

*Full Length Research Paper*

# Employment equity issues in the Cape Town advertising industry: A black economic empowerment perspective

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**Black economic empowerment and employment equity aims to enable black people in South Africa make a noteworthy contribution to the local economy by irreversibly altering the racial profile of management echelons and all employment levels. The advertising industry has been criticised for its slow empowerment advancement and were investigated for allegations of racism. The aim of this study was to explore the challenges, benefits and progress made by Cape Town advertising agencies while attempting to achieve broad-based black economic empowerment and marketing, advertising and communications transformation charter employment equity targets. These elements have been thoroughly examined by utilising a multiple case study approach and by interviewing the top twelve traditional full-service advertising agencies through use of a semi-structured interview guide. This study revealed that the advertising industry has employed a multitude of innovative black economic empowerment (BEE) strategies to facilitate transformation progress and to address a number of inherent problems.**

**Key words:** Advertising industry, affirmative action, black economic empowerment, Cape Town, employment equity, previously disadvantaged individuals (PDI).

## INTRODUCTION

Black economic empowerment (BEE) has been a consistent feature in South Africa (SA), which began in 1994 when several major companies sold control to Black empowerment consortiums (Coulsen, 2004). Some empowerment deals met with resounding success, while others failed. However, important lessons were learnt in respect of how to make empowerment work.

Companies in South Africa were required to significantly increase the number of previously disadvantaged individuals (PDIs) within their workforce when the Employment Equity (EE) Act was passed into law in 1998. The South Africa advertising industry was previously dominated by a single race group, but much has changed since the first parliamentary hearings in 2001 that publicly investigated racism allegations in the industry (Marsland, 2005a). Consumers are exposed to hundreds of advertisements daily that influence what they buy, how they think, set trends and often depict their hopes and dreams. This is why it is important that the five

thousand people who work in the South Africa advertising industry should be representative of all race groups.

Renewed emphasis has also been placed on empowerment with the promulgation of the Broad-Based Black Economic Empowerment (BBBEE) Act in January 2004 and climaxed with the gazetting of the BBBEE Codes of Good Practice on 9 February 2007. BEE and employment equity (EE) are vital to ensure that the new democracy has a solid foundation and affords all South Africans an equitable opportunity to attain prosperity, especially in a small industry that has such a significant impact on our daily lives.

There are few research studies that have effectively investigated black economic empowerment progress within the South African advertising industry over recent years. Of these, not one has yielded meaningful qualitative data; consequently, this study has adopted a qualitative approach.

Cape Town advertising agencies willingly disclosed a

wealth of data, which illuminated many previously unexplored black economic empowerment issues. Recent BEE internal advertising agency documents, literature, surveys and other studies were utilised to support the findings in order to reach a consensus or disagreement in the ensuing discussion.

Many benefits and a number of success stories that were identified in the Cape Town advertising agencies varied transformation journeys. The recommendations of this study would be helpful to the South Africa advertising industry, other industries and government to assist in advancing transformation process in SA by making it more efficient.

### Objectives of the study

The advertising industry is self-regulated and is one of the few industries in South Africa that has this liberty. The Association for Communication and Advertising (ACA) is a self-regulatory organisation (SRO) for advertising agencies in South Africa and has initiated numerous transformation endeavours over the past decade. These initiatives have culminated with the signing of the Marketing, Advertising and Communications (MAC) Transformation Charter; however, the advertising industry is still required to adhere to black economic empowerment legislation. Therefore, the primary objective of this study investigates the challenges that face advertising agencies in Cape Town, while striving to comply with Broad-Based Black Economic Empowerment (BBBEE) and MAC Transformation Charter employment equity targets. This objective also examines how Cape Town advertising agencies addressed these challenges. Another objective considers additional benefits that Cape Town advertising agencies have received, for having a transformation agenda, over and above complying with EE targets.

### SOUTH AFRICA ADVERTISING INDUSTRY AND KEY STAKEHOLDERS

Over R 24.5 billion was spent on advertising in 2008 and this figure has doubled over a five year period (Koenderman, 2009a), which means that advertising agencies should appreciably increase staff to keep up with the greater demand for their services. This is problematic, as there is a scarcity of appropriately qualified Black PDIs, especially at management level, since it takes five to ten years to gain sufficient experience to reach this echelon. For example, by referring to Table 1, The Jupiter Drawing Room (TDJR) SA has more than doubled their staff complement by employing an additional 260 people in only four years, but the opportunity to employ Black PDIs in great numbers was diminished, owing to the scarcity of aptly qualified black individuals

in the Cape Town advertising industry. Similar problems were experienced in the South Africa mining (Fauconnier and Mathur-Helm, 2008), manufacturing and engineering (Sherwood, 2007:73-88) and tourism (Siyengo, 2007) industries. Nine of the top national advertising groups in South Africa were included in the study (denoted by asterisks in Table 1).

### Cape Town advertising industry

Koenderman (2008) estimated that the Cape Town advertising market is about 20% the size of the Johannesburg market. The Western Cape is doing well in terms of the South Africa economy and makes the third largest contribution, although the Cape advertising industry is still far from achieving its full potential (Paice, 2004). Twelve traditional full-service agencies in Cape Town fall within the ambit of the study, since they are classified as designated employers, and include: Ogilvy Cape Town; TJDR Cape Town; DRAFTFCB Cape Town; BBDO Cape Town; Saatchi and Saatchi Cape Town; King James; Bester Burke Slingers; JWT Cape Town; Lowe Bull Cape Town; Admakers International; TBWA Hunt Lascaris Cape Town; Y and R Cape Town.

These advertising agencies were also the top twelve in terms of income, which would add credibility to the results of this study, since they are the largest in Cape Town and, therefore, well established. Three Cape Town based advertising agencies fell outside the scope of the study because they are not classified as designated employers (Boomtown, FoxP2 and Singh and Sons).

### Association for Communication and Advertising (ACA)

The Association for Communication and Advertising (ACA) is a professional advertising organisation that represents the combined interests of its member advertising agencies (roughly 80% of advertising expenditure) in South Africa (Clayton, 2004). The ACA is irrevocably committed to transforming the industry and is demonstrated by their co-operation and/or direct involvement in the transformational milestones of the South Africa advertising industry listed further.

- i. The advertising industry was publicly investigated for the first time in October 2001 with regard to racism accusations. The rate of transformation was found to be unsatisfactorily slow and the Portfolio Committee on Communication decided that government, together with all stakeholders, should consult to find a common resolution for transformation of the industry (Marsland, 2005a).
- ii. The second parliamentary enquiry took place in November 2002 and its purpose was to address problems

at various levels and for stakeholders to report on progress made in the advertising industry (PMG, 2002).

iii. The ACA member agencies signed the first ACA Transformation Charter in February 2000. They imposed quantitative targets of 40% Black representation (EE) by the year 2004 and 26% Black ownership by 2009 (Clayton, 2004).

iv. Another milestone in the marketing and communication industry was achieved when the ACA released its draft BBEE Scorecard on 24 November 2004 (Marsland, 2005b).

v. The second MAC Transformation Charter was signed on 24 November 2005 by twelve marketing, advertising and communication bodies, as well as the Government Communication Information System (GCIS) (Marsland, 2005c).

vi. The revised MAC Transformation Charter was submitted to government on 28 September 2007 and was gazetted on 29 August 2008 (Jones, 2008).

Advertising agencies are still obligated to comply with government legislation, since the MAC Transformation Charter was only gazetted in terms of Section 12 of the Broad-Based Black Economic Empowerment (BBBEE) Codes of Good Practice. Nevertheless, it still does reflect the advertising industry's commitment to transformation and will ultimately be gazetted in terms of Section 9 which is prescriptive (South Africa DTI, 2007a). The charter sets industry targets for transformation in all areas of advertising agencies, via the seven Broad-Based Black Economic Empowerment elements, namely ownership, management control, EE, skills development, preferential procurement, enterprise development and socio-economic development (Jones, 2008). This study has revealed how the ACA's efforts have already significantly transformed the South Africa and Cape Town advertising industry and will continue to do so in their pursuit of their vision: "an empowered industry that is non-racial and characterised by its inclusive diversity, which plays a major role in crafting a South African culture and in the celebration of human dignity" (Clayton, 2004).

### **South Africa Government's involvement in transforming the advertising industry**

The South Africa government spearheaded two parliamentary hearings and plenary task team meetings that investigated allegations into racism, coordinated stakeholders' obligations, addressed problems, sought solutions and monitored progress of the transformation of the advertising and marketing industry. Three government departments, namely the GCIS, Department of Communication (DoC) and Department of Trade and Industry (DTI) have managed these transformation endeavours. The Department of Labour (DoL) plays a

significant role in the transformation of South Africa's workforce and, consequently, the advertising industry should also comply with regulations of the DoL's EE Act (SA DoL, 2007).

### **TRANSFORMATION IN SOUTH AFRICA**

Transformation in South Africa has been a protracted and complex process and it is envisaged that it will continue to be this way for an extended period of time. The South Africa government has made progress, at a slow but purposeful pace, with the dissemination of new legislation. The delays in the promulgation of black economic empowerment legislation have a detrimental effect on the growth of the economy (Swart, 2006). Conversely, the advertising industry's advancement has been somewhat faster, and as a result, needed to alter their transformation charter to be in line with each new piece of legislation. Black economic empowerment has become synonymous with transformation in South Africa; however, transformation does not commence and conclude with black economic empowerment, rather, it starts with a change of perceptions and attitudes (Xate, 2006).

### **Employment Equity (EE)**

South Africa has a poor record of prejudice against specific ethnic, gender and disability groups. These groups were not afforded the same employment opportunities, education and capital acquisition. Furthermore, it is argued that if a company's staff complement replicates the market's demographics, it will be better able to meet the market's needs; hence, it was against this background that the Employment Equity (EE) Act was gazetted in 1998. The employment equity Act has two main objectives, namely to eliminate unfair discrimination and to implement affirmative action (AA) measures (South Africa DoL, 1998). All employers are required to accomplish the first objective, but only designated employers are legally required to take active steps to promote employment equity, in other words, to implement affirmative action measures. Affirmative action aims to address disadvantages in employment experienced by designated groups and ensure their equitable representation in all occupational categories and levels within the workplace. The success of affirmative action has been queried, since studies have revealed that it tends to only profit those who are already in senior level of employ and/or has been unsuccessful in elevating the majority of Black South African's economic wellbeing (Human et al., 1999; Nel et al., 2004; Booysen and Nkomo, 2006; Janssens et al., 2006; Selby and Sutherland, 2006; Hoffman, 2008). South Africa's skills deficiency has been blamed on the failings of education and training to

develop competent Black PDIs (Hoffman, 2008). On the other hand, the Skills Development Act provides a platform to assist with the advancement of Black candidates, but a number of organisations do not understand or know how to utilise this structure effectively (Babb, 2006/2007). Several advocates believe that affirmative action has created a pool of aptly skilled Black candidates, but organisations are apprehensive to appoint or promote them onto boards, in trepidation of being utilised as a stepping stone (Peacock, 2007a; Milazi, 2008a).

Designated employers include all employers that employ 50 or more employees; or all employers that employ fewer than 50 employees, but have a total annual turnover that is equal to or greater than the applicable turnover of a small business in terms of Schedule 4 of the employment equity Act No. 55 of 1998. The annual turnover is R10 million for the Transport, Storage and Communication (TSC) sector. It is important to note that a designated group (or PDIs) include Black people (Black African, Coloured and Indian), women and people who have disabilities (South Africa DoL, 2004). This definition includes White women, whom some believe were the principal beneficiaries of affirmative action during the first decade of democracy. The Broad-Based Black Economic Empowerment Act refers to Black people only, which is a noteworthy distinction in comparison to the employment equity Act (South Africa DTI, 2004a). This study has adopted the Broad-Based Black Economic Empowerment Act directive and white women were excluded from consideration. Chinese people have now also been deemed to be Black according to a landmark high court decision that was effected on 18 June 2008 (ABVA, 2008).

Employers must provide employment equity plan summaries (reports) to the DoL once a year for 150 employees or more (large employers) and every second year for fewer than 150 employees (small employers) (ACA, 2004). The number of employment equity reports received in 2003 decreased by 14% compared to 2007, when nearly half of the 2007 reports were not analysed owing to poor quality, whereas all of the reports were analysed in 2003.

The employment equity Commission has worked closely with the DTI to ensure that the employment equity element of the Broad-Based Black Economic Empowerment Codes of Good Practice was adequately addressed and developed. The main agenda of DoL was to create a balance on the employment equity scorecard to overcome the slow progress made by employers since commencement of employment equity Act in 1998, but also to set realistic goals that employers could attain in 10 years. It is important to note that employment equity in the Broad-Based Black Economic Empowerment Codes of Good Practice only refers to Black employees at management level. The one exception is Black persons who have disabilities, where non-managerial positions are also included (South Africa DTI, 2007a: 58). The

employment equity Act includes PDIs at all organisational levels, which is broader and, therefore, also includes the Broad-Based Black Economic Empowerment Codes of Good Practice classification of employment equity. The scope of this study includes all Black employees at all employment levels; hence, the employment equity referred to in both Acts is important.

### **Black Economic Empowerment (BEE)**

The South Africa economy reflected elevated unemployment levels, unequal income distribution and low growth and investment levels in the 1980s. These economic and social problems were largely caused by the oppression of the Black majority. Jack (2006) separates black economic empowerment (BEE) into distinct three phases known as "waves", which were implemented by the new democratic leadership to correct the imbalances of the past.

The first wave of black economic empowerment (BEE) commenced in 1993 and mainly focussed on labour-related concerns (such as employment equity) and development of small, medium and micro-enterprises. It lasted for a five year period, until the time was right for introduction of a detailed and purposeful black economic empowerment strategy South Africa DTI, 2004b).

The second wave of black economic empowerment began in 1999 and was characterised by the institution of black economic empowerment legislation and policies to highlight the need for transformation, as well as the first phases of the Broad-Based Black Economic Empowerment Codes of Good Practice and scorecards (Jack, 2006). The BBEE Act (Act No. 53 of 2003) was promulgated on 9 January 2004, and its main objectives (that specifically relate to employment equity) are to:

- i. Achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises.
- ii. Increase the extent to which Black women own and manage existing and new enterprises and increase their access to economic activities, infrastructure and skills training (South Africa DTI, 2004a).

From an advertising perspective, the Broad-Based Black Economic Empowerment Act makes provision for gazetting sector charters, giving them recognition as a key driver of black economic empowerment and giving industries an opportunity to pursue consultative discussions on black economic empowerment (Jones, 2008).

The first phase of the third BEE wave started when the government approved phase 1 of the Broad-Based Black Economic Empowerment Codes of Good Practice in October 2005. This wave is exemplified by Black individuals beginning their own businesses and expanding them through enterprise development opportunities and preferential procurement.

The second phase of the black economic empowerment third wave began when the Broad-Based Black Economic Empowerment Codes of Good Practice was gazetted on 9 February 2007 and provided the long awaited framework, including a generic scorecard, to direct and measure black economic empowerment progress (South Africa DTI, 2007b). This significant framework provides both an approach and the means to measure black economic empowerment initiatives for transforming the South Africa economy. Merely obtaining a black economic empowerment partner was no longer enough to fulfil the provisions of black economic empowerment, since more significant involvement was necessary in all aspects of the organisation via the seven Broad-Based Black Economic Empowerment elements (Lalu and Webb, 2007). The Broad-Based Black Economic Empowerment Codes of Good Practice have answered many uncertainties pertaining to black economic empowerment, however, the advertising, mining (Fauconnier and Mathur-Helm, 2008), automotive (Horn, 2007), manufacturing and engineering (Sherwood, 2007), tourism (Siyengo, 2007) and agricultural/wine (Janssens et al., 2006; IDC and ABC, 2008) industries have revealed that there are still many obstacles.

The fourth and final possible wave of black economic empowerment could be based on the graduation principle. It implies that once the targets of a particular piece of legislation (for example, the BBEE scorecard) have been attained, then there is no need to proceed with it. Therefore, Black individuals that have profited from black economic empowerment would graduate from PDI status to be labelled as economically empowered individuals (Jack, 2007). Several advertising agencies also raised issues relating to the end date of black economic empowerment and affirmative action, in addition to when PDIs would no longer be classified as disadvantaged.

### Challenges of black economic empowerment

There are numerous challenges with the implementation of black economic empowerment (BEE), which range from high costs to unscrupulous practices that result in narrow-based transformation. Those that specifically relate to employment equity include fronting, discrimination, gender inequity, and scorecard approach and are further discussed.

Fronting is a problem that predominantly occurs as a result of window dressing (Black individuals in low positions are used as the face of a company or elevated to executive levels for the purposes of boosting black economic empowerment ratings, but personally receive few or no benefits). Furthermore, the creation of black economic empowerment special purpose vehicles for short term gains, also result in flawed empowerment initiatives that only benefit a few (Naidu, 2008; Balshaw and Goldberg, 2005). DTI does not have the workforce or

the resolve to monitor this deceitful practice and has left the difficult task to black economic empowerment verification agencies that were yet to be accredited at the time this study was conducted (Peacock, 2007b).

Discrimination entails when a number of Coloureds (that predominantly reside in the Western Cape) feel prejudiced by black economic empowerment (Manbanga, 2007; Rosenberg, 2006), even though the term "Black" in the Broad-Based Black Economic Empowerment scorecards does not distinguish between Black Africans, Coloureds and Indians. Manbanga (2007), in an article entitled, "Too Coloured for black economic empowerment", stated that: "it is a common complaint that the Coloured community were not White enough to benefit from apartheid, and consequently not Black enough to benefit from South Africa's empowerment initiatives." This discrimination was clearly portrayed in the outcome of a newsworthy court case that has set a precedent. A Coloured complainant took Eskom to court on the basis of unfair labour practice and discrimination when he was not given a promotion, but was instead given to a less experienced Black African employee. The Arbitration Court ruled in favour of Eskom, because it felt that the Black African candidate had been more disadvantaged by past discriminatory laws and practices. This ruling has major implications for black economic empowerment and the notion of having "lighter-skinned" and "darker-skinned" Black persons is a serious oversight (Rosenberg, 2006).

In gender inequity, South African women primarily occupied low employment positions in the past (Geyser, 2007), and this trend has persisted, with female directorships only growing from 14.3% in 2007 to 14.6% in 2008 (Stewart, 2008; I-Net Bridge, 2009; Morna and Made, 2009). However, the Black female directorships have nearly doubled since 2006 (Empowerdex, 2008a: 7) and black economic empowerment proponents confirmed that Black women have increased participation in South Africa's highest employment echelons (Fauconnier, 2007; Stewart, 2008; Zondo, 2008). Women initially had negative sentiments to employment equity, most likely due to poor employment opportunities (Müller and Roodt, 1998), but Van Zyl and Roodt (2003) and Van Rensburg and Roodt (2005) found that women have become more positive to employment equity and black economic empowerment in recent times, as they view it as an instrument to ensure equal employment opportunities.

People who have disabilities are being marginalised, in that, employers are still apprehensive in employing people from this designated group (Thomas, 2003). People who have disabilities have decreased from 1% in 2000 to 0.5% of the workforce in 2008 (South Africa DoL, 2008).

Scorecard approach is a situation where some organisations have opted to attain the minimum black economic empowerment legislative objectives, which in the end, benefits a very small number of Black PDIs (Peacock, 2007c; Fauconnier, 2007; Milazi, 2008b).

### **Benefits of black economic empowerment**

Black economic empowerment was created for the purpose of benefiting Black PDIs and, therefore, if implemented correctly and in the spirit of real transformation, does hold a number of benefits. Those that directly relate to employment equity are discussed further

Black diamonds - a significant Black middle class has emerged since the advent of black economic empowerment and represents 15% of South Africa's Black African adult population. Black Diamonds were responsible for R 250 billion (40%) of South Africa's consumer spending power in 2008, with Black diamond women accounting for R 120 billion of this total, which equates to 40% of total female consumer spending power (Naidoo, 2007; UCT Unilever Institute of Strategic Marketing and TNS Research Surveys, 2008; Buhr, 2009; TGI, 2009). However, the major problem is that most Black Africans have not benefited from black economic empowerment or affirmative action and, consequently, still face a bleak economic future.

Other benefits include opportunities to reflect values and aspirations of the South Africa majority in the business sector; financial compensations for those that are affected by the evils of apartheid and building a democratic and capitalist class country (Jack, 2006). Black economic empowerment also encourages the employment of scarce Black skills (Burger, 2009) and the creation of successful Black business icons serve as role models to inspire future generations.

Cape Town advertising agencies have experienced a number of the abovementioned challenges and benefits of black economic empowerment, but also face problems that are unique to the advertising industry.

### **CURRENT STATE OF EMPLOYMENT EQUITY IN THE ADVERTISING INDUSTRY**

Advertising agencies in South Africa have not yet been effectively examined in terms of in-depth qualitative black economic empowerment and employment equity data since the Broad-Based Black Economic Empowerment Act was promulgated, although, there have been several unsuccessful endeavours. The black economic empowerment monitor survey 2004 failed completely (Loxton, 2004) and the Media Advertising Publishing Printing and Packaging - Sector Education and Training Authority (MAPPP-SETA) survey of 2005 obtained limited success, as it received a very low response rate (Kelello Consulting, 2005).

However, the association for communication and advertising (ACA) and several black economic empowerment national surveys have provided valuable quantitative data on black economic empowerment and employment equity that serve as benchmarks for future research.

### **Association for communication and advertising (ACA) survey**

The association for communication and advertising (ACA) has conducted quantitative research, regarding transformation of the advertising industry, since 1998 and undertook to review targets annually (although the survey results have not been publically released for the last two years) via the ACA employee cost to agency survey, which measures race and gender representation (Da Silva, 2006). Overall, representation of Black employees in South Africa advertising industry has shown a steady increase since 1998 (23.3%) until 2006, when it was measured at 40.2% (Da Silva, 2006), but this figure is far behind the national average of 61.4% for all industries. However, over half of the national percentage comprises of semi-skilled and unskilled employees, whereas the advertising industry consists primarily of skilled and professionally qualified employees (for which the national average is only 17.5%), which indicates that the advertising industry has made sound progress (South Africa DoL, 2008). Notwithstanding the aforementioned text, the MAC Transformation Charter has set a target of 60% for Black representation to be achieved by 2014.

The total number of Black females employed in the industry increased from 17.9% in 1998 to 23.9% in 2006, but is a long way behind the national average of 37.4% for all industries, although, half of this figure again, comprises of semi-skilled and unskilled positions (South Africa DoL, 2008). The Black females employed in management and professional levels increased from 7.2% in 1998 to 17.7% in 2006 (Da Silva, 2006), which is encouraging, since this figure is far ahead of the national average of 7.9% for all industries (South Africa DoL, 2008). The overall low percentages and slow growth reveal that the empowerment of women has a long way to go and, consequently, much criticism has been directed at the failings of employment equity for this phenomenon.

### **Broad-Based Black Economic Empowerment baseline 2007 survey**

The BBBEE baseline 2007 survey undertook to establish black economic empowerment progress made in South Africa and included a sample of more than 1,780 institutions from a spectrum of industries. The TSC sector, in which advertising agencies operate, accounted for nearly 8% of the responses. The survey found employment equity was the third highest ranked Broad-Based Black Economic Empowerment (BBBEE) element, with only 36.7% of the target achieved across industries. The BBBEE generic scorecard has set employment equity targets of 3% disabled employees, 60% senior management, 75% middle management and 80% junior management to be Black in 10 years (South Africa DTI, 2007a;

South Africa, 2008a). The three largest obstacles for the poor performance in employment equity were identified as: high turnover of Black people, skills shortage and black economic empowerment benefits a small percentage of Black people (Consulta Research, 2007). The Commission for Employment Equity's (CEE) annual report (South Africa DoL, 2008) and other research (Horwitz et al., 2005; Kilian et al., 2005; Selby and Sutherland, 2006; Booysen, 2007) have revealed similar problems.

### **KPMG black economic empowerment 2008 survey**

The KPMG BEE 2008 survey also measured BEE progress and included a sample of 500 organisations from a variety of industries, with the TSC sector accounting for over a quarter of the responses. However, the survey showed a decline in employment equity and was the lowest ranked Broad-Based Black Economic Empowerment element, with only 34% of the target achieved. The acquisition and retention of skilled Black individuals was again identified as the largest challenge (KPMG, 2008). Maharaj et al. (2008:27) found that talented/senior Black staff had high expectations pertaining to earning potential and if not met, would be open to offers of better remuneration from other organisations.

## **RESEARCH METHODOLOGY**

### **Research approach and design**

The phenomenological paradigm proposes that individuals are constantly engaged in attaining a deeper understanding of the elements (Miles and Huberman, 1994) and making sense of their social worlds (Ritchie and Lewis, 2003). This study attempts to establish a holistic view of the participants within their situations by exploring their experiences and views pertaining to employment equity progress, challenges and benefits for each Cape Town advertising agency participant (Terre Blanche and Durrheim, 1999).

Qualitative research approaches tend to use a small number of cases (Silverman, 2005), but usually aim for depth of understanding as opposed to the sample size and data quantity (Henning, 2004). The objective of this approach was not to generalise, but to provide in-depth information concerning the advertising agencies' endeavours to achieve quantitative empowerment targets. The case study design involves an analysis and systematic investigation of a limited number of cases (frequently only one). The units of analysis may include individuals, groups and companies; consequently, a group of advertising agencies were analysed for purposes of this study (Welman et al., 2005). Utilisation of two or more cases is known as the multiple case designs and in this study, twelve cases were explored to help attain a better insight into the obtained data (Silverman, 2005). Although, a range of views were established by utilisation of multiple cases, this also assists with overcoming subjectivity (Merriam, 1998) and thereby producing more compelling analytic conclusions compared to a single case design (Yin, 2003). Furthermore, the design also has the advantage of yielding multiple sources of information, which facilitates the process of describing the advertising agencies' employment equity endeavours (Maree, 2007),

### **Participants**

Only traditional full-service advertising agencies with a turnover that exceeds R 10 million, or 50 or more employees (in other words designated employees) situated in the Cape Town region, were included in the study. Consequently, the research population consisted of twelve advertising agencies, incidentally the twelve largest advertising agencies in the Cape Town (in terms of income). A census of the research population was conducted when all twelve participants were selected to participate in the study.

### **Data collection and analysis**

A senior management representative from each advertising agency, was interviewed (on a face-to-face basis) by using a semi-structured interview guide that generated in-depth qualitative data. The main benefit of using face-to-face interviews was that it allowed the researcher to obtain advertising agency employees' trust by establishing a relationship with them, which consequently resulted in a greater number of questions being answered, as well as generated more data and aided in the acquisition of documents that are sensitive in nature (Maree, 2007). Documents in the form of black economic empowerment contribution certificates and employment equity plans were collected, which provided additional information and assisted with the verification process of data generated by the interviews.

Qualitative interpretation differs from quantitative analysis, since there are no clearly agreed rules or measures to analyse data and approaches vary in terms of the principal focus and objectives of the analytic process. However, in recent times, there has been a considerable improvement in terms of literature on a variety of approaches to execute qualitative data analysis. According to Ritchie and Lewis (2003), the analysis of case study evidence is challenging since it is a continuous process that begins with the organisation of large amounts of unwieldy and detailed rich raw data. It continues with several cognitive taxing phases: the immersion of data, generating themes and categories, data interpretations and drawing conclusions (Marshall and Rossman, 2006).

The content analysis approach was employed to examine the data generated by the interviews and documents (Mouton, 2001). *Priori* coding (also referred to as deductive analysis) was utilised to establish themes, since the same questions were asked in the semi-structured interviews. The themes were examined in terms of repetitive patterns and connected text, so as to cluster similar and divergent outlooks that emerged to expose numerous categories (Ritchie and Lewis, 2003). The interviews and document data yielded twelve categories and up to eight sub-categories. Miles and Huberman (1994) propose that a simple means to structure the mass of processed data in a condensed and easy to read format, is to visually display and organise it by means of diagrams. These visual displays, in a compressed format, allow the researcher to see what is happening, evaluate further and formulate conclusions. Graphical illustrations were produced by using computer assisted qualitative data analysis software (CAQDAS), Atlas.ti, to visually show associations between the categories. The analysis and conclusions drawn from the data were then compared to the literature review and past studies, in order to reveal noteworthy similarities and differences from this study's results.

## **RESULTS AND DISCUSSION**

A wealth of data, both qualitative and quantitative in nature, was produced on Black representation measures to increase Black PDIs and Black staff problems. The data provides valuable insight into the extent to which

advertising agencies have embraced and complied with employment equity in terms of the DTI's Broad-Based Black Economic Empowerment scorecard, the DoL's employment equity plans and MAC Transformation Charter's objectives. Some advertising agencies have made encouraging progress, whereas others are struggling to increase Black PDI numbers. Figure 1 gives an overview of the Broad-Based Black Economic Empowerment employment equity progress categories. The diagram summarises and highlights the factors that support, promote, contradict, hinder and are a consequence of Broad-Based Black Economic Empowerment employment equity progress made by Cape Town advertising agencies.

### **Category 1: Incidence of up-to-date employment equity plans**

The anticipated outcome was that advertising agencies would have all submitted an employment equity plan within the last three years, but only half of the advertising agencies alleged that they had done so. Others were either not certain; believed that their internal plan would suffice; had an out-of date plan or stated that they did not have any employment equity plan. It was apparent that there was a great deal of uncertainty surrounding the prevalence of employment equity plans – this indecision is expanded upon in Category 2.

### **Category 2: Advertising agency submissions according to the EE registries 2005 to 2007**

The employment equity registries indicated that, of the twelve advertising agencies included in this study, two submitted EE plans in 2005 (South Africa, 2006), five in 2006 (Motha, 2008) and four in 2007 (South Africa, 2008b). Three advertising agencies have never submitted an employment equity plan and another three have not submitted for the past two to three years. Five of the advertising agencies were required to submit in 2008, but were up-to-date in terms of their last employment equity plan (the 2008 employment equity registry was not yet available in early 2009 to verify submissions) and the remaining agency had submitted in 2008 (this was the only advertising agency that provided an up-to-date copy of their employment equity plan). It is significant that some advertising agencies submit employment equity plans as a national advertising agency group, whereas others as an individual branch. There appears to be no clear legislation as to which approach is correct. This is a noteworthy finding, since it has implications as to whether companies are required to submit an employment equity plan each year or every second year, depending on whether they are classified as a large or small employee.

### **Category 3: Advertising agencies discrepancies verified against the employment equity registry**

The interviewees' responses were verified against the employment equity registry, which revealed several discrepancies. The confusion of a majority of the interviewees, about whether or not they had a recent employment equity plan, could be attributed to the fact that this task is a responsibility of the human resources (HR) department. It is of note that several advertising agencies did not have a single HR person in their employ. The HR responsibilities were largely delegated to the financial department; consequently, there was some ignorance or neglect on their part in terms of the submission of employment equity plans. A number of interviewees believed or were genuinely confused whether or not the Broad-Based Black Economic Empowerment scorecard replaced the EE plan. It is important to clear up this fallacy, since the Broad-Based Black Economic Empowerment scorecard only focuses on managerial levels, whereas the employment equity plans includes all employment levels. Dealings with the DoL have exposed the inefficiency of this government department: their website it is not regularly updated; several key documents (employment equity registries and CEE annual reports) could not be opened once downloaded and the DoL was phoned and/or e-mailed numerous times, calls were redirected from person to person and from the Cape Town to the Pretoria office for each document required. The employment equity plans that were ordered took six months to arrive, some of them were three years old, while the employment equity registries revealed that more recent employment equity plans had been submitted. Consequently, companies are able to shirk their responsibilities in terms of submitting employment equity plans in the knowledge that no punitive measures action will be taken against them for not abiding with employment equity legislation.

### ***Black staff representation of Cape Town advertising agencies***

Half of the Cape Town advertising agencies had Black staff representation of greater than 40% and the remainder between 34 and 39%, with a mean average of Black representation of 39%. This figure is marginally less than the 40.2% for the whole South Africa advertising industry reported by the ACA's EE Survey in 2006 (Da Silva, 2006). It is disappointing that only half of the advertising agencies have been able to attain a Black staff complement of 40%, since this target was set eight years prior, by the initial ACA Transformation Charter in 2000. Black representation has been a problem in a number of research studies (ranging from the national surveys to industry specific research mentioned, in the literature review) conducted on employment equity and black economic empowerment in South Africa. Although,



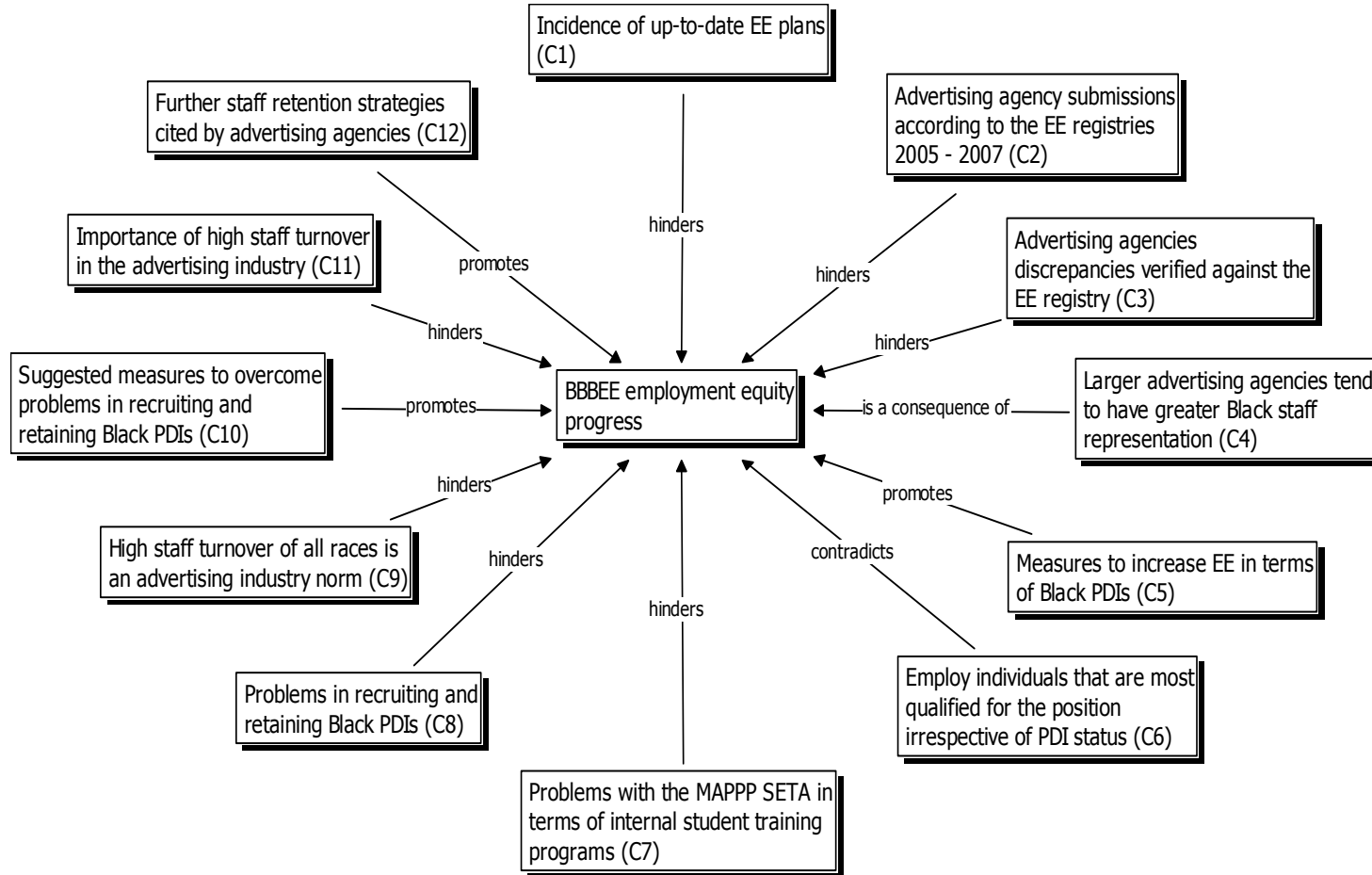


Figure 1. Overview of BBBEE employment equity progress categories.

one would have expected the Black representation to have progressed since 2006, but this can be justified by the Cape Town specific problems that are raised in Category 8. However, Cape Town advertising agencies' average Black representation has improved by 6% since it was last measured at 33% in 2006 (Koenderman, 2006b),

which is in line with the national growth rate.

**Category 4: Larger advertising agencies tend to have greater Black staff representation**

The largest advertising agencies in Cape Town (in

terms of staff numbers) also reflected the highest Black representation figures. This finding makes logical sense, since some of the smaller advertising agencies reported problems of attracting or retaining Black staff in Category 8b and staff being actively head-hunted (Category 8d) by larger advertising agencies who have greater resources.

### **Category 5a: Measures to increase employment equity in terms of Black PDIs**

A range of measures were implemented and/or promoted as means to increase the number of Black staff and were in congruence with information cited in the employment equity plans.

### **Category 5b: Internal student training programs**

On-the-job training is a practical way to increase the number of Black PDIs, who at the same time receive valuable work experience in the advertising agency environment. There is an abundance of students available, since co-operative training is utilised by a number of tertiary educational institutions in order to provide students with valuable work experience. This is a win-win situation, since this is one of the primary means that advertising agencies utilise to increase Black PDI representation. Findings of the manufacturing and engineering (Sherwood, 2007) and tourism (Siyengo, 2007) industries research also suggested that internal training programs (in the form of learnerships, apprenticeships and mentors) were an effective way to increase the shortage of skilled Black people across industries in South Africa.

### **Category 5c: Recruitment policies (AA)**

The fact that the advertising agencies have employed AA strategies to increase the number of Black staff comes as no surprise, since it is a simplistic and cost effective tactic if implemented in the correct way (in other words, to recruit the most appropriately qualified person for the job, but employ the PDI when there is more than one suitable candidate –Category 6 for further discussion). However, the main problem with this strategy is a major shortage of suitably qualified Black talent in Cape Town.

### **Category 5d: Train and promote Black PDIs**

The strategy of promoting Black individuals within the advertising agency helps to increase Black PDIs at management levels in order to achieve the employment equity targets. However, several interviewees stated that they would not promote Black PDIs merely for the sake of achieving targets, but that they needed to have first acquired all necessary skills for the position.

### **Category 5e: Employ an HR person**

As discussed in Category 3, it is interesting that some advertising agencies have never had an HR department or person. A motivating factor for employing HR

personnel was to drive black economic empowerment and employment equity measures.

### **Category 5f: Creativity attracts Black PDIs**

It is no surprise that Black PDIs want to work for advertising agencies that have creative experts in their employ, lead creative tables and win local and international advertising awards. It is a huge advantage, in terms of the skills developmental process, to learn from the best that the advertising industry has to offer.

### **Category 5g: Measures to increase Black PDIs according to employment equity plans**

It is interesting that some advertising agencies have not altered their strategies to increase Black PDIs over the past five years. The two most prevalent strategies were staff training and employment (AA) policies, which are both effective measures to accomplish this objective.

### **Category 6: Employ individuals that are most qualified for the position irrespective of PDI status**

A third of the advertising agencies emphasised that it was imperative to employ someone who is the most proficient to do the job and that they do not necessarily have to be Black. It makes business sense that advertising agencies are not willing to employ Black PDIs only for the sake of employment equity, but strives to place the needs of the business first. One advertising agency revealed how a client blamed a poor quality report on the fact that they had employed a Black PDI to advance black economic empowerment; this is definitely not the desired outcome of affirmative action (AA).

### **Category 7: Problems with the MAPPP SETA in terms of internal student training programs**

It is problematic if advertising agencies are attempting to train Black PDIs, but the SETA is not willing or is unable to assist financially. A statement released by the MAPPP-SETA announced that they had been placed under administration and have restructured the organisation in order to stabilise it financially once again (MAPPP-SETA, 2008). This finding does not bode well for skills development in the advertising and is another example of government-affiliated organisations' ineptitude.

### **Category 8a: Problems in recruiting and retaining Black PDIs**

A diverse variety of problems were encountered in

recruitment and retention of Black PDIs, some of which were verified in the employment equity plans.

#### **Category 8b: Black PDIs staff recruitment and retention problems in Cape Town**

It is notable that half of the Cape Town advertising agencies struggled to retain and recruit suitable Black candidates, but it was even more noteworthy that the main reason was because of the cosmopolitan social structure in Cape Town. Black PDIs, especially from other parts of the country, apparently find it difficult to socialise and establish an equitable standard of living (outside of work) in Cape Town. Perhaps it has something to do with the political structure in the Western Cape, as well as the reality that people are more traditional compared to progressive Black persons who reside in Johannesburg. It is understandable that Cape Town struggles to retain Black PDIs simply owing to the fact that people earn more in Johannesburg. People will always strive to increase income regardless of their race and this is a contributing factor to the shortage of Black talent in Cape Town.

#### **Category 8c: Black staffs at management level are difficult to recruit**

A shortage of suitably qualified Black PDIs at management level may be correlated to the fact that only Black staff at this level count towards the employment equity element of the Broad-Based Black Economic Empowerment scorecard and, therefore, these Black individuals who have scarce skills, are in high demand. Category 8d elaborates more.

#### **Category 8d: Head-hunting Black PDIs**

It is a foreseeable problem that Black PDIs, especially at more senior levels (probably owing to the reason disclosed above), are being actively recruited and offered extremely lucrative deals in order to entice them to other advertising agencies and industries. Category 9 argues that this is not an advertising industry-specific problem and has also been raised in several other black economic empowerment studies.

#### **Category 8e: Persons who have disabilities are difficult to employ in the advertising environment**

The fact that advertising agencies have an insignificant number of persons who have disabilities in their employ is not unexpected owing to the extreme sensory nature of the work. However, possibilities for employing people who have various disabilities are raised in Category 10e

and should be pursued. The low employment rate of this designated group appears to be the norm across industries and the CEE annual report revealed that people who have disabilities in the South Africa workforce, had halved from 1% to 0.5% over the past eight years (South Africa DoL, 2008).

#### **Category 8f: Advertising schools are not representative**

The problem of too few Black PDIs embarking on a career in advertising still appears to be a problem, even though it was raised in both of the parliamentary hearings and was one of the primary focus areas of the MAPPP-SETA advertising skills needs analysis survey (Kelello Consulting, 2005). Some advertising agencies (Category 5b) disclosed that they offered bursaries to Black PDIs to study at advertising schools. However, more should be done to increase the number of Black PDIs that enrol at these schools, therefore, it is imperative that the MAPPP-SETA regains its financial stability.

#### **Category 8g: Advertising industry does not pay well**

In the past, the advertising industry was considered to be a well paying one, but owing to the extremely competitive environment for business (especially since the Cape Town market is much smaller than Johannesburg), greater accountability of advertising spend is required by clients. Hence, there are tighter profit margins and so advertising agencies' salaries have not been able to keep pace compared to other larger and more lucrative industries.

#### **Category 8h: Other problems in recruiting and retaining Black PDIs**

A majority of the other problems in recruiting and retaining Black PDIs are also inherent to other non-PDI staff, such as staff leaving to form their own advertising agencies; bigger advertising agencies are the training grounds and stepping stones for junior staff; and senior employees are attracted to advertising agencies that provide greater job security (by having large long-term clients). There is lack of Black PDIs in creative departments, which was raised in the MAPPP-SETA advertising skills needs analysis survey. This survey made recommendations that career guidance at schools and careful selection processes would solve the problem (Kelello Consulting, 2005). However, career guidance is no longer offered in most public schools and selecting suitable Black PDIs would not be a difficult task if an abundance of suitable candidates could be found. Hence, there are no simple solutions to this problem, but one advertising agency (TDJR) has come up with an innovative initiative,

namely “Imagination Labs”. These creative centres train Black creative talent by providing a solid education and relevant skills for a career in the advertising industry (Vega Brand Communications School, 2008). The second problem is that the demand for Black PDIs is greater than the supply. This is not unanticipated in view of the fact that the advertising industry (in terms of advertising spend by medium) has more than doubled in only five years. Category 5a fully discussed measures that advertising agencies have implemented to increase the number of Black PDIs, but it will take some time to develop senior Black PDIs.

#### **Category 8i: Problems in recruiting and retaining Black PDIs according to EE plans**

It is interesting that some advertising agencies still experience the same problems in recruiting and retaining Black PDIs after five years have transpired. The perception that Black people needed to work harder, in order to be acknowledged, appears to have been solved. In fact, based on the strategies and policies directed to retain them (Category 5a), it may be audacious to say that the converse is now true.

#### **Category 9: High staff turnover of all races is the advertising industry norm**

Advertising agencies noted that the advertising industry has a higher than normal staff turnover that, which can be problematic since it is costly, due to high recruitment and training costs to replace lost staff. Employees that job-hop often become less attractive to employ, owing to their track record of moving jobs frequently. Reasons such as head-hunting, big money and large advertising agencies being the industry nursery, were offered for occurrence of this phenomenon in Category 8a. Generally, most advertising agencies did not necessarily view the high turnover as a problem, but some viewed it as “healthy churn” that is examined in Category 11.

#### **Category 10a: Suggested measures to overcome problems in recruiting and retaining Black PDIs**

Black economic empowerment literature, surveys and research studies have principally focussed on problems and have largely ignored possible measures to address them. A variety of innovative and rational endeavours have been implemented to help overcome problems in the Cape Town advertising industry.

#### **Category 10b: Initiatives to solve Cape Town’s Black PDI retention problem**

One advertising agency implemented a unique internal staff program that provided various benefits such as

Goodfellow membership, toasted sandwiches, life skills courses, massage rooms, Christmas parties and others, have helped to cultivate unity and improved staff retention. This innovative program provides staff with the reassurance and support they need to work in this demanding environment.

#### **Category 10c: Senior Black staff recruiting and retention strategies**

It is logical to train and develop junior staff, especially those that have potential, so that they will be ready for management levels at an opportune time. This was also a measure that was advocated to increase Black PDIs in Category 5d and in several of the other black economic empowerment studies.

#### **Category 10d: Implement a reward structure to curtail head-hunting**

It makes sense for Black staff members that perform well to be acknowledged for their hard work and suitable incentive schemes should be initiated to keep Black PDIs content and retain them in the long run.

#### **Category 10e: Opportunities for persons who have disabilities in the advertising agency**

Advertising agencies can accommodate persons who have disabilities in certain positions, but it may take some time and money to create an obligatory work environment. If only a couple of advertising agencies are willing make a commitment; it will allow more disabled persons to enter the exciting advertising world.

#### **Category 10f: Intern development programs for Black PDIs**

Although, the offering of internships to Black PDI students will not directly solve the lack of Black students at advertising schools, it may serve as an incentive to entice Black aspirants to pursue a career in advertising. This strategy was also discussed in Category 5.1 as a means to increase Black PDIs.

#### **Category 10g: Advertising agencies should consider cost versus scarce skills**

The high cost of attracting a good calibre of Black candidates should be carefully considered against the expertise they offer, hence advertising agencies may need to pay higher than normal salaries to obtain a scarce skill that they lack.

### **Category 10i: Possible solutions to other problems in recruiting and retaining Black PDIs**

The drive for successful mentorship programs will help to retain Black PDIs in advertising agencies in this rapidly growing industry.

### **Category 11: Importance of high staff turnover in the advertising industry**

A number of advertising agencies consider it to be acceptable (and even a necessity) for staff to switch advertising agencies periodically, otherwise they become stale working in the same environment with the same clients and need the change to inspire themselves again. In this way, clients' needs are also more adequately met, since these people are employed for their special skills in order to bring a fresh approach, which results in superior work.

### **Category 12: Further staff retention strategies cited by advertising agencies**

It is evident that most companies who were able to provide a family-orientated environment that allowed staff (not specifically Black) to learn, progress and be respected, would result in higher retention rates.

Category 10b presents an example of an innovative retention strategy.

## **CONCLUSIONS AND RECOMMENDATIONS**

The Cape Town advertising industry outlined a number of benefits and problems in their endeavour to transform. Consequently, imperative dialogue on the employment equity plans, Black representation, recruitment and retention problems of Black staff and potential measures to overcome these problems were examined. In general, Cape Town advertising agencies have made only limited progress in terms of the Broad-Based Black Economic Empowerment Codes of Good Practice scorecard and MAC Transformation Charter employment equity objectives, but have employed a range of tactics in an attempt to increase employment equity in Cape Town. The recommendations serve as a guide to the rest of the advertising industry, other sectors and particularly the government, to make the transformation process more efficient.

### **Incidence of up-to-date employment equity plans**

The low submission rate and discrepancies of advertising agencies' responses when compared to the employment

equity registries (2005 to 2007) are due to: confusion between the DTI's Broad-Based Black Economic Empowerment and the DoL's employment equity legislation, the low incidence of HR staff, a downward trend of employment equity plan submissions and the DoL's general ineptitude.

Therefore, advertising agencies must therefore employ someone who would not only assist with the Broad-Based Black Economic Empowerment obligations, but also prepare and submit mandatory employment equity plans. The DoL must improve their service delivery with regard to clear interpretations of legislation, basic administration of requests, a fully functional website and regularly communication with companies.

There was a large degree of confusion between the Broad-Based Black Economic Empowerment scorecard and employment equity plan

Consequently, a small, yet significant section must be added to the employment equity element of the Broad-Based Black Economic Empowerment scorecard, whereby companies would receive bonus points for the timely submission of employment equity plans. This recommendation would have two major advantages: firstly, it would show all companies that the employment equity plan is a separate entity and, secondly, it would remedy the problem of the employment equity element in the Broad-Based Black Economic Empowerment scorecard, which only focuses on managerial levels, by rightly rewarding employers for addressing transformation at all employment levels.

### **Black staff representation of Cape Town advertising agencies**

The largest Cape Town advertising agencies displayed the best figures Black representation as a result of more substantial resources. However, Cape Town advertising agencies' Black representation percentages can not be compared against the MAC Transformation Charter targets (or Broad-Based Black Economic Empowerment scorecards), since these exclusively focus on employment equity at management levels.

As a result, Broad-Based Black Economic Empowerment measurement tools must take into account Black employees at all levels, by implementing the recommendation made in the abovementioned text.

### **Advertising agencies' measures to increase employment equity**

A diverse range of strategies to increase the number of Black PDIs were identified, as well as the fact that the MAPPP-SETA was in financial difficulties. Therefore, the South Africa government should learn from these strategies, so as to improve upon the poor service that was

received from the DoL. It is also imperative that the MAPPP-SETA becomes financially stable again, since the funding and development of thousands of Black PDIs is dependant on this phenomenon.

### Problems in recruiting and retaining Black PDIs

A range of problems were encountered in recruiting and retaining Black PDIs, some of which were also revealed in the employment equity plans. Hence, the MAPPP-SETA must thoroughly scrutinise, learn from industry programmes to help alleviate the lack of Black staff shortage.

### Recommendations to overcome recruitment and retention problems of Black PDIs

A selection of logical and inventive strategies was identified. Consequently, advertising agencies must actively determine where they could use persons who have disabilities, create necessary infrastructure and actively pursue them in order to increase the number of this marginalised group. The recruitment and retentions strategies, identified in the "results and discussion" section must be publicised in order to make other advertising agencies and companies aware of what can be done to solve this problem.

The results of this study verify that there are still many problems, but most of the significant black economic empowerment and employment equity legislation is now in place. The advertising agencies in Cape Town have achieved a moderate degree of success in a relatively short space of time by initiating several innovative black economic empowerment and employment equity strategies. The advertising industry will continue to make a difference in peoples' lives as it proceeds with its journey to transform itself and its fervour to make transformation work can be summarised by one advertising agency's foolproof retention strategy: "We create an environment that hopefully wants to make people stay. We say if you stick with us, we'll make you famous and if you believe and be open to learning, and commit, we'll make you bigger than what you thought you were."

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