creating value by providing professional development

In respect of organisational processes, there is incongruency between the process of promotions and that of the development of designated employees, as indicated by the polarities between promotion and professional development. The polarities tend to reveal an element or existence of 'unfairness'. In this respect, one would not lose sight to the historical context that South Africa finds itself in, that there has been a hierarchy of employment equity beneficiaries that arose which favoured certain races within the designated groups to benefit a lot more in respect of training and promotion, as compared to treating all the different racial groups who are designated equally. However, this practice by companies has been dissipating over a period of time.

In terms of the internal environment, the prevailing culture in the company serving as the case study shows support for the implementation of employment equity. This was evidenced given that most of respondents believed that the organisation has a culture of ensuring employment equity at all levels in the company. It is also complemented by the majority of respondents confirming that their organisation comprised different race groups on a fair basis. This concurs with the literature that employment equity tends to promote the elimination of unfair discrimination on the basis of age, religion and race, among others. This tends to stimulate good teamwork. Objective two of this study was addressed below.

7.2.2 To examine the provisions of the employment equity amendment act 47 of 2013 in relation to the improvement of the status of designated groups at the selected company

The findings from the interviews with line managers point out that these managers do not fully understand the employment equity amendments. However, they do confirm that they saw the increase in the penalties which are part of the Employment Equity Amendment Act 47 of 2013 as likely to force organisations as well as theirs, to improve the status of designated groups in order not to breach the legislation. Objective three was addressed below.

7.2.3 To examine the contribution that capacity building plays in respect of an equity-appointee's performance

The results of this study also revealed that capacity building influences employee performance ($F=19.138$; $p=0.000$). Hence a conclusion could be drawn that there is a positive relationship between capacity building and employee performance. Further analysis points that capacity building is a major contributor to the achievement of employee performance, as indicated by (R-square) was 0.608. This means that capacity building contributed 60.80% towards the success of equity employees' performance. Amongst the capacity building variables, professional development was the major contributor ($\beta= 0.385$; $p= 0.000$), followed by organisational processes ($\beta= 0.337$; $p= 0.000$) and lastly the internal environment ($\beta= 0.158$; $p= 0.000$). In respect of hypothesis testing, the results also pointed out that there is a positive relationship between capacity building and employee performance at the workplace. The positive relationship of the aforementioned variables between capacity building and employee performance at the workplace was .264

This study's results pointed to employment equity influencing employee performance ($F=14.106$; $p=0.001$). Hence, one can conclude that there is a positive relationship between employment equity and employee performance. Employment equity contributes towards the achievement of employee performance, as indicated by (R-square) was 0.119. This means that employment equity implementation contributed 11.90% towards the success of employee performance. Amongst the employment equity variables, the elimination of unfair discrimination influences employee performance ($\beta= 0.284$; $p= 0.000$). On the other hand, affirmative action does not influence employee performance ($\beta= -0.237$; $p= 0.138$). Once unfair discrimination is eliminated, the employee's effort and expertise can be fully utilised, thereby having better efficiency and improved employee performance. When discrimination tends to be removed within the organisation, efficiency and productivity increase. This is because an environment without discrimination promotes the maximum utilisation of employees' skill. A study conducted by Borkin (2011:1) found that improving the equal labour participation of females and males could improve the GDP of New Zealand by 10%. Insofar as hypotheses testing goes, the results of this study showed that there is a significant relationship between employment equity implementation and employee performance. The relationship between the aforementioned two variables as revealed

by Pearson's Chi-Square test result of $p < 0.03$ was under the Cut-off parameter: Pearson's significance ($p < 0.05$). The Employment Equity Act in section 2.3 points out that the influence of employment equity is measured in terms of transformation enhanced in promoting efficient employee performance. Given the high number of respondents (76.80%) who were not always sure that they meet the performance standards of their jobs, the organisation needs an intervention not limited only to training and development, but other interventions as well to change the failure of staff to fully understand various aspects of their job. Objective four was discussed below.

7.2.4 A model that helps track and monitor the impact of capacity building on employment equity implementation

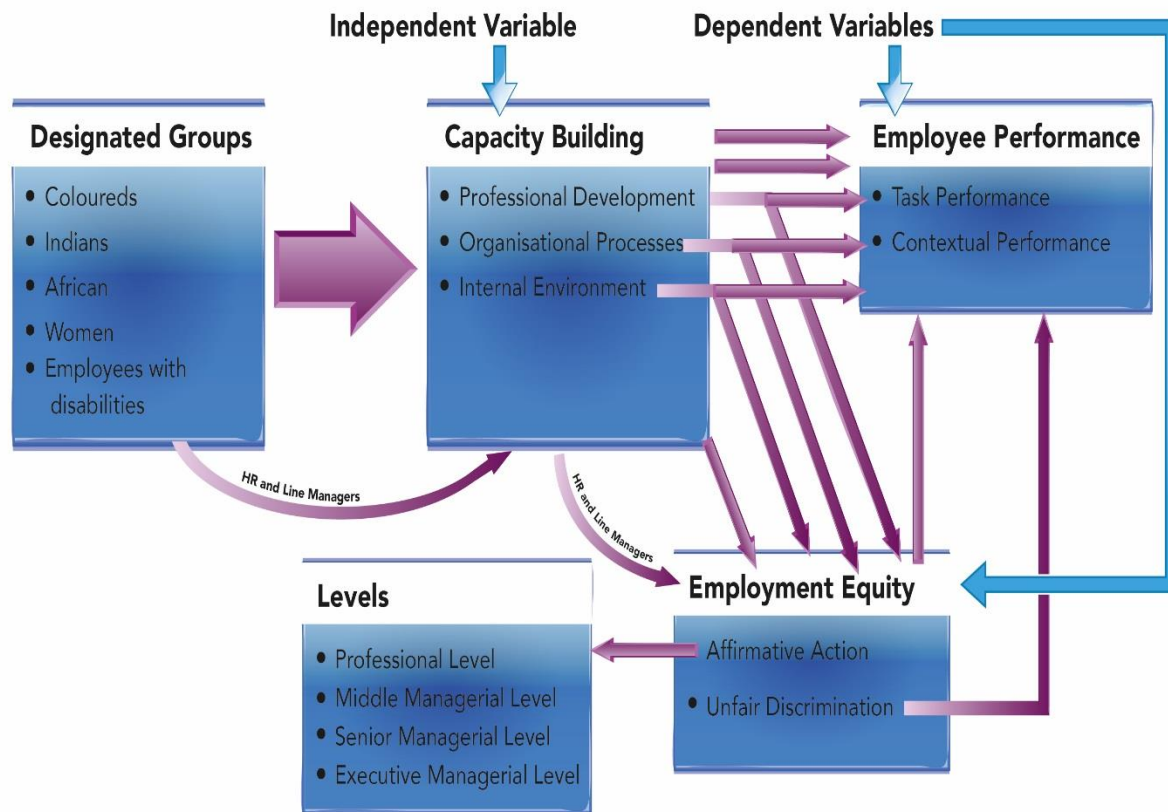
An integrated model can be referred to as the relationship between dependent and independent variables (Nilsen, 2015:53). In this study, the independent variable is represented by the 'capacity building' variable, while the dependent variables are 'employment equity implementation' and 'employee performance'. Measurement systems are used to capture accurate data about the phenomenon (Bodrožić and Adler, 2018:85). In this study, the relationship is well specified mathematically through the use of hypotheses testing, regression analysis and correlation analysis. Considering the relationship that is found to exist between the variables tested (capacity building, employment equity implementation and employee performance), one may draw a conclusion that the model sufficiently provides accuracy and truly tested the relationships amongst variables. Mathematics gives interpretation of the test results and of the relationship between variables. The integrated model of capacity building, employment equity and employee performance in Figure 7 was built based on the empirical findings of this study.

The diagram in Figure 7 showed that capacity building has an influence over the implementation of employment equity. This finding was obtained using hypothesis testing and regression analysis. Through hypothesis testing, it was shown that capacity building has great influence on employment equity implementation ($F=20.108$; $p=0.000$). Through regression analysis, it was established that capacity building contributed 80.80% towards the success of employment equity. The diagram depicted the sub-variables of capacity building, which is the independent variable of

this study, namely professional development, internal environment and organisational processes. These sub-variables contribute towards effective employment equity implementation. These findings were obtained using regression analysis. Amongst the capacity building variables, professional development was the major contributor ($\beta = 0.594$; $p = 0.000$), followed by organisational processes ($\beta = 0.549$; $p = 0.000$) and lastly the internal environment ($\beta = 0.259$; $p = 0.000$). This was clearly illustrated by arrows from the 'capacity building box' pointing to the 'employment equity box'.

Through utilising regression analysis, it was revealed that capacity building contributed 60.80% towards the success of equity employees' performance. Amongst the capacity building variables, professional development was the major contributor ($\beta = 0.385$; $p = 0.000$), followed by organisational processes ($\beta = 0.337$; $p = 0.000$) and lastly the internal environment ($\beta = 0.158$; $p = 0.000$). Again, the diagram showed that all sub-variables of capacity building, that is professional development, internal environment and organisational processes, contribute towards equity employees' performance. This was displayed in the diagram in Figure 7 by arrows from the 'capacity building box' pointing to the 'employee performance box'. In the same diagram in Figure 7, it was shown that the elimination of unfair discrimination contributed towards equity employees' performance. Through regression analysis, it was established that amongst the employment equity variables, the 'elimination of unfair discrimination' influences employee performance ($\beta = 0.284$; $p = 0.000$). On the other hand 'affirmative action' does not influence employee performance ($\beta = -0.237$; $p = 0.138$). This was illustrated by arrows from 'unfair discrimination' inside the 'employment equity box' pointing to the 'employee performance box'. Based on the empirical findings in this study, the following model (Figure 7.1) was established:

FIGURE 7. 1: VALIDATED INTEGRATED MODEL OF CAPACITY BUILDING, EMPLOYMENT EQUITY AND EMPLOYEE PERFORMANCE



Source: Researcher's own

The findings on employment equity and equity employee performance suggest that capacity building variables are significant predictors of criterion variables. The findings are the empirical evidence that support the key objectives of this study. To sum up the results of this study, capacity building has strong bearing on both employment equity and employee performance (Figure 7.1). This model differs from the initial theoretical model in Figure 2 in Chapter 4 which was utilised as a point of departure for this study. The initial theoretical model built based on the literature review does not clearly illustrate, by the use of arrows, how each capacity building component contributes to equity employees' performance, whereas the model in Figure 7 clearly displays that the connections of these variables through the use of arrows based on the empirical findings of this study. In addition, the model in Figure 7 specifically displays that

elimination of unfair discrimination only, not affirmative action, under 'employment equity' leads to improved equity employees' performance. However, the initial theoretical model in Figure 2 just indicates that 'employment equity' as a whole contribute to equity employees' performance. In summary, the model in Figure 7 showed that employment equity implementation and employee performance is largely influenced by capacity building variables based on concrete empirical findings. The following section discusses Objective Five of this study.

7.2.5 To develop an approach that may support the capacity of employers to successfully employ people with disabilities

The company in this case study provides employees with disabilities with support, and which includes a special rehabilitation place. This is evidenced by about 75% of the respondents who confirmed that employees with disabilities were always given the support they need and a similar percentage of approximately 70% affirmed that their organisation had a special rehabilitation place for employees with disabilities. A corporate culture that supports employees with disability is a major contributor that marks the conduciveness of the work environment, which in turn influences the general morale and performance of the employees. The work environment in this case study is considered excellent, as evidenced by majority of respondents (73%) who believed that the work environment within the organisation was pleasant and enjoyable. It is believed that the conduciveness of the work environment is one of the critical enabling factors that stimulates individual performance. According to Botes (2014:1), an environment where there is fear, anxiety and no proper plan on how employment equity is implemented threatens the prospective career opportunities of employees. From the interviews, it was established that infrastructure that adapts to the conditions of employees with disabilities is required to maximise the efforts of those employees. The organisation under study managed to create much space in corridors, passages and lifts in order to accommodate employees with disabilities, especially those that are using wheelchairs. Objective six of this study was discussed below.

7.2.6 To help devise appropriate human resource development policies for the promotion of previously disadvantaged groups in organisations

The majority of the respondents of (approximately 73%) did not feel that their organisation had a well-defined development process for a staff member to move from one job to another. However, on assessing whether or not the organisation has a well-formulated policy on promotions and training, the responses were nearly equally divided between those who agreed and those who disagreed. It is clear that a proper capacity building programme avoids poor employment equity implementation and this has the propensity to lead to equity employees' improved and sustained performance. A transformation in relation to employment equity requires a systematic culmination of behavioural aspects of the prospective equity appointees (Papacostantis and Mushariwa, 2016:1).

An interesting finding in this study was that while the majority of respondents confirmed that their organisation exposed them to real-life job experiences as part of their training and development, there was equally a large percentage of respondents who did not see the organisation gave them appropriate skills that allowed them to make proper decisions in conditions of uncertainty, which tend to bedevil the financial service sector. The majority of respondents confirmed that their organisation exposed them to real-life job experiences as part of their training and development. However, the majority of respondents (67.40%) denied that they have been given the appropriate skills by the organisation to make correct decisions when encountering uncertain conditions. This connects with findings from interviews, where the human resources personnel team admitted that the major professional development programmes that are rolled out in the company were learnerships and the employment of graduate trainees. The penalties associated with the failure to abide by employment equity have pushed management into compliance mode. As such compliance with legislation has overshadowed real transformation that is crucial in the long-run. The two given responses provide the impression that employee coaching and mentoring is required as quick wins that help workers to perform well, as well as for the realisation of their own potential (Härtel and Fujimoto, 2015:24). It is crucial to empower employees to improve their respective individual performances.

Most employees in the organisation are pessimistic about occupying higher positions due to a lack of experience, as the majority of the respondents (69.40%) indicated that they could not see themselves holding any higher position in the organisation because they do not have the required experience. In reinforcing the above finding, 80% of the respondents believed that if they were to be given the necessary experience they would have been ready for a higher position at their organisation. At the same time, 74.70% of the respondents believed that if they got the appropriate training and development, they may qualify for a higher position in the organisation. Therefore, when seeing this in the context of employment equity, employees from designated groups must be exposed to duties that allow them to be prepared for higher positions within the company. They must not only be exposed to experience to raise the statistics at lower level jobs such as that of unskilled, semi-skilled, skilled and technical levels but also expose them to responsibilities for higher levels, such as the professional, senior management and top levels.

In this study, the company has instituted a culture of fairness given that approximately 77% of the respondents confirmed that there was a culture of fairness in the organisation in terms of opportunities for all employees. However, in terms of the degree of respect and dignity which these employees are subject to by their immediate supervisors, results pointed to almost half of the respondents not felt that such was the case. A majority of respondents were uncertain about the level of dignity and respect that they received from their managers. This does point to some of the employees who felt this way coming from the designated groups. This tallies with literature findings that managers must create a conducive environment in the workplace by making sure that each employee is treated in a dignified and respectful manner. According to Olckers (2014:67), employees must work in a non-discriminatory environment where they can work harmoniously and maintain respect with each other. Respect and effective communication across races, regardless of colour, create a conducive and healthy work environment that promote sound work relationships, which in turn stimulate individual performance within a workplace.

The organisation tends to take employment equity seriously, especially in respect of discrimination. It tends to take disciplinary action against staff who do so. Meanwhile, a total of 82.10% of respondents believed that they had an equal chance with any other race group of getting a promotion when a higher position fell vacant. From the

interviews, it was observed that the company had a policy of promoting employees from inside whenever a vacancy arises, provided its aim of accomplishing employment equity goals is not compromised. Proper employment equity is encouraged so that fair opportunities can tap the best in those employees from designated employees and advance them. The majority of respondents, approximately 82%, conceded that their organisation had policies in respect of discrimination. Policies relating to employment equity must be instituted with caution, failure to properly handle them may cause racial division instead of its core aim of addressing racial imbalances formed by apartheid. It is necessary to recognise groups of employees with different cultures by practically instituting and applying different reasonable organisational policies that suit the cultural demands of each employee.

Although approximately 78% of the respondents believed that previously disadvantaged employees were now given preference for skills training and development, it is worrisome to note that the majority of the respondents (74.80%) affirmed that their organisation did not prepare them for future higher level positions. This aligns with the findings from the interviews where the human resources personnel admitted that they do not have succession planning at the moment and they are busy working on it. The findings support the view of Mike, *et al.* (2015:35) who observe that training and development must be taken as part of employment equity strategies so as to accelerate the accomplishment of employment equity goals. Peyper (2017:1) emphasises that employment equity is achieved only when suitably-skilled employees are employed at each level of the organisation in posts that have real powers in decision-making. However, from interviews it was revealed that though the organisation had a policy of promoting Blacks who are inside the organisation, a few years later these Black employees got headhunted by other organisation who offer them significantly higher salaries and benefits. The following section covered objective seven of this study.

7.2.7 To understand the role of line managers in respect of employment equity implementation and management

The importance of line managers could be seen by 80% of the respondents who confirmed that their superiors always monitor and give them good feedback, which allows them to improve their performance. The findings support the view of Yamoah

(2014:139) who states that management commitment is a major critical success factor towards the effective implementation of employment equity within the organisation. From interviews, it was established that for the full execution of equity plans, line managers need to be involved. It is also important that line managers are expected to be acquainted with proper employment equity. In this study, it was observed that the HR team of the organisation regularly communicates with line managers when they want to appoint any employee within a department. Also worth noting is that the management maintains equal benefits and pay for employees performing the same work, which was affirmed by 76.90% of respondents. The emphasis of employment equity implementation does need greater focus on the promotion of equal opportunities, equal representativity and non-discrimination. The majority of respondents (approximately 78%) affirmed that women are well-represented across all the levels in the organisation. In the same vein, 84% of the respondents did not agree that the bulk of female employees in their organisation work in low-level positions. The findings tend to be supported by the work of Liesl (2016:1) who observed that the barriers to achieve employment equity goal is not gender but race.

7.3 CONCLUSION

The findings of this study revealed that capacity building has great influence on the effective and proper implementation of employment equity, as well as on the improvement of equity appointees' performance. Though the contribution of capacity building is higher on both employment equity and employee performance, the influence of capacity building towards employment equity implementation is far greater as compared to employee performance. The overall viewpoint is that organisations need to take capacity building seriously in order to abide by the employment equity targets, there is no choice with regard to when, what and how it should be executed. It is worrisome that the government's push towards employment equity implementation has been effective in respective of meeting numerical targets while the quality of those employees is not emphasised.

The results in this study showed that employees were generally not fully satisfied with the professional development programmes that support employment equity implementation. Hence organisations need to address this aspect far more intensely

and treat this as an urgent matter. This is evident by reports on employment equity submitted by employers from 2014, 2015, 2016 and 2017 which point to Blacks, especially Africans, occupying the highest portion of the lower occupational levels (Masikane, 2017:1). It is clear that since employers are required to report on the success made in respect of employment equity, they tend to accomplish the needed racial output whilst often sacrificing performance within the organisation. Relevant professional development should be provided down to the lowest level. It should start with the government moving from outcomes-based employment equity (representation) to input-based employment equity (capacity building). However, as revealed from the findings of interviews, employees from designated groups also neglect available professional development programmes offered by employer, which points out that they are also personally not prepared to take up new challenges. This may be the reason why the 17th Annual Report of the Commission for Employment Equity reports that female representation remains the same (20%) at the top management level for the previous three reporting periods. This study points out the importance of capacity building. Therefore, for the successful implementation of employment equity, it remains a critical ingredient which all organisations need to include as part of their programmes.

Employment equity must not be executed for the sake of accomplishing the targets of the Employment Equity Act, but management should ensure that every position occupied by an employee from a designated group yields positive results relative to an employee from non-designated groups. In other words, quality and excellence should not be compromised because of the implementation of employment equity. Employment equity implementation must be addressed in a systematic manner where the results are always monitored, not in a haphazard fashion. As a way of accommodating employees with disabilities, it is useful to make sure that buildings are accessible, Braille is made available for impaired employees and impaired employees are given sign language interpreters at conferences, workshops and meetings.

The results also revealed that a conducive organisational culture is imperative in promoting the implementation of employment equity. This study points out that there remains slow progress in the implementation of employment equity, given the quality and the calibre of employees required for many positions. Hence the importance of proper capacity building for designated employees. Consequently, there is a lack of

equal chance for promotion as observed in this study, with the majority tending to see the notion of getting a promotion when a higher position falls vacant as a distant scenario. From the collected data, it is obvious that remarkable strides in improving the skills of employees from designated groups are being made so that the process of employment equity implementation cannot adversely affect the performance of the organisation. Most of those skills are however general in nature. Hence, those skills cannot always closely address the acute shortage of skills from designated employees required at professional qualified levels, senior management level and top management level. In this study, the problem was related to the influence of capacity building on employment equity implementation and employee performance. Since the extent of the influence of capacity building on employment equity implementation and employee performance has been established, the research problem has been resolved. The recommendations arising out of this study are made below.

7.4 RECOMMENDATIONS

Recommendations are given in respect of this study with the prime aim of simultaneously promoting employment equity implementation and improving employee performance of employees from designated groups. This also addresses misconceptions associated with employment equity. The limitations of the study and the suggestions for further research are also covered. An effective simultaneous implementation of employment equity and improvement in the efficiency of employee performance is the ultimate goal of this study. The recommendations are based on the problem identified. The recommendations suggested could be usefully considered by the organisation as they implement employment equity. The measures recommended contribute much value to the good atmosphere of the work environment, as well as the prosperity of the business.

7.4.1 Employees from designated groups should be given opportunities for experiential learning

Generally, based on the data collected, the findings indicate that more needs to be done to increase the experiential skills of employees, which can improve the implementation of employment equity, particularly at the professional level, senior

managerial level and top managerial level. Continuous analysis of the training needs of employees from disadvantaged groups, as well as making the required resources available to address the needs of these employees is required. The implementation of employment equity should always be aligned with capacity building in order to promote career growth and improve performance efficiency amongst employees from the designated groups within the organisation. The study did establish that more professional development programmes are required for equity employees to acquire experiential knowledge in order for them to occupy the under-represented positions without negatively affecting their individual performance.

7.4.2 The level of competence of employment equity-appointees and the criticality of the job should be considered when making appointments

All decisions in respect of promotions and professional development should not solely focus on employment equity but should consider the level of competence of the employee, as well as the overall individual performance. It is pointless to risk the organisation by employing an incompetent employee based on, for instance, race or gender.

7.4.3 The organisation must foster mutual adaptation

Both employees and management have to work towards eradicating unfair discrimination in the organisation and creating an environment that builds positive relationship amongst employees within the organisation.

7.3.4 Align promotion and employment equity goals

The organisation needs to review the current strategies used to promote highly skilled employees in the organisation and align them with the employment equity implementation goals set by the organisation.

7.3.5 Create conducive environment by employing change management strategies and diversity management strategies

A conducive work environment should be promoted by providing transformation programmes such as change management and diversity management, which encourage non-discriminatory practises and policies for all employees. The Human Resources department should engage in initiatives of change management in particular in order to change the negative perceptions of employees from previously advantaged groups.

7.3.6 Promote top management commitment

Encouraging executive management commitment to promote the implementation of employment equity as well as holding them accountable is crucial. For example, to include in their performance agreements the management of employment equity for such managers.

7.3.7 Provide leaders with leadership programmes

All line managers should be trained to understand the manner in which employment equity is implemented in the organisation, without adversely affecting the efficiency of individual performance. In addition, line managers must understand the benefits accompanied by the provision of equitable employment within South Africa. Line managers must be provided with knowledge of how to identify critical skill areas that equity employees need, as well as, experiential learning, in order to keep the overall performance of the organisation up to an optimal level.

Management is expected to be provided with workshops that teach them how to manage employees with disabilities. Many managers have expertise in their relative fields but they tend to lack management skills in such areas as anger management and corporate governance, which may be critical to effectively implementing employment equity. Managers need to be trained in respect of employment equity

implementation and understand its implication in respect of customers, employees and the overall business.

7.4.8 Management must also communicate effectively with non-designated employees

From the data collected through the interviews, it was clear that any organisation does have a daunting task of convincing employees from non-designated groups that the professional development that specifically targets employees from designated groups would not be a permanent policy. This of course challenges the management to set a time-frame by stating the exact milestones of employment equity implementation within the organisation. The entire process of cultivating the skills and experience to improve the performance of employees from disadvantaged groups only should be done in such a way that employees from previously advantaged groups do not develop feelings of resentment at the workplace. Employment equity strategies must be communicated even to previously advantaged groups.

7.4.9 The employer should make sure that all skilled employees from designated groups are retained

This study also confirms that organisations are fighting for a small stake of experienced employees from designated groups in order to meet their equity numerical goals. Therefore, it is easy for any organisation to serve as a feeding tube for other organisations, where it trains and appoints an employee from a designated group and they then leave for another organisation after a few months. Hence, it is critical that appropriate retention strategies be put in place for well-trained equity appointees. This approach would entail looking at salary and benefit structures. When equity employees leave this shows that there is strong influence of a favourable labour market that is ready to absorb them. One may conclude that when there is sound human resources policies and practices including retention strategies, employment equity is likely to thrive.

7.4.10 Make every employee aware of the professional development programmes the organisation has to offer

Awareness about the availability of professional development programmes such as mentoring and coaching should be created within the organisation. Employment equity beneficiaries lack experience to assume duties of senior positions. Hence, mentorship should be availed to these employees from designated groups in order for them to gain knowledge of the job. Organisations need to embark on employment equity practices supported by sound professional development interventions because mere implementation without development of skills compromises performance improvement. Organisations should cultivate the environment to make it conducive for designated groups to learn. This is accomplished by the selection of mentees and mentors objectively, not through imposition. Cautious consideration must be afforded in choosing the process of allowing mentees to select the mentors.

7.4.11 Management should always be alert to any unfair discrimination acts within the organisation

Management should always be alert to discrimination practices such as condoning employees who discriminate against others, only advancing employees from designated groups, as well as engaging in practices of unequal pay.

7.4.12 Integrate workforce skills programme, profession progression management and performance management system

Integrate workforce skills programmes, professional progression management and performance management systems so that the success of the organisation can be assured. The human resource management team should always monitor the rate of promotions and skills development of employees from disadvantaged groups at the professional level, senior management level and top management levels to combat skills discrepancies. The following section made suggestions for future research.

7.5 CONTRIBUTION OF THE STUDY

In light of the empirical findings and the present economic situation in South Africa, this study contributed to an improved awareness by the national, provincial and local governments on the importance of capacity building in implementing Employment Equity without adverse effects to organizational performance. The current study contributed new insights and builds the knowledge base on how capacity building influences Employment Equity implementation and equity-employee performance. The study is of great benefit to the managers in private companies in similar settings, as well as government policy-makers. In this case, Industrial Relations managers and all Human Resource managers in private organisations in similar settings can look for answers to their questions in this study and grasp various aspects that help them sustain and grow their businesses. At a broad level, it also informed the national, provincial and local governments about the importance of capacity building in accelerating the implementation of employment equity and equity-employee performance. The study added value in determining the elements of capacity building that propel the implementation of Employment Equity. The results of this study facilitated the growth of organisations in similar settings in financial sector through providing an understanding of what needs to be done in relation to employment equity implementation. Furthermore, the generated integrated model is useful tool in guiding how organisations can accelerate and successful implement Employment Equity without incurring performance challenges.

7.6 LIMITATION OF THE STUDY

The main limitation of the study was that it narrowly focuses on one organisation, Ithala Finance Corporation Limited, therefore precluding the generalization of the findings to other companies in South Africa. However, the focus on the Ithala Finance Corporation Limited was logistically and methodologically expedient as this scope is suitable considering the limited resources at the researcher's disposal. In addition, some questions were not adequately answered. In addition, the responses might have been subjected to mental and emotional states when answering the questionnaire. The issue of subjectivity and biasness could not be wholly eliminated, as some personal experiences may have some contributions to the responses.

7.7 SUGGESTIONS FOR FUTURE RESEARCH

The study was aimed at investigating the influence of capacity building on employment equity implementation and employee performance, using Ithala Finance Corporation Limited as a case study. For this reason, the results for this study cannot be generalised to any other organisation. Hence, future studies should be conducted with more than one organisation so that the results can be generalised. However, with common organisational settings, the research results can be utilised as useful indicator for other organisations in South Africa. It is recommended that further research be carried out in respect of the challenges faced by employees from previously disadvantaged groups in developing their skills at the workplace because most of these employees from designated groups are not taking part in professional development programmes, even if they are readily available. Based on the findings of this study, it is undeniable that improved capacity building is a strong catalyst in executing employment equity and increasing equity employees' performance constructively and effectively.

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ANNEXURE A

Cell: +27730641668
Email:

212 King Dinizulu Road
Durban 4000
KwaZulu-Natal
South Africa

8 April 2017

Dear Respondent

RE: REQUEST FOR COMPLETION OF RESEARCH QUESTIONNAIRE

I am a registered Doctoral student at the Durban University of Technology conducting a research into “The influence of capacity building on employment equity implementation and employee performance” This case study is undertaken in a private company in financial services sector. Your organisation has kindly granted me permission to conduct my field research at your organisation. This data gathering is undertaken through a questionnaire. The questionnaire would take an average of 20 minutes to complete and only requires you to mark (X) to the relevant precoded response objectively and honestly. Please answer all the statements and do not leave any ones blank. I will also be conducting interviews with selected line managers and human resource personnel. The average time for interviews will be 10 minutes.

Please be assured that your responses will be treated with utmost confidentiality and will not be disclosed to any other party. Therefore your name is NOT required on the completed questionnaire. Your participation is voluntary and you may, at any stage, without coercion, withdraw your consent and participation in the study.

I thank you most sincerely for participating in this survey. and look forward to a speed return of the completed questionnaire. If you have any queries, please do not hesitate to contact me at the cellphone number above. I thank you once again in assisting me to complete my research project.

Sincerely

Reward Utete
Student Number: 21143519

QUESTIONNAIRE

Instructions

1. This questionnaire comprises of two sections.
2. You are kindly requested to answer all statements.
3. Please mark (X) to the relevant precoded response.
4. Please mark (X) for one response only.

Section A: Biographical information

1. Please indicate your gender.

1.1	Male	1
1.2	Female	2

2. What age group do you fall in?

2.1	21-25 years	1
2.2	26-30 years	2
2.3	31-35 years	3
2.4	36-40 years	4
2.5	41-44 years	5
2.6	45-50 years	6
2.7	> 51 years	7

3. Indicate your racial group.

3.1	African Black	1
3.2	African black with disability	2
3.3	White woman	3
3.4	White person with disability	4
3.5	Indian	5
3.6	Indian person with disability	6
3.7	Coloured	7
3.8	Coloured person with disability	8
3.9	South African Chinese	9
3.10	South African Chinese with disability	10

4. Length of Service.

4.1	0-4 years	1
4.2	5-9 years	2
4.3	10-14 years	3
4.4	15-19 years	4
4.5	20-24 years	5
4.6	>25 years	6

5. Your qualification.

5.1	Post-graduate	1
5.2	Degree	2
5.3	Diploma	3
5.4	Technical Certificate	4
5.5	Secondary education	5
5.6	Other	6

6. The category you fall into within the organisation.

6.1	Executive Management	1
6.2	Top management	2
6.3	Middle management	3
6.4	Lower management	4
6.5	Supervisory/Foreman	5
6.6	General staff	6

Section B

	Item	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
7.1	I have adequate knowledge and skills needed to perform my job duties	1	2	3	4	5
7.2	My company provides me with the necessary training in areas identified for development.	1	2	3	4	5
7.3	I am willing to learn more to increase the effectiveness of my current job.	1	2	3	4	5
7.4	I feel that my training needs are not adequately addressed by the organization.	1	2	3	4	5
7.5	I bring my training and development needs to the attention of my superior.	1	2	3	4	5
7.6	The organisation has a well-defined development process for an individual to move from one job to another.	1	2	3	4	5
7.7	Persons with disability are always given all the general support that they need.	1	2	3	4	5
7.8	The organisation exposes me to real-life job experiences as part of my training and development.	1	2	3	4	5

7.9	I have been given the appropriate skills by the organization to make the correct decisions when there have been uncertainty conditions	1	2	3	4	5
7.10	The organisation prepares me for future higher level positions.	1	2	3	4	5
7.11	The organisation has a well-formulated policy on promotions and training	1	2	3	4	5
7.12	Previously disadvantaged persons are now given preferences for skills training and development.	1	2	3	4	5
7.13	My work environment is pleasant and enjoyable.	1	2	3	4	5
7.14	My organisation has a special rehabilitation for people with disability	1	2	3	4	5

7.15	I can see myself holding higher position in the organization because I have the required experience.	1	2	3	4	5
7.16	If I got the appropriate training and development, I may qualify for a higher position at my organisation.	1	2	3	4	5
7.17	The organisation has a culture of ensuring employment diversity at each level.	1	2	3	4	5
7.18	Women employees are well represented across all levels of the organization.	1	2	3	4	5
7.19	If I was given the necessary work experience I may get a higher position at my organisation.	1	2	3	4	5
7.20	The organisation is comprised of all the different race groups on a fair basis	1	2	3	4	5
7.21		1	2	3	4	5

	Majority of women employees at the organisation are working in low level positions.					
7.22	The organisation has policies in respect of discrimination	1	2	3	4	5
7.23	The organisation will act against employees who practice any form of discrimination against others staff members.	1	2	3	4	5
7.24	Employee with disabilities are also found at higher position in the organisation	1	2	3	4	5
7.25	I have an equal chance with any other race group of getting promotion when a higher position falls vacant.	1	2	3	4	5
7.26	There is equal pay and benefits for equal work in the organization.	1	2	3	4	5
7.27	There is a culture of fairness in the organization in terms of opportunities for all employees.	1	2	3	4	5
7.28	The organization has reasonable facilities to accommodate staff with disabilities such as lifts, ramps, toilets etc.	1	2	3	4	5
7.29	I am treated with respect and dignity by my immediate supervisor.	1	2	3	4	5
7.30	The organisation ensures the proper implementation of the equity legislation.	1	2	3	4	5

7.31	I always meet the performance standards of my job because I fully understand all aspects of my job.	1	2	3	4	5
7.32	Equity imperatives has resulted in the appointment some staff to higher positions without them being appropriately trained and developed for the positions they hold.	1	2	3	4	5

7.33	My superior always monitors and gives me good feedback which allows me to improve my performance.	1	2	3	4	5
7.34	Quality of service has improved in the organisation because staff with appropriate skills have been employed.	1	2	3	4	5
7.35	The organisation does not allow for any slack from any staff members including those that may have been appointed on equity grounds to improve the staffing profile and balance.	1	2	3	4	5
7.36	The organization views qualification and experience as critical irrespective if it is to meet equity considerations	1	2	3	4	5

INTERVIEW SCHEDULE

Individual interviews for Human Resources team only

1. Do you have professional development programmes for employees from previously disadvantaged people? If yes, explain. If no, elaborate?
2. Do you have human developmental policies for previously disadvantaged people at your workplace? If yes, please explain them? If no, elaborate?
3. Do you have proper infrastructure that is conducive for employees from previously disadvantaged groups. If yes, please explain them?, If no, elaborate?
4. What have you done so far to accommodate people with disability at your organisation? Please explain.

Individual interviews for line managers only

- 1 What is your view on employment equity in relation to the performance of equity appointees?
- 2 What are the challenges that you encounter when working with employees from disadvantages groups?
- 3 Are you actively involved in implementing employment equity? If yes, how do you contribute? If no, elaborate why not?
- 4 Does the Human Resources team consult you when they are appointing equity employees at your workstation? If yes, to what extent? If no, elaborate why not?
- 5 Does your organisation provides development programmes on equity execution to line management? If yes, how often? If no, elaborate why?
- 6 Are you well versed with the amendments of employment equity. If yes, please explain how are you adjusting to it? If no, elaborate why not?

South Africa, Cell: +2773 064 1668

212 King Dinizulu Road
Durban 4000
KwaZulu-Natal
South Africa

17 April 2017

The Human Resources Manager
Ithala Development Finance Corporation Limited
29 Canal Quay Road
Point Waterfront
Durban 2069
Durban, 4001
KwaZulu-Natal, South Africa

Dear Mr. Gwamanda

**RE: REQUEST FOR A LETTER OF PERMISSION (GATEKEEPER'S LETTER) TO
CONDUCT RESEARCH**

I am kindly requesting permission in the form of a letter (a gatekeeper's letter) to carry out my research and use your organisation as my focal case study. This study will benefit since a copy of the key findings will be given to the top management. The topic is entitled, "The influence of capacity building on employment equity implementation and employee performance in industry: A case study of private company in financial industry". I am a pre-registered Doctorate Student in the Department of Human Resources Management at the Durban University of Technology under the supervision of Dr Chetty

I guarantee you that the information that you will give me will be kept with utmost confidentiality, and will not be disclosed to any other party. Your formal letter of informed consent is greatly appreciated since it is a pre-requisite for me to pursue with my Doctoral study at this stage. Should you have any further information, please do not hesitate to contact me on my cell number above.

Yours Sincerely

Reward Utete
Student Number: 21143519

PLATE 1

1

ANNEXURE F

696 Clare Road
Clare Estate
Durban
26 June 2019

To: whom it may concern

Editing: PhD-Reward Utete

This letter confirms that the aforementioned thesis has been language edited.
Any queries may be directed to the author of this letter.

Regards

MP Mathews
Lecturer and Language Editor
083 676 4778
Mercillenem@dut.ac.za

THE INFLUENCE OF CAPACITY BUILDING ON EMPLOYMENT
EQUITY IMPLEMENTATION AND EMPLOYEE
PERFORMANCE: A CASE STUDY OF A PRIVATE COMPANY
IN THE FINANCIAL INDUSTRY

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