

GENERAL INTRODUCTION

1.1 INTRODUCTION

The first democratic and multi-ethnic election on 27 April 1994 in South Africa brought hope to thousands of South Africans. Through the government's affirmative action (AA) policy, workers were able to visualise a more prosperous future. Prior to the implementation of AA, people from previously disadvantaged groups, in an attempt to uplift themselves from poverty through higher education, were thwarted by discrimination, prejudice and institutional lag. Those seeking improved economic positions through employment were circumvented by a tradition of preferential treatment for whites. Despite being qualified on the basis of skill and competencies, Africans and other groups were forced to bargain in the labour market at a severe disadvantage. Caught in the web of prejudice and legal discrimination, they found that their ethnicity was reason enough for those in charge to deny them social and economic opportunities. When they did manage to secure job offers, they were assigned to menial positions that paid them lower salaries than those of their white counterparts. These injustices not only led to poverty, but also destroyed their spirit.

Since the general election in 1994, attempts to make South Africa a more just society have increased, and topics such as equality and social justice have frequently appeared at the top of all agendas. The government realised that legislation was necessary to guide organisations in promoting justice in the workplace, and the Constitution of the Republic of South Africa 108 of 1996 was therefore used as the primary source of any legislation pertaining to people's fundamental right to equality.

Some of the most important aims of the Constitution include rectifying injustices of the past and establishing a society based on democratic values, social justice and fundamental human rights (Van Wyk, 2002). The necessity to redress injustices of the past becomes apparent when one considers the social and economic inequalities that still exist in South Africa, especially those generated by apartheid. Any attempts to redress inequalities, however, should be based on upholding the values of human dignity, equality, freedom and social justice in a united, nonracial and nonsexist society in which all may prosper. If it is not done in this way, discrimination and social and economic inequalities will continue to exist, and any attempts to create a just society in which all people can live together in peace and harmony will be doomed to failure.

In an effort to govern the promotion of social justice and eradicate inequalities in the workplace, the government realised that it had to intervene actively, not only to prevent further discrimination, but also to purposefully promote the employment and advancement of persons disadvantaged by previous policies.

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Three Acts were promulgated, namely the Employment Equity Act 55 of 1998, the Promotion of Equality and the Prevention of Unfair Discrimination Act 4 of 2000 and the Preferential Procurement Policy Framework Act (Employment Equity Report, 2001). The underlying principle for the intervention of the state was that mere equality of opportunity would not be equitable, because many workers would commence with a handicap, and that true equality and equity would be achieved only through the implementation of strong measures against discrimination and the purposeful, planned placement and development of persons who were denied equal opportunities in the past. AA thus became the vehicle for democracy in the workplace (Innes, Kentridge & Perold, 1993).

According to Bendix (2001), AA refers to the purposeful and planned placement or development of competent or potentially competent persons in or to positions from which they were barred in the past, in an attempt to redress past disadvantages and render the workforce more representative of the population.

Most of the controversies and problems surrounding AA arise not from the principle as such but from the manner in which AA is implemented. It is effected incorrectly when organisations regard it as a political imperative with which they have to comply, and not as a business objective which includes having as effective and competent a workforce as possible. Consequently, persons are appointed in “AA positions” merely to window-dress or fill quotas, usually without due consideration of their suitability for the position or the possibility of support and development. Such arbitrary appointments leave other employees dissatisfied and are unfair to the appointees themselves, since they are placed either in meaningless positions or cannot handle their tasks, thus confirming the belief that AA appointees are “no good” (Bendix, 2001).

Another problem with AA is that the available pool of previously disadvantaged persons able to fulfil high level jobs is extremely small. The result is that the development of a small, highly sought-after group of candidates who are continually “poached” by one organisation from another. Thus only this élite group advances while the rest of the black African population remains where it was before. Employers should abandon the practice of looking for “readymade products” and instead develop persons for upward movement in the organisation. In such instances, AA should be closely linked to the development of employees’ skills, abilities and competencies (Thomas, 2002). Although the Employment Equity Act recognises the importance of human resources development, this Act alone cannot handle this task — hence the promulgation of the Skills Development Act. According to the Employment Equity Report (2001), a National Skills Development Strategy has been developed and national targets have been adopted for the beneficiaries of learning programmes:

- 85 percent black
- 54 percent women
- 4% percent people with disabilities

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The most prevalent accusation directed at AA initiatives is that they constitute reverse discrimination. There is a strongly held belief among the general public that AA regulations compel employers to appoint underqualified people from designated groups at the expense of qualified white males - a result both unfair in concept and detrimental to the organisation's competitiveness. AA will become unfair only if previously disadvantaged people are appointed "at all costs" without granting other people the opportunity to compete. All candidates have to be afforded the opportunity to compete and to be assessed against predetermined criteria, but an additional weighting can be placed on AA considerations. This means that AA candidates are given a slight, but not unreasonable, advantage over the other candidates (Charlton & Van Niekerk, 1994).

All sorts of advice has been given on how to design and implement AA programmes effectively. Generally, effectiveness is defined as the proportion of employees from previously disadvantaged groups that are hired or promoted. However, focusing on numbers only is a limited view of effectiveness. The perceived fairness of AA practices should also be an key indicator of effectiveness. Social scientists have long recognised the importance of justice as a basic requirement for the effective functioning of organisations and the personal satisfaction of the individuals they employ. One of the primary benefits of organisational justice conceptualisations is that they can be used to explain a wide variety of organisational behaviours. When practices are perceived to be unfair, they cause frustration, threaten employees' self- and social images, and, in some instances, even produce moral outrage (Greenberg, 1990). According to Robinson and Morrison (1995), other adverse effects of violation of employee perceptions of fairness include lowered trust in management and reduced organisation commitment. Hence, just as the injustices associated with selection systems (Gilliland, 1993), pay raise decisions (Folger & Konovsky, 1989), and other organisational phenomena foster job dissatisfaction and voluntary turnover, the perceived injustices resulting from AA are likely to translate into dislike for a job and prompt a subordinate to seek alternative employment. Violations of fairness can further result in legal battles, more negative attitudes towards the organisation, decreased job satisfaction, poorer self-esteem and lower probability that the AA programme will succeed.

1.2 PROBLEM FORMULATION

South African organisations will continuously be evaluated in terms of how well they meet employment equity targets. This will ensure that the changing nature of society is reflected in the composition of an organisation's workforce. As mentioned earlier, for a programme to be regarded as effective, it needs to comply with both legal and fairness requirements. Organisations will thus be under increasing pressure to make use of AA programmes that are technically and morally sound - and can be shown to be so. This is of particular significance if one considers the fact that employees will be more inclined to challenge procedures they regard as unfair (Cooper & Robertson, 1995).

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In view of the widespread recognition of the importance of fairness as an issue in organisations, it stands to reason that theories of justice have been applied to the question of understanding behaviour in organisations. In an attempt to describe and explain the role of fairness as a consideration in the workplace, a topic known as organisational justice developed. Organisational justice refers to people's perceptions of fairness in organisational settings. People will make fairness judgments by taking into consideration the *actual decision* or the *procedures* used to reach a decision. Organisational justice can thus be divided into distributive and procedural fairness.

For many years, the study of fairness in organisations was dominated by a *distributive justice* orientation, an approach that focused on the fairness of outcomes/decisions. Folger and Cropanzano (1998) defined distributive justice as the perceived fairness of an outcome or decision. According to Leventhal (1976), decisions or outcomes are determined by utilising three major justice rules: the *equity* rule, the *needs* rule, and the *equality* rule. The equity rule focuses on contributions, the needs rule is applied for personal welfare reasons and the equality rule is used to preserve social harmony. From an AA point of view, the equality rule should thus be used to make decisions. As this distributive perspective gained dominance, an independent approach to the study of justice began to develop. Soon studies of reactions to the *procedures* used to reach decisions were conducted. Researchers became interested in expanding the distributive justice orientation to include consideration of the methods, mechanisms and processes used to determine outcomes - that is, adopting a *procedural justice* orientation. Further research focused on people's feelings about unfair treatment and revealed a third dimension of organisational justice - *interactional justice* - people's sensitivity to the quality of interpersonal treatment they receive during the enactment of organisational procedures (Greenberg, 1996). Studies cited by Folger and Cropanzano (1998) showed that conflict, low performance, and poor attitudes tend to characterise insensitively treated individuals.

Given that the distinction between distributive, procedural and interactional justice has now been empirically established, the stage is set for researchers to consider how these varieties of justice relate to various organisational variables such as turnover, commitment, trust and supervisor/subordinate relationships. According to Folger and Cropanzano (1998), injustice can bring about negative consequences such as reduced job performance (Greenberg, 1988; Pfeffer & Langton, 1993), less cooperation with coworkers (Pfeffer & Langton, 1993), reduced quality of work (Cowherd & Levine, 1992), stress (Zohar, 1995), and theft (Greenberg, 1990). By thus understanding how perceptions of organisational justice are related to these variables, organisations should attempt to manage employees' perceptions of fairness and influence their performance.

In South Africa, no other issue has raised so many concerns about justice than AA. For many years AA has been a battleground for competing values, especially competing concepts of distributive justice. In the USA, after 20 or more years of AA, the government has finally admitted that the process has failed. Why? Because AA programmes were not implemented fairly; neither were employees' perceptions of the

fairness of the AA programmes managed. As soon as employees regard something as unfair, they tend to reject it, and any further interventions will be doomed to failure. If South Africa wishes to make a success of AA, organisations should understand how perceptions of AA influence employees' attitudes and behaviour and consequently impact on the success of the organisation. Although significant progress has been made in restructuring and transforming South African society and its institutions, inequalities and unfair discrimination remain deeply embedded in social structures, practices and attitudes, undermining the good intentions of the country's constitutional democracy (Van Wyk, 2002). A special attempt should thus be made to eliminate discrimination and manage employees' resistance to change.

According to Folger and Skarlicki (1999), employees' negative feelings about or resistance to change can be overcome by applying fairness principles. Fairness principles provide an opportunity to mitigate some of the adverse organisational consequences of individuals' resentment-based resistance to change. However, an organisation's obligation to employees entails more than fair treatment with respect to the salaries and benefits given in exchange for labour (distributive justice), and more than fair treatment regarding the implementation of policies and procedures that determine those levels of compensation (procedural justice). In addition, organisations have a moral obligation to treat an employee with sufficient dignity as a person (interactional justice). Because organisations in globally competitive markets are less able to offer traditional rewards (lifelong employment, promotions, long-term compensation), one of the only means they have to induce employees to stay is an environment that communicates that it values them. If this is so, interactional justice plays a major role in influencing the attitudes and behaviours employees require for successful performance, even under conditions of adversity and loss, which is often the case with AA.

The fairness of AA from an organisational justice perspective has not yet been researched in South Africa and little is known about how perceptions of AA fairness affect employees' behaviour and consequently the success of organisations. One of the challenges facing organisations is to find a way to implement AA programmes to gain a competitive advantage without creating negative employee attitudes. This study will investigate in particular how the perceived fairness of AA influences employees' commitment. Unless employees perceive AA initiatives as fair, they will not commit themselves to the common purpose of maximising their own and one another's success and ultimately accomplish something beyond their individual achievements.

Several studies on organisational justice have examined the fairness of various organisational practices such as performance appraisals (Tang & Sarsfield-Baldwin, 1996), promotion decisions (Lemons & Jones, 2001), and pay raise decisions (Folger & Konovsky, 1989). No evidence could however be found that the fairness of AA has been studied nor has the influence of fairness perceptions of AA on employees' commitment been researched.

1.3 PURPOSE OF THE RESEARCH

With due consideration of the above-mentioned problems, the aim of this study is to answer the following research questions:

- (1) What constitutes AA fairness?
- (2) How do the various employee groups (ethnicity, gender, staff category, income, etc) differ with regard to the fairness of AA?
- (3) How does the treatment of AA employees influence their perceptions of the fairness of AA?
- (4) How do perceptions of the fairness of AA and the treatment of AA employees influence employees' commitment?

A comprehensive literature study will be performed to answer the research questions and to reach the research objectives. The purpose of the literature study is to identify fairness principles, outline AA practices that could influence employees' fairness perceptions and identify work behaviours most commonly performed by committed employees. On completion of the literature study, a measuring instrument, namely a questionnaire, will be developed. The organisational justice principles as discussed in the literature study, will be used as a basis to create an item pool measuring employees perceptions regarding the fairness/unfairness of AA. Existing questionnaires on justice will also be used as a starting point in developing the questionnaire which will measure employees' perceptions regarding the fairness of AA and how it impacts on their commitment.

By keeping the above research questions in mind, the *primary objective* of the research is to develop a valid and reliable measuring instrument to identify the major components of AA fairness. The *secondary objectives* of this study are to determine:

- (1) the relationship between employee demographic characteristics (ethnicity, age, gender, staff category etc) and perceptions of AA fairness, treatment of AA employees and employee commitment.
- (2) the relationship between the treatment of AA employees and employees' perceptions with regard to the fairness of AA
- (3) the relationship between employees' commitment and perceptions about the fairness of AA and the treatment of AA employees

1.4 PLAN OF THE RESEARCH

This research report comprises nine chapters.

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Chapter 1 addresses issues such as the formulation of the problem and the purpose and plan of the research study.

Chapter 2 provides a theoretical overview of AA. The concepts “AA” and “employment equity” are clarified and by means of a schematic representation, the legislative framework for the regulation of the employment relationship is provided. The challenges facing South Africa are highlighted. The progress and pitfalls of AA and the contentious issues of quotas and targets, and organisations’ commitment to social responsibility and AA are briefly discussed. AA issues such as preferential treatment, the complexity of confronting discrimination, the setting of standards and tokenism are discussed with a view to indicating how they relate to perceptions of fairness.

Chapter 3 provides an overview of the South African legislation pertaining to the prevention of unfair discrimination and promotion of equality in the workplace. Since it is not the purpose of this study to investigate the management of AA as such, chapter 3 focuses on the implications of AA for HR policies, procedures and practices. Discriminatory practices and guidelines on the implementation of AA programmes are outlined.

Chapter 4 provides a historical overview of the meaning, scope and nature of organisational justice. The distributive, procedural and social determinants of justice are discussed with a view to explaining how employees determine the fairness of events. A special attempt is made to extend theories from the organisational justice literature to the AA domain in an attempt to promote the understanding of AA fairness. In particular, the activities in organisations that tend to trigger justice concerns, and the way in which employees respond to injustices are outlined.

Chapter 5 deals with the various aspects of commitment and the meaning of employee commitment in an attempt to explain the possible effect of perceptions of AA fairness on employees’ commitment. As mentioned previously, one of the primary benefits of organisational justice conceptualisations is that they can be used to explain a wide variety of organisational behaviours. A study of the perceived fairness of AA will thus serve no purpose unless it can be used to determine how it influences employees’ commitment. This study will specifically investigate the way in which employees’ commitment is influenced when they perceive injustice in AA practices.

Chapter 6 provides an overview of the case bank. Since banks have experienced dramatic changes such as deregulation over the past years, they are faced with competitive operating environments. This has compelled banks to adopt a customer services orientation. Competent and committed employees are needed to render good customer service. The bank used in this study is a leading bank in the implementation of AA initiatives, and this chapter therefore provides an overview of the bank’s workforce profile, industrial relations, employment equity and change initiatives.

Chapter 7 deals with the empirical research. It explains the research methodology and includes issues such as the design and administration of the questionnaire, population and sampling, and the collection of data. The representativity of the response rate and the statistical research methodology used are also discussed.

Chapter 8 focuses on the interpretation and discussion of the research results. The results of factor analysis, analysis of item bias, reliability, analysis of variance, multiple analysis of variance, correlation and multiple regression analysis are discussed.

Chapter 9 contains the summary and recommendations of the study. Recommendations for influencing employees' perceptions about the fairness of AA will be provided to ensure the commitment of employees and the achievement of organisational goals. The focus in the discussion of the results will be on answering the research questions. Only the statistical significant findings with practical implications will be discussed and implications for management will be provided. The limitations of the study and suggestions for future research will also be outlined.