"Space creation": a strategy for achieving employment equity at senior management level

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Abstract

This research set out to establish whether "space creation" is a viable strategy for accelerating employment equity. In this exploratory qualitative research a series of in-depth interviews were conducted with acknowledged experts in the field. The data from these interviews were analysed to assess "space creation" and other employment equity approaches. A model was developed which links the affirmative action and "space creation" strategies to the organisation's human resource strategy and planning activities, its strategic business objectives and ultimately the business case for change. A second model has been developed which links the "space creation" strategies to their associated risks and rewards to enable organisations to choose the strategy that best fits their circumstances.

1 Introduction

The vision of a transformed South Africa, which meets the needs of all its citizens, has inspired a plethora of policy, strategy and programme interventions. These interventions aim to bring about structural reforms to redress racial discrimination, promote equity and ensure economic development, employment creation and poverty eradication. Despite a decade of democracy and the promulgation of several pieces of legislation, employment equity in the private sector has been slow (Mde 2005). The Employment Equity Report of 2003 shows that only 24% of all top management positions are occupied by black people, of whom only 6% are female. A similar pattern is evident at senior management level where 26% of all positions are occupied by black people, of whom only 7% are women. Only 15 listed companies have predominately black boards and 143 out of a total of 309 companies do not have any black board members at all (Theobold & Mahabane 2005). It is clear that few organisations have been successful in achieving employment equity at senior management level.

Although affirmative action strategies such as preferential recruitment, accelerated development, succession planning and talent management have been pursued, little is mentioned in the literature about "space creation" as a viable strategy for transformation (Implats 2004; Mittal Steel South Africa Limited 2005). For the purposes of this study, "space creation" is defined as any course of action which persuades senior white managers to leave the organisation to create opportunities for black managers to assume their roles. Given that this process is implicit in affirmative action

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and employment equity, it is somewhat surprising that no literature is available on its viability or efficacy as a tool for organisational change. This is probably due to the emotive and seemingly unpalatable nature of this interventionist strategy. Similarly, no data on the subsequent breakdown of the psychological contract with existing white employees, the loss of organisational memory, or the financial costs associated with "space creation" are available. This study sets out to identify the efficacy of using "space creation" as an alternative human resource planning strategy to accelerate transformation. Throughout this article, the generic term "Black" will be used to refer to indigenous African, Coloured and Indian people, unless otherwise stated.

2 Change and workplace transformation in South Africa

2.1 *Transformation in South Africa*

"*The concept of transformation has become a symbol of South Africa in transition…*" (Esterhuyse 2003:1). South Africa's transformation is driven by socioeconomic and political needs, the most important of which are strategic and moral in nature. According to Esterhuyse (2003), the moral perspective is concerned with dismantling the legacy of apartheid by transforming the basic structure, culture and core values of society and ensuring equitable access to resources, opportunities and skills. On the other hand, the strategic perspective is concerned with driving economic growth and eradicating poverty. According to Nkomo and Cook (in Luiz 2006), African business leaders today find themselves in a paradoxical situation – they face the need to make organisations leaner and more competitive while at the same time developing people and contributing to the socioeconomic upliftment of the community at large.

According to Booysen (2005:9), "On the journey towards transformation a number of Law Reform efforts and Affirmative Action legislation have been initiated in South Africa to achieve social justice and equality and to redress past unfair discrimination." The Employment Equity (EE) Act 55 of 1998, seeks to promote equal opportunity in the workplace by eliminating all forms of unfair discrimination and implementing affirmative action measures to redress discrepancies in the distribution of jobs, occupations and incomes. Secondly, the broad-based Black Economic Empowerment (BEE) Act 53 of 2003 and the supporting draft code of good practice of 2004 seek to promote economic transformation to ensure access and meaningful participation by all black people in the economy. This legislation is aimed at moving beyond broad-based ownership and includes black management representation at executive level. From 2004 industry sector charters have been developed setting targets for BEE in sectors such as mining and banking in order to redress the past and increase access to managerial and economic opportunities to majority groups previously denied these opportunities (Horwitz in Luiz 2006).

While affirmative action strategies adopted in the early 1990s were aimed at levelling the playing fields and creating equal employment opportunities for Blacks, few organisations linked this to competitive advantage and business survival (Thomas 1996). Government's broad-based BEE Act and the industry charters, however, may now start to impact on organisations' sustainability. Firms that fail to address all components of the balanced scorecard (BSC) and that fall into the limited preference category are likely to lose business, in terms of financing, preferential procurement and other support, to their competitors. All else being equal, the supplier in a higher BEE preference category will enjoy a competitive advantage over one in a lower preference category.

In addition to the above-mentioned EE and BEE Acts, other drivers for implementing employment equity identified by Charoux and Moerdyk (1997) include: an organisation's desire to develop a good relationship with Government through its EE record and now its BEE BSC, changing customer demographics which necessitate a change in an organisation's internal staff complement, ensuring that all the skills in the country are developed and utilised to further South Africa's economic growth and ensure its global competitiveness, pressure from other stakeholders such as unions and the Black Management Forum, and the organisation's moral obligation to redress the injustices of apartheid.

Both the moral and strategic imperatives for transformation are far more urgent in 2006 than when affirmative action was first mooted in South Africa in 1978. It was only with the democratisation of the political landscape in South Africa in 1994 that affirmative action really took off, focusing primarily on liberating the historically disadvantaged black majority (Herholdt & Marx 1999). According to Jain, Sloan and Horwitz (2003), affirmative action and employment equity both refer to proactive policies which seek to redress work-related inequalities that exist along racial, ethnic, gender, caste and disability lines. Jain et al (2003:2) go on to say that "*affirmative action and employment equity programmes are legislatively driven, whereas diversity management is strictly voluntary….and motivated by business objectives*".

The evolution of affirmative action in South Africa is well illustrated by Herholdt and Marx's (1999) affirmative action continuum. This framework suggests that organisations can implement a range of strategies along the affirmative action continuum to realise their employment equity objectives. These range from simple short-term reactive measures focusing on the removal of barriers to the creation of equal opportunities, to complex long-term proactive measures focusing on the development of disadvantaged groups and the harnessing of diversity. While diversity management is seen as the ideal end-state of a transformed workplace, evidence suggests that most organisations are still focused on evolutionary strategies to create equal employment opportunities and, as such, maintain the status quo. No mention is made of more disruptive proactive strategies such as "space creation" to accelerate transformation.

2.2 *Human resource planning*

Horwitz, Bowmaker-Falconer and Searll (1996) and Boonzaier and Boonzaier (1999) propose that implementing employment equity within the broader context of human resource planning will not only ensure compliance with the legislative requirements but will improve the overall effectiveness of the organisation in meeting its strategic objectives. Their end goal is for organisations to achieve global competitiveness and economic growth through improved labour and capital productivity and skills capacity, by linking human resource planning to strategic business processes. Boonzaier and Boonzaier's (1999) human resource planning model addresses the need to identify shortages and/or surpluses in the labour market to assist in meeting organisations' employment equity and business strategies. The steps in this process consist in human resource demand and supply forecasting, and assessing the human resources currently available within an organisation or internal labour market (Grobler, Wärnich, Carrell, Elbert & Hatfield 2002). This assessment dovetails with the workforce analysis prescribed in the Employment Equity Act of 1998. Organisations can then establish strategies and draw up plans of action to address projected shortages and/or surpluses in line with human resource objectives and employment equity targets. Organisations facing issues such as labour surpluses of white males could consider retrenchment,

demotions, transfers, early retirement, reduced working hours, job sharing, retraining, etc. This is the area of "space creation" that is the focus of this article.

Boonzaier and Boonzaier (1999) and Greeff and Nel (2003) list a number of affirmative-action related measures available to organisations to redress workforce imbalances: preferential recruitment of people from designated groups, creation of a pool of entry-level posts from which candidates can be drawn to fill posts as required, training and development, on the job coaching and mentorship, broad-based succession planning, retrenchments, incentives for early retirement of non-recipients of affirmative action (cf "space creation"), natural attrition including resignations, retirements and deaths, and organisational restructuring. Such measures should make it possible to appoint more blacks to higher levels in the organisation. However, only a few of these measures deal specifically with creating space within the organisation to accelerate the advancement of blacks to more senior levels. The following sections explore the theory base for organisational change, empirical evidence of the critical success factors for achieving employment equity, and barriers to success.

2.3 *Employment equity as organisational change management*

Change management has become a label that is applied to a wide range of interventions aimed at turning organisations into stronger competitors (Shrok 2004; Kotter 1995). In essence, workplace transformation for employment equity purposes is no different from any other major organisational change initiative and hence some seminal theories of change are considered below.

Transformational change as described by a wide range of authors such as Greiner and Lewis includes change which is driven by changes in the business operating environment, and which affects multiple aspects of organisational systems, structure and practices (Shrok 2004). Transformational or second order change requires a redefinition of the relevant psychological space (Chapman 2002). Planned change has been viewed from a variety of conceptual perspectives and a plethora of variables have been proposed that impact on change (Ford & Greer 2005). However, the success of organisational change programmes and the effectiveness of change management have been questioned, as is evidenced by very high failure rates (Cao & McHugh 2005). These authors also describe how change should be contingent on organisational environmental influences. For the purposes of this article employment equity initiatives are viewed as planned transformational change processes.

Beer and Nohria (2000) contend that there are two archetypes of change. Theory E change is premised on economic value and is seen as a hard approach to change where shareholder value is the only legitimate measure of success. It therefore embraces strategies which effect rapid turnaround, such as downsizing, layoffs and restructuring. Interventionist "space creation" strategies for accelerating transformation are E-types change where shareholder value embraces the organisation's relationship with government and compliance with the EE and BEE Acts. Theory O, on the other hand, is based on organisational capability, and seen as a much softer approach for effecting change. It focuses on "*developing culture and human capability through individual and organisational learning*" (Beer & Nohria 2000:134). Affirmative action strategies such as accelerated development, succession planning and talent management are more aligned to O-type change as they seek to maintain the psychological contract with all employees and maintain employee commitment.

Beer and Nohria (2000) believe that it is possible to adopt a combination of Theory O and Theory E measures, which allow businesses to satisfy their shareholders while building viable institutions. They say that companies that effectively combine hard and soft approaches to change often reap significant rewards in improved profitability and productivity which lead to sustainable competitive advantage. Table 1 captures the dimensions of change which form the basis of these two theoretical frameworks.

Table 1
Dimensions of change of theory E and theory O

Dimensions of change	Theory E	Theory O	Theories E and O combined
Goals	Maximise shareholder value	Develop organisational capabilities	Embrace paradox between economic value and organisational capability
Leadership	Manage change from the top down	Encourage participation from the bottom up	Set direction from the top and encourage people from below
Focus	Emphasize structure & systems	Build up corporate culture: employees' behaviour & attitudes	Focus simultaneously on the hard (structures & systems) and the soft (corporate culture)
Process	Plan & establish programmes	Experiment & evolve	Plan for spontaneity
Reward systems	Motivate through financial incentives	Motivate through commitment – use pay as fair exchange	Use incentives to reinforce change but not to drive it

Source: Beer et al 2000:137

By understanding the dimensional differences between these two theories, as well as their limitations, the study will attempt to map the merits and demerits of "space creation" to E and/or O type change.

Once firms have chosen which archetype of change to adopt in order to implement employment equity, they then need to decide which activities should take place in order to initiate and carry out successful organisational change (including racial transformation). Seminal multi-step processes for effectively managing large-scale organisational change have been developed by authors such as Kotter (1995), Kanter, Stein and Jick (1999) and Cummings and Worley (2005). Their models follow similar themes although the groupings of the various steps are slightly different (see table 2).

Table 2
Steps for creating large-scale organisational change

Kotter's eight steps	Kanter, Stein & Jick's ten commandements	Covin and Kilmann's positive impact issues
Establishing a sense of urgency	Analysing the organisation and its need for change Separating from the past Creating a sense of urgency	Motivating change
Creating & guiding coalition	Lining up political sponsorship Supporting a strong leader role	Developing political support
Developing a vision & strategy	Creating a shared vision and common direction	Creating a vision
Communicating the change vision	Communicating, involving people and being honest.	
Empowering broad based action	Developing enabling structures	
Planning for & creating short-term wins	Crafting an implementation plan	Managing the transition
Consolidating gains & producing more change		Sustaining momentum
Anchoring new approaches in culture	Reinforcing and institutionalising change	Sustaining momentum

Source: Kotter 1995:21   Kanter et al 1999:21   Cummings et al 2005:156

In general in all of these models the first phase looks to awakening the organisation to a new reality so it can disengage from the past (ie awakening the organisation to the need to redress racial imbalances and create space for Blacks). This involves supporting change by creating an environment in which people accept the need for change and commit physical and psychological energy to change. The next phase involves the winning of political support and the creation of a plan for managing change activities to ensure successful transformation. The last phase looks at reinforcing and institutionalising change. As new attitudes, practices and policies are put in place, it is important that these new behaviours are incorporated into the day-to-day operations of the organisation. The risks and rewards of "space creation" need to be assessed within a change management framework of this kind.

2.4   *Employment equity critical success factors*

Human, Bluen and Davies (1999), Thomas (2003), and Jain, Sloan and Horwitz (2003) have identified the following best practices for achieving employment equity success: active management commitment and accountability from senior, middle and line management, effective consultation and two-way communication between management and employees, effective employment practices that promote fair recruitment and selection procedures and continuous development through means such as parallel career-pathing and job rotation and organisational culture that is inclusive of all. Jain et al*'s* (2003:112) best practice "*does not require the discharge of non-designated groups and their replacement with designated employees, nor does it create a bar to the advancement of non designated groups*". This is in stark contrast to the premise of this study that "space creation" is/or needs to be practised, where senior white managers are incentivised to leave the organisation to make space for black managers.

2.5 *Barriers to achieving employment equity*

Booysen (2005) states that there has been slow progress in the implementation of the Employment Equity Act in that it has been relatively ineffective in eliminating previous disparities and underrepresentation. While there clearly is an overriding motivation to embark on employment equity, according to Thomas (2002) the following concerns have been raised by business from both a strategic and an operational perspective:

- a potential decrease in foreign direct investment and entrepreneurial activities owing to overregulation of the labour market
- an increase in administration costs for both government and the private sector in complying with, monitoring and enforcing legislation
- unrealistic expectations from designated groups who still require training and development
- a culture of entitlement

This is supported by Maharaj (2003), who states that white managers believe that employment equity has led to a breakdown of the relational and transitional components of the psychological contract between them and their employer.

3   Research aim

It is evident from the literature review that Government legislation will see employment equity gaining greater momentum. The literature abounds with specific affirmative action measures available to organisations to redress workforce imbalances. Surprisingly, no specific mention is made in the literature of "space creation"; it seems to be "unmentionable" but implicit as a viable strategy to accelerate the rate of racial transformation in senior management in South African organisations. This research therefore sets out to explore the perceived efficacy, the associated risks and rewards and best practices for enabling "space creation" by examining six research questions.

4   Research methodology

There is a dearth of academic literature on the use of "space creation" as a strategy for accelerating transformation within organisations. Therefore an exploratory qualitative research approach was used. According to Welman and Kruger (2001:18), "*the purpose of exploratory research is to determine whether or not a phenomenon exists and to gain familiarity with such a phenomenon*". It typically is undertaken in a relatively new area, such as "space creation", which lacks established theories or research findings and allows for as much qualitative information to be gathered as possible to form a complex, holistic picture of the problem (Leedy 1993). The qualitative approach is based on the assumption that "*the data of interest must be generated from the participants' point of view*" (Schmitt & Klimoski 1991:117) and this approach "*is….concerned to identify concepts in the data and to develop a theory which incorporates them*" (Walker 1985:178).

  The research technique of in-depth interviews (Welman & Kruger 2001) was followed. The purpose of the interview was to develop constructs and identify issues around employment equity and the merits and demerits of space creation in particular. During the interview, the researcher used an interview schedule based on the six research questions detailed in section 5 and prompted the respondent by asking open-ended questions and testing understanding of key constructs and themes raised during

the interaction. All interviews were tape-recorded and then key aspects were transcribed.

The population, which was defined as practitioners with acknowledged expertise in the field, included

- leading academics in the field of affirmative action, employment equity and diversity management identified via the extent and relevance of their published work in the field
- companies that had scored well in the areas of employment equity at senior management level in the *Financial Mail*'s Top Empowerment Companies 2005 survey (Theobald & Mahabane 2005), that is benchmark organisations;
- companies that have not yet achieved their employment equity goals, but that have publicly acknowledged using, and/or are considering using, "space creation" among their change efforts,
- and finally state-owned enterprises that have successfully used "space creation" as a strategy for transformation.

Non-probability purposive sampling techniques were used to "select a small number of people with specific characteristics, behaviour or experience which may be postulated to offer different perspectives on the research problem" (Walker 1985:179). During the initial interviews, respondents were asked to identify further suitable interview candidates on the basis of their knowledge, experience and insight. In this way snowball sampling was incorporated into the methodology in order to obtain an expert sample.

From the literature (Walker 1985) and previous research (Brehm 1994) utilising the proposed methodology, between ten and fifteen interviews were considered sufficient to establish reliable constructs. Walker (1985) suggests that an appropriate sample size is one where very few new insights into the research problem are being added from additional interviews (ie the point of diminishing returns has been reached). On this basis thirteen in-depth interviews were conducted, each lasting between an hour and an hour and a half. Table 3 provides a breakdown of the types of organisations and industry sectors from which the sample was drawn Four of the participants were leading academics and/or consultants in the field while nine participants represented firms from a wide range of industries selected as detailed above.

Table 3
Organisational affiliation of the sample population

Type of organisation	Sector	No of respondents
Private enterprise	Resources	4
	Food and beverages	1
	Financial services	3
State-owned enterprise	Energy	1
Consultancy	Diversity management	2
Academic	Organisational development	1
Independent expert	Human resource management	1
	Total	13

4.1 *Data analysis*

In order to create structure and make sense of the data collected in the interviews, content analysis was undertaken using the transcribed interview notes (Jones 1985). According to Welman et al (2001), content analysis involves the systematic examination of sources of information to record the relative incidence or frequencies of themes (ie words, phrases, sentences or paragraphs) and the way in which these themes are portrayed (ie the underlying meaning or latent intent). The major constructs and themes were extracted from the data and clustered under the broad headings of the research questions. Tables of the constructs were prepared and the constructs under each research question ranked in order of importance. Both the importance of an issue (ie from the perspective of all the participants) and evidence of its incidence (ie provided by the organisations included in the study) were assessed. Given the exploratory nature of the research and the expertise in the sample even low frequency counts may be important and were included where appropriate. In all cases n=13.

4.2 *Limitations of the research*

The following research limitations must be borne in mind when interpreting and extrapolating the findings: Given that non-probability purposive sampling relies on the judgment, insight and skill of the researcher, the sample may not be truly representative of all organisations and experts. Interviewer bias may have been introduced in the process of data collection and interpretation as we all have our own paradigms through which we see the world.

5 Results

5.1 *Research Question 1 – Business imperatives for transformation*

Research question 1 sought to establish whether the business imperative for employment equity was currently driven by factors external and/or internal to the organisation. The findings are shown in table 4.

Table 4
Key drivers of employment equity

Constructs	Number of respondents who considered these constructs important
The business case for transformation must be articulated	13
Employment equity is driven by factors external and internal to organisations, namely:	
− Legislation (ie BEE, EE Acts and sector charters)	13
− Staff retention strategy	12
− Customers	7
− Suppliers	5
− Relationship with Government	3
− Other stakeholders (unions)	3
It must be integrated with the organisation's strategic objectives	7

All thirteen respondents agreed that there was a strong business case for employment equity, driven equally by factors external and internal to the organisation. As one respondent pointed out; *"diversity supports total shareholder value".* This outcome is in direct contrast to Thomas's (1996) earlier finding that less than 3% of organisations linked employment equity to their competitive advantage and business survival. It would appear that the difference between the current findings and those of previous researchers stems from the fact that the business imperative for achieving employment equity has changed. It is no longer driven by organisations' moral desire to right the injustices of the past, but is increasingly driven by legislative compliance, competitive advantage and business survival. Legislative compliance was shown to be the most important driver of employment equity.

Half of the respondents felt that in order for employment equity to be successful, it had to be linked to an organisation's strategic objectives (eg "*transformation must be located in corporate strategy, EE must form part of our overall BEE strategy and align with the strategic objectives of the business*"). Boonzaier and Boonzaier (1999) and Horwitz, Bowmaker-Falconer and Searll (1996) have expressed similar sentiments. The other external factors which were found to shape transformation, namely a changing customer profile, organisations' relationship with government and demands from suppliers and other stakeholders, were also acknowledged by Charoux and Moerdyk (1997) as drivers for achieving employment equity. Here, too, the introduction of government's BEE balanced scorecard has raised the stakes. Unpacking the internal drivers of staff retention further, respondents felt that the opportunities for career development, organisational climate and generational aspirations were important considerations in attracting and retaining black talent within the business.

5.2 *Research question 2 – Human resource planning*

Research question 2 sought to establish the importance of implementing affirmative action measures (including "space creation") within the broader context of human resource planning activities. The results are shown in table 5 below.

Table 5
Importance of implementing AA in the context of HR planning

Constructs	Number of respondents who considered these constructs important
Affirmative action must be implemented within the broader context of human resource planning in order to be successful	12
Human resource requirements need to be forecast to achieve EE targets	6

Twelve of the thirteen respondents agreed that affirmative action measures cannot be separated from the company's human resource planning activities. This supports the premise on which Boonzaier et al*'s* (1999) human resource planning model is based, namely, that it should simultaneously meet the needs of organisations' employment equity and business strategies. As one respondent said, "*Any "space creation" must be done in a planned and strategic way. It must be handled in a holistic manner…..and integrated it into all your human resource planning e.g. career pathing, retirement…*"

5.3 *Research question 3 – Traditional affirmative action measures*

Successful affirmative action measures, credited with achieving employment equity, as reported by the respondents, are ranked in table 6.

Table 6
Successful affirmative action measures

Constructs	Number of respondents who considered these constructs important
Successful affirmative action measures for achieving employment equity include:	
• Preferential recruitment and selection from the external labour market	10
• Broad-based succession planning and accelerated development to supply pool of internal candidates	9
• Organisational expansion to create new positions and aid mobility	7
• Organisational restructuring to create new positions and aid mobility	6

The results revealed that preferential recruitment and selection from the external labour market was the most successful approach to achieving employment equity. This was followed closely by internal development and succession planning. As one respondent indicated, "*You have to do both preferential recruitment and internal development as you want to send immediate signals to your staff that you are serious about transformation, but also have clear career paths so that people can see that they are being developed for a purpose*". These findings support those of Boonzaier and Boonzaier (1999) and Greeff and Nel (2003), although none of these authors has ranked any of these affirmative action measures according to their effectiveness.

The next most important affirmative action measure involved the creation of new positions. These new positions were created either through organisational restructuring or as a result of expansion and/or to raise the headcount in functional areas where black skills were scarce. The following comments from respondents illustrate this point: "*Where a good candidate was found….we created an additional position." "Establishment of regional offices allowed creation of new positions which were filled by Whites to create space for Blacks back in South Africa." "We created a budget to run with additional headcount.*" Organisations that split the existing portfolios of senior white managers to create opportunities for senior black managers were included under this category.

Restructuring activities have been classified by Beer and Nohria (2000) as Theory E change. Given that the restructuring activities described in table 6 resulted in the creation of additional posts, and sought to build additional capability through individual and organisational learning, in this instance they appear to be more closely aligned with Beer and Nohria's (2000) O-type change. It could be argued that all the affirmative action measures discussed above sought to retain a strong psychological contract with existing employees as the risk of breaking these contracts, and losing employee commitment by adopting more aggressive strategies, was seen to be too high. This is typical of Theory O change (Beer & Nohria 2000).

Other affirmative action measures such as job sharing, retrenchments, demotions and transfers, reported by Boonzaier et al (1999) and Greeff and Nel (2003) as viable approaches for dealing with labour surpluses, were not mentioned by any of the

respondents. However, natural attrition and retraining are shown below to be space creation strategies adopted by firms.

5.4 *Research question 4 - Feasible "space creation" strategies*

Research question 4 sought to identify which "space creation" measures were viable approaches for helping to achieve employment equity. The results are shown in table 7.

Table 7
Feasible "space creation" strategies

Constructs	Number of respondents who considered these constructs important
Feasible "space creation" strategies include:	
• Natural attrition	9
• Providing financial incentives for early retirement	9
• Job shadowing	8
• Increasing employability through retraining	7
• Voluntary severance	7
• Expatriate assignments	4

It should be noted that in most instances the interviewees preferred to talk about opportunity creation rather than "space creation" as this was seen to have more positive connotations.

In discussing natural attrition as a possible approach to achieving employment equity, the following comments were made: "Natural attrition is not fast enough and not viable in an overstaffed organisation." "Space creation" is necessary where you have a roadblock, where you cannot move forward because the natural rate of attrition is low."

Only two firms actually provided financial incentives to encourage early retirement. Several alternative methods of identifying future senior positions for "space creation" were proposed by the respondents. These included targeting white managers who are underperforming and/or not competent in diversity management, and/or career blockers (high performance but low potential individuals who have reached a plateau in current positions and so limit mobility).

Eight respondents cited job shadowing as a "space creation" option. This approach involves: Identifying critical senior positions that will become vacant within the next few years either through normal retirement, promotion or restructuring, and then recruiting and selecting suitable black candidates to shadow the current incumbents, transferring knowledge and skills to the black successors and financially rewarding the incumbents on successful handover of full responsibility for the role. One of the respondents felt that "*the definition of victory of transformation is to work yourself out of a job and leave someone behind that is actually smarter than you*". This embodies the optimal sentiment of the job shadowing space creation strategy.

Seven respondents felt that voluntary severance and increasing employability through retraining were viable "space creation" strategies, while four respondents cited expatriate assignments as an alternative. Of the organisations that have used expatriate assignments to aid black executive mobility in their local operations, one indicated that "*we have repatriated over 40% of our white executives…..you can only do this if your recruitment, development, promotion and reward systems i.e. your total*

offer is aligned". Another cautioned that not all white managers identified for early exit want to become entrepreneurs or start an alternate career and therefore offering retraining to improve their employability outside the organisation may not be successful. An alternative idea proposed was to set up an academy staffed by these senior managers to offer consultancy and coaching or leadership services and hence share their wealth of expertise and organisational memory.

Advice offered by respondents to firms considering early retirement incentives focused on shifting the balance towards Theory O change principles by encouraging participation in the process by those most affected by it. Effective consultation and two-way communication between management and employees affected by change is one of the best practices for achieving employment equity previously identified by Thomas (2003), Human, Bluen and Davies (1999) and Jain et al (2003)**.**

Although Greeff et al (2003) mentioned natural attrition, early retirement, separation and redundancy packages as possible mechanisms to achieve racial and gender transformation, they felt that these approaches would fall short of achieving the desired targets within the desired period, and proposed job sharing instead. However, this strategy was not mentioned by any of the respondents in the current study. Similarly, Boonzaier and Boonzaier's (1999) use of early retirement and retraining to deal with labour surpluses was not anchored in the context of "space creation" per se. On the other hand, Human, Bluen and Davies' (1999) suggested use of expatriate assignments to achieve executive mobility is supported by the findings.

5.5 *Research question 5 – Risks associated with "space creation"*

Research question 5 sought to establish the risks associated with "space creation" as a strategy for accelerating transformation. The results are shown in table 8 below. All thirteen respondents felt that a breakdown in the psychological contract with existing white employees constituted the highest risk. This supports Maharaj's (2003) finding, namely that white managers believe that employment equity has led to a breakdown of the psychological contract between them and their employer. Some comments made were: "*Where your job, your livelihood is threatened you are bound to become angry.*" "*You cannot transform without creating heartache.*" One of the respondents felt that it was important to "*send a message to the whole group that this "space creation" strategy is not permanent by nature…just necessary to address imbalances of the past*".

Table 8
Risks associated with "space creation" strategies

Constructs	Number of respondents who considered these constructs important
"Space creation" carries a high risk of:	
• Breaking down the psychological contract with existing white employees	13
• Loss of organisational memory due to lack of commitment or processes to transfer knowledge and skills	9
• Substantial cost to provide incentives	8
• Increased distrust and racial tensions	5
• Loss of leadership skills	4

Aggressive "space creation" strategies such as voluntary severance and providing financial incentives for early retirement are best described by Beer and Nohria's (2000) E-type change. These approaches take little cognisance of the psychological contract with employees. This is typical of Theory E change, which focuses on maximising shareholder value only (ie good relationships with government, a high BEE score with all its concomitant benefits), compared to Theory O change, which focuses on building organisational capacity.

Nine respondents indicated that there was a high risk of losing organisational memory by adopting aggressive "space creation" strategies. They presented the following evidence: "*I think the mistakes were that they were too quick in their transformation efforts and they ended up draining the organisation of organisational memory which is a key component of business success". "They slashed their organisational memory because they did not do "space creation" in a planned way.*" Again, this is associated with Beer and Nohria's (2000) E-type change which takes little cognisance of building organisational capability or corporate culture. In addition to a loss of organisational memory, four respondents highlighted the loss of leadership skills in particular as a risk. The following is an example of a comment about this phenomenon: "*A lot of companies got rid of senior white managers and then found they did not have the capacity in the organisation and had to call these guys back as consultants at much higher cost.*"

The financial burden associated with voluntary severance, early retirement incentives, the appointment of additional headcount and the payment of salary premiums was shown to be another important risk identified by respondents. Eight respondents felt that the financial burden was high but necessary*: "If you need to transform because the lack thereof has become an embarrassment and impediment to business, you must be willing to pay the price to create space." "We need to invest …..millions in creating space to ensure long term sustainability and credibility of the organisation." "We budgeted R50 million to fast track transformation.*" While Thomas (2002) has acknowledged that scarce black skills attract salary premiums, she feels that there are additional cost considerations plaguing organisations. These include a decrease in foreign direct investment as a result of over-regulation of the labour market, and an increase in the administrative costs to comply, monitor and enforce legislation, which also serves as a deterrent.

Lastly, five respondents indicated that "space creation" strategies carried the risk of increasing the levels of distrust and racial tension within organisations. This supports Thomas's (2002) findings that many white employees have the perception that employment equity is tantamount to reverse discrimination. While employment equity best practice "*does not require the discharge of non-designated groups and their replacement with designated groups*" according to Jain et al (2003:112), it may be argued that this is exactly what the more aggressive "space creation" strategies propose. Hence the view that "space creation" should rather be called opportunity creation, as it is less threatening and is seen in a more positive light.

5.6 *Research question 6 – Barriers to achieving transformation*

Research question 6 sought to establish the current barriers to achieving employment equity (through traditional affirmative action measures and/or "space creation"). The results are shown in table 9 below.

Table 9
Barriers to achieving employment equity

Constructs	Number of respondents who considered these constructs important
Barriers to achieving employment equity include:	
• No visible leadership	13
• Fragmented human resource practices	12
• Eurocentric organisational culture	9
• Lack of moral conviction	9
• No structured change management process	8
• Lack of diversity management competencies on the part of line managers	6

The lack of visible leadership by senior management in supporting employment equity intervention closely followed by fragmented human resource practices were seen as the most important barriers to successful transformation. As one respondent indicated, "*The only people you can blame if you have not transformed your organisation sufficiently is top management.*" This supports findings by Thomas (2003), Human et al (1999) and Jain et al (2003). They contend that active management commitment and accountability from senior, middle and line management is a critical success factor for achieving employment equity. Similarly, Kotter (1995:20) says that no change management process can effectively be employed "*unless it is driven by high quality leadership*". Esterhuyse (2003:8) takes this further by saying that "*a discussion of transformation without a discussion of leadership – and what transformation leadership entails – is empty*".

The presence of a Eurocentric organisational culture is still seen as a barrier to transformation. Again, this supports Thomas (2002) and Horwitz et al's (1996) findings that black people feel alienated from established white corporate cultures as these monocultural values fail to take workforce diversity into account. The lack of diversity management competencies and the moral conviction to address racial inequalities within organisations are also regarded as barriers to transformation. This sentiment is embodied in the quote from a respondent: *"We had to take out concrete throwers; those who did not embrace transformation with heart and mind."*

5.6.1 *Human resource practices*
Table 10 details the respondent's views on the human resource practices, mentioned in table 9, which need to be in place to support transformation.

Table 10
Human resource practices

Constructs	Number of respondents who considered these constructs important
Human resource practices important for achieving employment equity include:	
• Holding line managers accountable for achieving targets	12
• Making it part of their key performance areas (KPAs) and bonuses	10
• Setting targets set for each level of organisation + timeline for achieving them	5

It is clear from the table that it is not only important to hold managers accountable for achieving employment equity, but also to incorporate it into their performance contracts and even their incentive bonuses. This is in line with Thomas and Jain's (2004:39) view that "*line managers' performance assessment and subsequent linkage of success to bonuses, salary increase or promotion facilitates the acceptance and adoption of employment equity throughout the organisation*". Some examples of comments by respondents are: "*Anything less than 15% of a manager's objectives or performance bonus and they tend to write it off.*" "*If you do not write it into their key performance indicators that 20% of their bonus is dependent on appointing Blacks in say 50% of all vacant positions, it is not going to happen.*"

5.6.2 *Change management*

Eight respondents stressed the importance of a structured change management process in supporting successful employment equity processes within research question 6. The key aspects of such a process are given in table 11 below.

Table 11
Change management activities

Constructs	Number of respondents who considered these constructs important
A structured change management process includes :	8
• Developing a vision and strategy	6
• Planning & creating short-term wins	6
• Creating a sense of urgency - burning platform	5
• Monitoring and reporting on progress regularly	4
• Anchoring the new approach in culture	3
• Building a guiding coalition	2

These change management activities broadly follow five of Kotter's (1995) eight steps to transformation, albeit in a different order (cf table 3). The following comments by respondents provide support for each of these change management activities: "*The business saw itself…as an equal opportunity company with highly skilled people and a preferred employer able to attract the necessary talent.*" "*Charter compliance has upped the ante.*" "*(The business) was in financial, political and moral crisis.*" "*The business case is the burning platform.*" "*We not only had to create space, but build a new organizational culture.*" "*Now transformation and diversity are a way of life.*" "*We had a group of people with the right chemistry who saw the need to change…we felt that if we did not get transformation right then nothing else was going to work.*" Thus employment equity practices need to be implemented by following integrated change management principles.

6 Integration of findings and recommendations for management practices

In order to consolidate the research findings, two models were developed from the findings in order to guide management strategies and practices and contribute to the debate on this key issue in employee relations in South Africa.

6.1 *Model for managing the process of employment equity*

It is clear from the findings that in order for employment equity to be successful it should be tackled in a holistic manner as part of a highly integrated process. A model based on the findings has been developed (see figure 1) which maps the key constructs extracted from the data to the different models and theories presented in the literature and indicates important linkages between them. The model builds on Boonzaier and Boonzaier's (1999) human resource planning model and Beer and Nohria's (2000) Theory of E and O change, and it also incorporates Charoux and Moerdyk's (1997) drivers of employment equity. These theories have been discussed in the literature review above.

The model for management usage may be explained as follows:

- First and foremost, a strong and clearly articulated business case for employment equity is developed, which takes cognisance of the factors external and internal to the organisation which drive employment equity.

- The business case for transformation should then cascade down and be incorporated into the organisation's strategic objectives alongside customer service, cost effectiveness, quality, etc.

- Once the transformation objective has been articulated, it cascades down into the company's human resource strategy and human resource planning activities.

  - The first step in human resource planning is to forecast the human resource demand required to achieve the organisation's employment equity goals.

  - This is followed by an assessment of the supply of employment equity candidates from within and external to the organisation (ie the internal and external labour market)

  - By comparing the labour demand and supply forecasts, the organisation then draws up action plans to address the shortages and/or surpluses of employees according to their race and gender targets in all occupation categories and levels within the organisation.
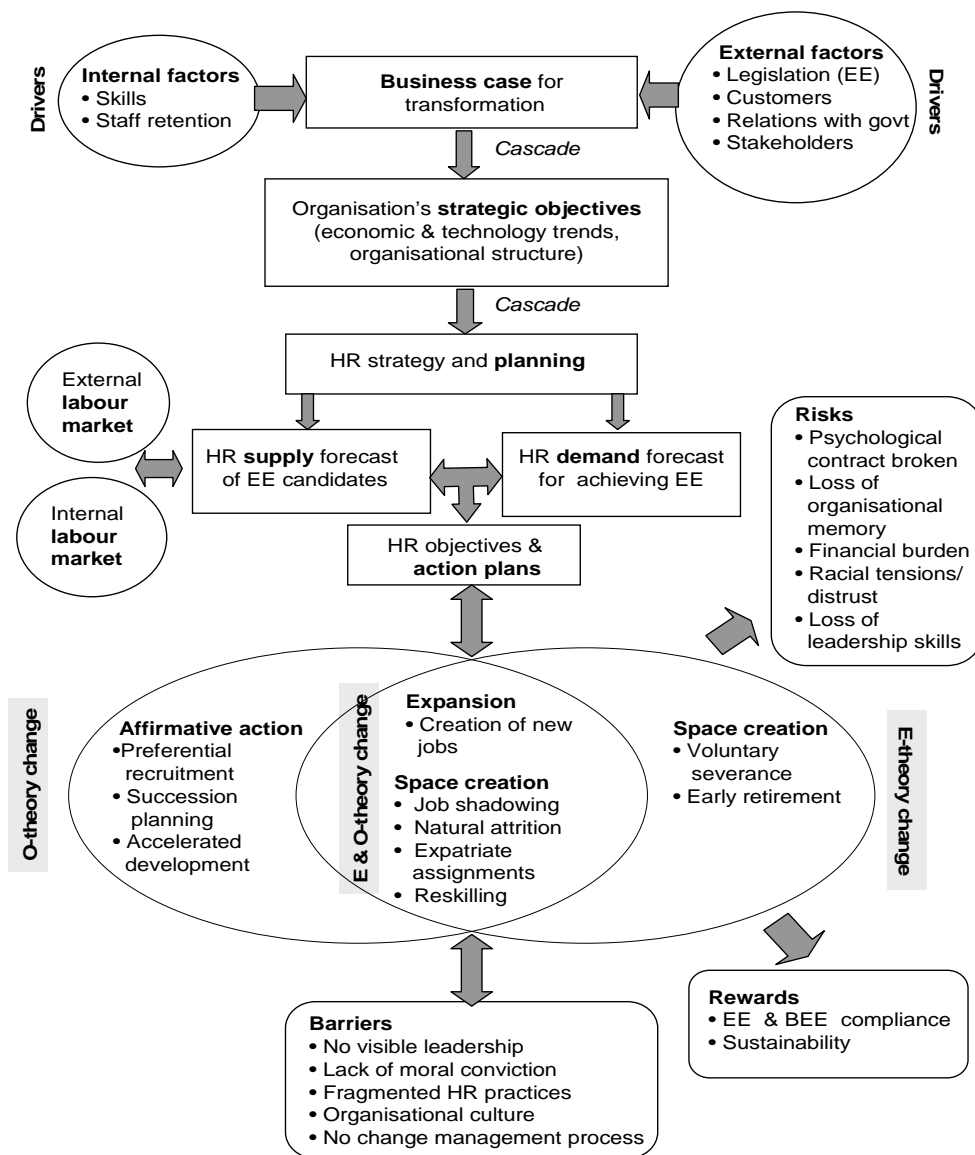
Figure 1
Model for managing the process of employment equity

- Organisations then select from among a number of strategies to achieve their transformation objectives. These include:

  - Traditional affirmative action measures such as preferential recruitment and selection, succession planning and accelerated development (Theory O change).

  - A combination of affirmative action and "space creation" strategies such as the creation of new positions, natural attrition, job shadowing, expatriate

assignments and retraining, which seek to minimise some of the negative consequences of change (Theory O & E change).

- Interventionist "space creation" strategies such as voluntary severance and the use of early retirement incentives (Theory E change). If organisations choose these more aggressive strategies, they need to take cognisance of the risks and rewards associated with these strategies and take action to mitigate the negative consequences. Risks take the form of breaking the psychological contracts in place, loss of organisational memory, financial consequences, inter-racial distrust and tensions and loss of leadership skills. Rewards come form all the benefits of EE and BEE compliance discussed above which now lead to competitive advantage and medium-term sustainability.

- Finally, whatever strategies organisations choose to achieve their employment equity targets, they need to take cognisance of typical barriers to employment equity (ie lack of visible leadership, fragmented human resource practices) and put measures in place to overcome them.

In conclusion, this model provides a useful process map to ensure that any transformation initiative is tackled holistically and it also means the affirmative action strategy that is adopted can be linked all the way through to the organisation's strategic objectives, and thus the business case for change. This process, together with action plans to mitigate the risks associated with the various strategies and barriers to transformation, should enhance success.

6.2 *A model for "space creation"*

Another model has been developed (see figure 2), based on the research findings to map the different "space creation" and affirmative strategies shown in figure 1, in terms of the risks and rewards associated with each approach. The model reveals four quadrants for space creation mechanisms.
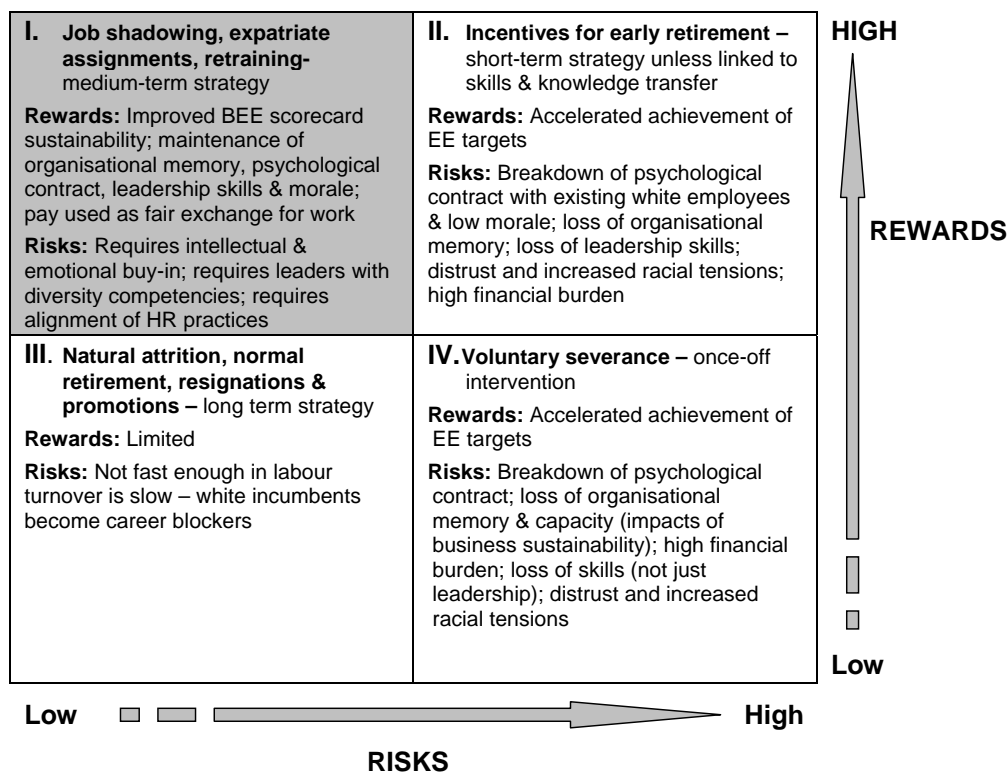
Figure 2
Model of the risks and rewards of "space creation" strategies

Quadrant I:

This quadrant describes low risk, high reward, medium term strategies which seek to minimise the negative consequences of "space creation" and achieve the highest reward in terms of achievement of the organisation's employment equity goals and hence this quadrant is shaded to indicate its high importance. These strategies include: job shadowing, and the use of expatriate assignments and retraining of white managers to allow them to exit the organisation. It is the preferred approach for organisations where expansion and/or natural attrition are inadequate to achieve the employment equity targets in the desired time frame. It can, however, only be considered if the targeted white retirees buy into the concept emotionally as well as intellectually. It requires managers to have the necessary diversity competencies to support the change process. Performance measures and bonuses must be aligned to ensure the successful transfer of knowledge and skills.

Quadrant II:

The use of financial incentives for early retirement is seen as a short-term, once-off intervention, which carries significant risks in terms of breaking down the psychological contract with existing white employees. It increases the levels of distrust and racial tensions and it also entails the loss of organisational memory and leadership skills.

While these risks are offset by a rapid achievement of employment equity targets, a more viable approach seems to lie in linking early retirement with job shadowing as this mitigates the negative consequences of "space creation".

Quadrant III:

On the other hand, natural attrition is seen as a low risk, low reward "space creation" strategy particularly in organisations where labour turnover is low. Traditional affirmative action measures such as preferential recruitment, succession planning and accelerated development, which rely on natural attrition, normal retirement, resignations and promotions to create space are also low risk, low reward strategies in organisations where labour turnover is low. They may be more effective, however, in organisations with high labour turnover.

Quadrant IV:

Voluntary severance is regarded as a short-term, once-off, high risk, low reward strategy as the risks significantly outstrip the rewards. Although this approach rapidly changes workforce demographics, the loss of organisational memory and capacity seriously undermines the long-term sustainability of the business, hence its classification.

The models above, and their suggestions for implementation, should be useful to organisations wishing to enhance their employment equity programme to meet the needs of the country's transformation programme. It is recommended that low risk, high reward "space creation" strategies, such as job shadowing, expatriate assignments and retraining existing white employees to allow early exit from the organisation, are implemented to achieve employment equity rather than the more aggressive strategies such as voluntary severance and the use of early retirement incentives. Mechanisms must be put in place to facilitate and reward skills and knowledge transfer, however.

6.3 *Future research*

Since there is very limited academic literature on the use of "space creation" as an alternate strategy to achieve employment equity, it also is recommended that future research:

- explore the extent to which the psychological contract between existing white employees and the organisation has been broken down by traditional affirmative action or "space creation" measures and how it should be managed
- explore the psychological contract between the beneficiaries of "space creation" and the organisation
- establish the mechanisms required to ensure effective transfer of knowledge and skills required to maintain organisational memory within the context of the various "space creation" strategies

7 Conclusion

It is clear that few organisations have been successful in achieving employment equity at senior management level, and that more aggressive transformation strategies are required to accelerate the rate of transformation. A model has been proposed to ensure successful implementation of these strategies by linking them to the organisation's strategic business objectives, human resource strategy and planning activities. Several viable "space creation" strategies for accelerating employment equity at senior

management levels have been identified and ranked according to their associated risks and rewards. It is hoped that this research will contribute to the transformation imperative in South Africa, offer some tangible alternatives to traditional affirmative action measures and encourage further research in this area of employee relations.

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