

## **T T Mboweni: The challenge of employment equity with specific reference to transformation at the South African Reserve Bank**

Address by Mr T T Mboweni, Governor of the South African Reserve Bank, at the Black Management Forum Annual Conference, Durban, 13 October 2006.

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The President of the Black Management Forum,  
Former Presidents and Executive members of the Black Management Forum,  
Members of the Black Management Forum Executive,  
Ordinary members of the BMF,  
Distinguished Guests,  
Ladies and Gentlemen,

When we were approached by the BMF leadership to address this august gathering on challenges of employment equity with specific reference to the transformation process at the South African Reserve Bank, we were more than pleased to oblige and grabbed the opportunity with both hands primarily because the progress we have made at the Bank since 1999 has been remarkable. This does not in any way imply that our current transformation milestones are a destiny already reached, but we thought that we could share with you how we have embraced transformation as a journey which will hopefully someday help us realise the desired South African end-state<sup>1</sup>.

When one takes into consideration that the Bank comprised mainly, but not only, of Afrikaner white males in technical and strategic decision making positions in 1998 at the Bank, we are certain that all might concur that the road to transformation at the Bank was paved with many serious challenges/obstacles and presented an extremely steep gradient of resistance. It is against this opening scene and milieu that we can lay claim that the progress made has been indeed remarkable and to some extent (maybe) exemplary.

Allow me to share with you the facts and figures of employment equity and transformation at the Bank. This will entail a little walk back in the history of the Bank's workforce movements and composition, but the historic walk will serve as empirical support of the Bank's transformation and equity successes.

A historically significant starting point would be the year 1994. In that year the Bank's total staff comprised 21 per cent Blacks and 38 per cent females. The management levels, however, comprised 1 per cent Blacks and 12 per cent females. When we joined this transformation journey after 1998<sup>2</sup>, we had a workforce that, in total comprised 36 per cent Blacks and 42 per cent females, but the management levels comprised only 13 per cent Blacks and 19 per cent females. The strategic General Management level comprised only 15 per cent Blacks and 7 per cent females. Thus the workforce composition of 1998 will effectively serve as the starting point of numerical transformation in the Bank since then.

The question that confronted us was: how, when, by who and what should be done to change the status quo. It was clear that a strategic plan and modalities had to be developed to answer this question. And so the Journey began.

Firstly, we developed a strategy driven by the executive level of the Bank. An important element of that strategy was to talk through the issues with ALL management and staff about the imperative of transformation as an optimal human resources allocation issue and also as a contribution to the deracialisation of South Africa. This was not an easy task and still is not an easy one. Numerous strategy planning meetings to achieve a buy-in were and still are the order of the day.

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<sup>1</sup> Change is continuous though. We are always in a state of change. So the end-state is nothing but a brief moment to reflect. As some philosophers have said "nothing is stable except stability"

<sup>2</sup> I say "joined" because I do not want to claim that transformation only began in 1998. Far from it. The fact that by that time there were some black managers and females in the senior professional and assistant general management level is testimony to the fact that my predecessors had begun the journey. We accelerated the pace.

Secondly, management was tasked with the responsibility to indicate to the Executive Team<sup>3</sup> how and by when they could go about implementing a numerical target of 50-50 black/white ratio and a 33% female representation at all occupational levels of the Bank by 2005. This was the basic plan. The process was both fascinating and difficult. Eventually we produced the plan.

Thirdly, it was an essential element that transformation was more than about employment equity numbers. It also involved changing the culture and the decision making processes in the Bank. To that extent we sat down to create a committee or syndicate decisionmaking system. This forced people to engage in regular discussions and debates about the work of the Bank around the same table or tables. Examples in this regard are the Monetary Policy Committee (MPC), the Management Committee (MANCO), Financial Stability Committee, etc. These committees or syndicates brought together people from different departments to make collective decisions in order to advance the work of the Bank.

Fourthly, the Board of Directors had to change too. In 1998, the Board of Directors was extremely unrepresentative with only four (4) black people out of a total of fourteen (14). The secretary of the Board was also white. There was only one female. It was more than clear that change needed to start at the top for it to have any meaning amongst the staff of the Bank.

So where do we stand today in terms of equity representation within the Board of Directors and the Bank as a whole? The following statistics are taken from the Bank's Annual Report on the Employment Equity Plan to the Department of Labour and has accordingly become a public document and is available for public scrutiny.

As of the 31st March 2006, the Board of Directors was composed of ten (10) black directors and four (4) who were white. Of these, five were female. The secretary of the Bank is a black male. The Board has a committee of non-executive directors which is chaired by a female director. The Executive team is made up of five (5) black members out of seven (7). There is a vacancy for a Deputy Governor and hopefully this could be occupied by a female. The Monetary Committee (MPC) has seven members. At the moment five (5) are black and two (2) are white. The secretary of the MPC is a black male. This is quite a nice mix, 'me thinks'!

The total workforce of the Bank comprised 56 per cent Blacks and 46 per cent women. The management levels of the Bank comprised 43 per cent Blacks and 36 per cent females. The strategic General Management level comprised 51 per cent Blacks and 20 per cent females. The figures speak for themselves. You can draw your own conclusions.

So what were the successful strategies that supported these transformation objectives? They focused mainly on the manner in which the Bank aligned its workforce movements with its strategic employment equity objectives.

In general the Bank's staff turnover rate hovers between 5 and 8 per cent. In 2005, the Bank's Black turnover rate was 6.18 per cent and that of females was 4.51 per cent with the Bank total turnover rate at 5.62 per cent. In 2006, the Bank's Black turnover rate was 6.64 per cent and that of females was 5.56 per cent with the Bank total turnover rate at 7.07 per cent. The following discussion is focused on the Bank's workforce movements since its first Employment Equity Plan in 2000.

Who has the Bank been recruiting? The following recruitment percentages answer this question:

**Table 1 Recruitment by race and gender**

	2000	2001	2002	2003	2004	2005	2006
% Blacks	87	85	83	80	89	81	76
% Females	43	54	54	32	50	47	43

<sup>3</sup> The Executive Team at that time was comprised of the Governor, three Deputy Governors and two Advisors. At present, the Executive Team is made up of the Governor, Deputy Governors and four Executive General Managers (EGMs)

On average, over the past 7 years, the Bank's recruitment included about 83 per cent Blacks and about 46 per cent females. These percentages are significantly higher than most of the other players in the Financial Sector.

Who has been resigning the Bank? The following termination figures provide this information:

**Table 2 Termination by race and gender**

	2000	2001	2002	2003	2004	2005	2006
% Blacks	40	47	46	49	37	49	52
% Females	34	42	28	36	37	34	42

On average, over the past 7 years, the Bank's terminations included about 45 per cent Blacks and about 36 per cent females. We would venture to suggest that the Bank's experience might very much be similar to that of most business organisations in the country.

People resign from organisations for various reasons and the Bank has made a serious attempt to gather information about why people resign. We do this by making use of exit interviews. This method seems unreliable since most of the information gathered during these interviews does not reveal the real or true reasons why people resign from the Bank. One of the reasons for this might be because the Bank avails to staff who have resigned the opportunity to rejoin the Bank should they elect to do so and vacancies exist. As such many who resign try to leave on a "good note" so that doors are not closed behind them. We have had numerous instances where staff have returned to the Bank which calls into question the claim that the "... grass is always greener on the other side". In the Bank's recent culture and climate survey, external service providers interviewed some of the Bank's ex-employees who declared that, "... *it has been a privilege to work for the Bank because of its national and international status and because it was a good organisation to work for*".

Internal promotions are an important strategy and good practice in any business. This provides existing employees with a career path and rewards good performance as we all know. So how did we go about the promotions process in order to support our strategy at the Bank? The following promotion percentages answer this question:

**Table 3 Promotion by race and gender**

	2000	2001	2002	2003	2004	2005	2006
% Blacks	39	57	57	55	65	69	62
% Females	42	41	39	50	45	48	51

Managing development and progression at such an institution of specialised skills (and full of intellectuals too!) is as fragile as doing the tango on a frozen lake – if you succeed you are the hero, but if you fall through the ice, you are ridiculed for attempting the impossible. Further, one has to be exceptionally sensitive to managing the extremities of White fears and Black aspirations. The Bank has been able to steer a fairly stable ship through the sometimes turbulent waters of transformation. On average, in the last 7 years, promotions have included about 58 per cent Blacks and about 45 per cent females.

The Bank consults with its employees on all its employment equity and skills development issues through our democratically-elected Employment Equity Consultative Body (EECB). The Bank's first employment equity targets of 50 per cent Blacks and 33 per cent females at all levels of the Bank by 2005 (extended to 2006) received positive support from the EECB. The Bank, in consultation with the staff has adopted new targets of 50 per cent Blacks, 50 per cent females and 2 per cent People with Disabilities by 2011.

Special interventions and strategies that address women's participation at all levels of management and technical skills and development, and the employment of People with Disabilities are currently being discussed and deliberated upon at the Bank.

Experience and research have shown that if there is one place to always look out for within business management is the supervisory level. If one does not focus on this, one might experience lots of turbulence going forward. Bad managers and seniors can spoil all the honest efforts being made by any organisation. The executive team has to constantly examine its role vis-à-vis the staff. More often than not that may be where the problem is firmly located.

Recently, on learning about my frustrations and complaints about losing skilled black staff from at the Bank and thus weakening our employment equity position, an anonymous Good Samaritan sent me an email saying that "if you are losing people, look to their immediate boss. Immediate boss is the reason people stay and thrive in an organisation. Different managers can stress out employees in different ways – by being too controlling, too suspicious, too pushy, too critical, but they forget that workers are not fixed assets, they are free agents. When this goes on too long, an employee will quit – often over a trivial issue".<sup>4</sup> Very right too!

The Bank submits its draft employment equity progress first to the EECB at least once a quarter where we detail our progress, discusses the barriers that exist and compare our employment equity progress with that of the Financial Sector Charter targets. The Bank is positioned way above the Financial Sector targets in all of the stipulated target levels and categories. In terms of the barriers to employment equity, staff identified 19 in 2000. This number has been significantly reduced to just 3 in 2006. Some officials from the Department of Labour have often cited the consultation mechanism of the Bank as a benchmark that other organisations could emulate.

The Bank's EECB has hosted various organisations that were keen to learn about how the Bank's consultative mechanism functioned so harmoniously. Further, the Bank's Change Management Unit was instrumental in establishing the Employment Equity Forum – a platform at which employment equity practitioners from the Bank and various other organisations including Telkom, Escom, SABC and the big-four banks meet to discuss, debate and demystify employment equity issues and prepare for challenges going forward.

The Bank is committed to more than just achieving its numerical goals. We are convinced that supporting our staff to develop their skills and proficiencies to their full potential is a more important objective than just pursuing a numbers game. In the last year we have conducted both a skills audit and a bank-wide organisational culture and climate survey primarily because we wanted to establish the developmental needs of our employees and also to determine empirically, what makes employees want to stay in the Bank's employ and what issues may coerce or indeed induce them to resign.

The findings of both audits have resulted in the need for a strategic response from the Bank to mitigate against the issues that have been identified. Over and above these interventions, the Bank has revised all of its policies to ensure that we remove all vestiges of unfair discrimination against the designated group and also to ensure that we kept abreast with best practices both nationally and internationally. The Bank has a generous study aid policy for both employees and their children. We have committed programmes that focus on ABET. Staff is encouraged to attend conferences both as participants and also as delegates in the country and internationally. Maternity benefits have been significantly improved. The Bank has joined the BankSeta in its Letsema project through which we fulfil some of our corporate social responsibilities. We have a dedicated programme that focuses on graduate recruitment (this is our cadet programme). The Bank views the policy revision process as an ongoing endeavour.

Our philosophical views on transformation are documented in the Bank's Vision 2010 which says that "*The responsibility to effect change lies not only with management, but also with all staff – every one should be an agent of change.*" The operative phrase here is that "everyone should be an agent of change", not to sit around and whinge and complain, but to do something positive to advance the good of the Bank and society.

Our position is that change and transformation are equally accountable partnerships between management and staff. The Bank has walked its talk and the success of transformation within the Bank is testimony of that enshrined philosophy. We have capable black and white staff that have stayed the cause, worked hard, have become internationally respected experts in their fields. I am eternally grateful to all of them for their dedication and loyalty.

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<sup>4</sup> For more on this issue see the book: First Break All The Rules – **What the World's Greatest Managers Do Differently** by Marcus Buckingham and Curt Coffman.

Let me conclude by asking some questions.

Firstly, when we wake up in the morning we are likely going to do one of the following: go to the loo, flush after our business is done and probably brush our teeth and have a bath as the case might be and whichever comes first. Do we ever ask ourselves the question: why is it that water actually comes out of the toilet, the bath tap? We will all say that it is the job of the technical people?

Well which people? What skills do they possess and who are they? Who are these water and toilet engineers? Are they members of the BMF?

Secondly, most of us came here to Durban most probably by South African Airways. Who was the pilot? Who were those guys at the Johannesburg Airport who work in the technical division of South African Airways? Are they in the BMF?

I am asking these and could ask more questions to draw our attention to the absolute imperative for all of us to look beyond our comfort zones and focus on the strategic human resources issues facing our country. We need to be aware that managerial and technical know-how in a transformed environment is fundamental to our success. The economy is becoming more and more service oriented and this requires a different skills mix than those which might have been applicable to the primary or even secondary sectors in the past.

Let us join hands and look on the bright side of these challenges.

**Ke a Leboga**

Thank you.