



Implementing B-BBEE: Leader Experiences in the South African Banking Industry



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Orientation: Large banking institutions in South Africa remain complex organisations facing a myriad of challenges as they navigate the Fifth Industrial Revolution (5IR) and strive to remain relevant. A significant challenge relates to how these organisations can utilise Broad-Based Black Economic Empowerment (B-BBEE) to create diverse and inclusive teams for organisational success and sustainability.

Research purpose: To explore the experiences and sense-making processes of senior leaders tasked with the implementation of affirmative action as part of a B-BBEE strategy as they navigate this responsibility within a South African bank.

Motivation for the study: To shine on the complex experiences of senior leaders tasked with implementing affirmative action within a B-BBEE strategy in a large financial institution.

Research approach/design and method: A qualitative interpretivist case study was applied to explore senior leaders' negotiation of their perceptions and experiences of leading the implementation of B-BBEE in a large bank. Ten semi-structured interviews were utilised as the main data generation tool.

Main findings: Study reveals how senior leaders hold strong convictions about the value of diversity and inclusion in the workplace. This included the continued necessity for legislation such as B-BBEE given South Africa's racial history and existing personal biases that impact workplace diversity and inclusion. The study further reveals that senior leaders believe that B-BBEE is poorly implemented and attribute this to the tension leaders experience between diversity and performance, a lack of organisational policies and practices required to hold leaders accountable for B-BBEE implementation and leaders who lack the skills and expertise required to successfully create diverse and inclusive work environments.

Practical/managerial implications: Positive contributions to diversity and inclusion policies and practices, leadership development and transformation of the banking organisations in South Africa and the industry at large.

Contribution/value-add: Banking institutions as large market players can play a significant role in leading workplace transformation through improved implementation of diversity and inclusion legislation and principles within B-BBEE.

Keywords: Broad-Based Black Economic Empowerment (B-BBEE); affirmative action; leadership; transformation; employment equity; leader experiences.

Introduction

Orientation

South Africa's first democratically elected government was tasked with addressing the political, social, and economic disparities created by the harsh apartheid regime, using a detailed set of laws for this purpose (Pike et al., 2018). In pursuit of this, the government rolled out the Black Economic Empowerment (BEE) initiative in 1994, urging the nation's businesses to promote and enhance economic involvement among black individuals (Nhemachena et al., 2018).

The *Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003* was subsequently enacted to promote socio-economic transformation and increase the economic involvement of the black majority in South Africa's economy (B-BBEE, n.d.). The term 'black people' as defined in the *B-BBEE Act* encompasses Africans, Coloureds and Indians where Coloured is used as an ethnic label for people of mixed racial or ethnic origin within South Africa

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(The DTIC, 2017). The Department of Trade and Industry (DTI) has broadened the scope of B-BBEE beneficiaries through its codes of good practice to include women, disabled persons, youth and residents of rural areas (Pike et al., 2018). The B-BBEE serves as a tool for socio-economic advancement in a country marked by extreme socio-economic inequality and significant income disparities (Nyameza, 2013). It is seen not just as an ethical requirement, but as a logical strategy to unlock South Africa's economic potential by ensuring the black majority's access to the economic mainstream (Nhemachena et al., 2018).

Within the *B-BBEE Act*, a B-BBEE scorecard assesses the structure of a business according to ownership, management control, skills development, enterprise and supplier development, and socio-economic development. The B-BBEE scorecard is designed to ensure economic transformation and redistribution within the South African corporate sector, to the benefit of racial groups who were previously discriminated against. There is a general scorecard and sector-specific scorecards for varying requirements within the sector. The points an organisation earns on its scorecard determine its B-BBEE Level and as a result the business opportunities it can obtain, especially in dealing with the government. This research focusses on South Africa's banking sector, thereby making the general scorecard inapplicable; instead, the scorecard under the Financial Sector Code is relevant (The DTIC, 2017). The updated Financial Sector Code (2017), under the amended *B-BBEE Act 53 of 2003 by Act 46 of 2013*, outlines several elements pertinent to banks, which include ownership, management control, skills development, procurement and enterprise skills development, socio-economic development, empowerment financing and access to financial services.

This research examines the management control aspect of B-BBEE, which includes employment equity (EE). This component assesses the presence of black individuals at various management levels – from board members to junior managers – using payroll data analysis (The DTIC, 2017). In the financial services sector scorecard, management control carries an additional weight of five points compared to the generic scorecard, underscoring its heightened importance and focus within the industry. Despite the many years since the advent of democracy, socio-economic transformation focussed on racial and gender diversity within the banking industry has been slow. According to the Banking Association of South Africa, diversity targets were not met across all levels of management across 20 surveyed banks in the country (BASA, 2022). This lack of adequate transformation is pertinent to the study as it explores the experiences of leaders responsible for enhancing black and female representation across different management tiers, driven by an affirmative action mandate as part of implementing a B-BBEE strategy to identify insights which could move the industry towards the achievements of these targets.

Research purpose and objectives

The study seeks to investigate and characterise the experiences of senior leaders charged with executing EE, specifically affirmative action, within a B-BBEE strategy. This inquiry aims to highlight how these leaders perceive B-BBEE and affirmative action, and how they interpret their leadership roles based on their views and application of these principles. The objectives of this study are to:

- Unearth how senior leaders who are tasked to lead the implementation of affirmative action as part of an organisational B-BBEE strategy perceive transformative change through affirmative action.
- Explore the experiences and sense-making processes of senior leaders as they implement affirmative action initiatives.
- Articulate insightful and practical guidelines for organisations and leaders for effective transformational change leadership for future B-BBEE initiatives.

Research questions

- How do senior leaders tasked to lead the implementation of affirmative action as part of an organisational B-BBEE strategy perceive transformative change through affirmative action?
- What are the experiences and sense-making processes of senior leaders as they implement affirmative action initiatives?
- What insights and practical guidelines can be gathered for organisations and leaders to enable effective transformational change leadership for future B-BBEE initiative implementations?

Literature review

In organisational frameworks, leadership has been established as a key factor in developing inclusive work cultures for organisational success and sustainability (Weiss et al., 2018). In the African context, transformational leadership styles have been the most relevant in actualising the intent of mechanisms such as affirmative action and EE within B-BBEE, that is, the creation of diverse and inclusive work environments that are free of discrimination for all employees regardless of race, gender and disability (Mungai, 2021).

Diversity and inclusion

Diversity is defined as the range of differences among individuals based on various attributes such as colour, race, gender, sexual orientation, religion, ethnicity, nationality, language and physical ability (Patrick & Kumar, 2012). In the workplace, diversity entails proactive efforts to increase representation from varied backgrounds in all job categories through recruitment, development and retention strategies to ensure the workforce mirrors the broader population demographics (Banks & Banks, 2010). Inclusion is about how well employers connect with and provide significant opportunities for all employees to learn, grow and utilise

their skills, and it relates to an employee's sense of being treated with fairness, justice, equality and acceptance within their workgroup (Nair & Vohra, 2015).

In South Africa, diversity and inclusion emerge from a difficult past as a result of apartheid and the extensive ways in which people of colour were excluded from meaningful participation in the economy (Shackleton & Gwedla, 2021). Following a number of legislative changes from the advent of democracy, the *B-BBEE Act 53 of 2003* was enacted to foster racial, gender and economic transformation, and enhance the inclusion of the black majority in the South African economy (The DTIC, 2017). The B-BBEE comprises a number of elements namely, ownership, management control, skills development, socio-economic development, enterprise development and supplier development aimed at enabling racial, gender and ability equality. *The Employment Equity Act* which includes affirmative action, and the *Skills Development Act* are therefore key components of the B-BBEE in the management control and skills development components (The DTIC, 2017). The *B-BBEE Act* is a broad and comprehensive piece of legislation that extends the South African government's socio-economic aims beyond increasing the number of black people in employment to include the support of black people in business by investing in black businesses, increasing the number of black people with ownership, management and control of enterprises, and facilitating this through collective ownership models and preferential procurement (Shai et al., 2019). Within the scope of the Act, 'black people' are classified as Africans, Coloureds and Indians (The DTIC, 2017). Additionally, the B-BBEE codes of good practice explicitly designate black youth, women, disabled person, and rural area residents as key beneficiary groups (Pike et al., 2018).

The success of B-BBEE has been that it has significantly expedited reforms in recruitment and pay practices in the private sector beyond what voluntary transformation would have achieved (Shai et al., 2019). The employment of women rose from 38% in 1994 to 45% in 2015, with black women holding 40% of top positions among black individuals that year (Mosomi, 2019). Although the rise in female leadership has lagged behind males, B-BBEE has boosted women's presence in executive and board roles, with women occupying 27.0% of director positions in Johannesburg Stock Exchange (JSE) listed companies in 2021, up from 5.9% in 2004 (BWASA, 2021).

On the other hand, B-BBEE has not sufficiently enabled the majority of black people to access job opportunities, as unemployment rates are climbing, with black individuals, especially black women, experiencing disproportionately higher rates than their white counterparts (Ranchhod & Daniels, 2021; STATSSA, 2021). Wachira (2020) notes that EE, a key aspect of B-BBEE, has not significantly changed the top leadership in JSE-listed companies, where white individuals dominate chief executive officer (CEO) and executive director positions, while black people often hold non-executive roles with lesser authority. This reflects the broader trend of white

individuals comprising about 11% of the economically active population yet holding around 73% of top management positions (Syed & Ozbilgin, 2015).

The role of leadership in driving socio-economic transformation as an organisational change

Leadership is a dynamic interaction of influence between a leader and follower, within a specific context, aimed at reaching mutual objectives and the leader's role is to motivate the follower to contribute both required and extra efforts towards these common goals (Northouse, 2021). Extensive research has been conducted on leadership traits, behaviours and actions that significantly impact employee engagement, wellness and performance, ultimately enhancing organisational effectiveness (Bosiok, 2013). Although there is ongoing debate about what makes leadership effective, there is a general agreement that leadership is crucial, and when it is negative or toxic, it can severely harm follower engagement, wellbeing and performance (Gandolfi & Stone, 2018).

Organisational change has the potential to increase employee emotional stress and diminish overall wellbeing due to overwhelming uncertainty. This can be mitigated through change management (Al-Haddad & Kotnour, 2015). Effective change management practices allow for better agility by establishing standard procedures for decision-making, resource allocation and communication between leaders and employees (Calder, 2013). These practices not only mitigate negative impacts on employees, teams and organisational performance, such as anxiety, stress and misalignment with goals, but also create learning opportunities to develop best practices (Galli, 2018). Successful change management depends on leaders who recognise the significance of change and are competent in leading it effectively (Coetzee et al., 2014).

The role of leadership in implementing Broad-Based Black Economic Empowerment to drive diversity and inclusion

Effective leadership is crucial for realising the potential of B-BBEE to integrate black South Africans, women and people with disabilities into the economy. Nonetheless, leaders are divided on B-BBEE, some applauding its success in driving transformation in the country and conversely, some leaders question its legislative merit and effectiveness (Juggernath, 2019).

Leaders who are proponents of B-BBEE claim it offers a legislative method for removing barriers that hinder women's advancement in leadership, particularly in male-dominated fields (Smith & Gayles, 2018). Vilakazi and Bosiu (2021) note that organisations executing B-BBEE effectively recognise its necessity in South Africa, where despite a predominantly black population, economic control remains largely with white individuals, aiming to restructure the economy and enhance competition and productivity. Leaders who support EE and affirmative action understand that excluding

individuals based on race, gender or disability not only disrupts social cohesion but also threatens organisational and national stability and sustainability (Khan, 2017).

In the negative perspectives, some black leaders argue that B-BBEE only meets the minimum requirements for transformation, thus widening the racial wealth gap, as evidenced by South Africa's high Gini coefficient, indicating extreme income inequality (Statistica, 2022). Additionally, pay disparities persist, with black and female workers often earning less than their white and male counterparts for equivalent work (Francis & Valodia, 2021). Additionally, some white leaders oppose B-BBEE, citing that it leads to hiring underqualified black employees to fulfil quotas, adversely affecting business performance. This situation is compounded by the challenge of retaining skilled black employees in senior positions, necessitating unsustainable salary increases for compliance (Moraka & Van Rensburg, 2015).

Leaders' perceptions and beliefs about B-BBEE profoundly influence their commitment to its implementation, which can either drive or hinder progress in EE in South Africa's corporate sector (Moraka & Van Rensburg, 2015). The depth to which the leaders' perceptions and beliefs about B-BBEE influence their leadership behaviour and contribution to racial and gender transformation is influenced by the leader's sensemaking of what B-BBEE is intended to do and how it is implemented within their reality.

Sensemaking as the bridge between leader perceptions of Broad-Based Black Economic Empowerment and Broad-Based Black Economic Empowerment implementation

Defining sensemaking

Sensemaking is a dynamic cognitive process where individuals interpret complex or ambiguous situations by incorporating information from their social environments. This involves accepting or rejecting inputs to guide future actions (Golob, 2018). It requires actively constructing meaning from fragmented or contradictory information, especially during uncertain or changing circumstances (Gilson, 2021). The iterative process of sensemaking includes gathering data, identifying patterns, framing interpretations and reconciling inconsistencies to form a coherent narrative or mental model (Barton & Kahn, 2019). Influenced by factors such as individual beliefs, prior experiences, cultural norms and contextual cues, sensemaking in South Africa is particularly significant because of the country's racial history as it integrates cognitive efforts with emotional, motivational and social elements (Robert & Ola, 2021). Effective sensemaking helps individuals and organisations manage complexity, foresee challenges and make well-informed decisions, enhancing adaptation and learning in dynamic settings which is especially important for leaders (Pentilla et al., 2020). It ties into social constructivist, interpretivist and phenomenological approaches by revealing the meaning leaders within this study attribute to socio-economic transformation and how these perceptions

influence their future actions in terms of B-BBEE implementation (Dervin & Naumer, 2017).

Sensemaking has various typologies, which have the potential to serve as a lens through which the leader's implementation of B-BBEE can be viewed. Table 1 details the types of sensemaking as detailed by Sandberg and Tsoukas (2020) in their study aimed at arriving at a broader understanding of sensemaking through phenomenology.

Within this research, the importance of sensemaking is emphasised for leaders managing B-BBEE initiatives amid challenges such as post-pandemic employee fatigue, economic downturns, cost-cutting and the backdrop of South Africa's racial injustices (Christianson & Barton, 2020). Despite the length of time since the advent of democracy and the introduction of components of B-BBEE to drive socio-economic transformation, the pace of change affecting the business world means that there are more complex issues for leaders to consider, and diversity and inclusion is not a simple component for which leaders can just engage in inherent sensemaking (Kezar, 2023). Leaders are required to exercise deeper consideration in diversity and inclusion matters and the successful implementation of B-BBEE requires leaders to possess a deeper leadership skillset or risk failure.

Key leadership skills required to drive diversity and inclusion through affirmative action

In a rapidly evolving and complex world, organisations strive for sustainable success and growth. However, achieving sustainable success requires more than talent and

TABLE 1: Types of sensemaking.

Level	Type	Description	Example relating to B-BBEE implementation
1	Inherent (<i>auto pilot</i>)	Notice that this is a routine event and automatically respond in a typical fashion.	The leader acknowledges the need to create an inclusive environment and implements check-ins at the start of each meeting or one-on-one meetings with each team member as suggested by HR.
2	Involved-deliberate	Notice this is an interruption to the routine, act to restore the routine state. Make decisions on the skills and capacity required to return to routine.	Recruitment decision for a new vacancy within the team. The leader notices the change and acknowledges the need to balance the skills required within the team and the diversity targets that must be met within the organisation.
3	Detached deliberate	Notice that this is a persistent and escalating interruption to the routine, step-back and out of routine to review the past and desired future so as to make decisions of next actions.	Executive team meeting to review the B-BBEE scorecard and make decisions on how to improve racial and gender representation at, for example, senior manager level where significant gaps exist.
4	Representational (<i>spectator</i>)	Takes place in a secondary 'practice' world where individuals are spectators of events that took place in another place and time. Decisions are theoretical actions.	Diversity and inclusion training for leaders where leaders need to make decisions on how they would implement B-BBEE back in the 'real' world or create a more inclusive culture within the organisation once back in the environment.

Source: Sandberg, J., & Tsoukas, H. (2020). Sensemaking reconsidered: Towards a broader understanding through phenomenology. *Organization Theory*, 1(1), 1–24. <https://doi.org/10.1177/2631787719879937>

B-BBEE, broad-based black economic empowerment; HR, human resource.

resources; it demands effective leadership and the development of robust capacities (Hashimy et al., 2023). Leaders aiming for success in diversity and inclusion and successfully implementing affirmative action through B-BBEE must possess key skills such as emotional, social and cultural intelligence, along with capabilities in inclusive leadership and group facilitation (Ince, 2023). These are detailed as follows:

Emotional intelligence

Emotional intelligence involves recognising and managing one's own emotions and understanding others' emotions to build effective relationships (Issah, 2018). It encompasses emotional self-awareness, self-management, social awareness and relationship management, crucial for organisational leadership, particularly during change (Goleman, 2021). This intelligence allows leaders to use emotions effectively for self-motivation, resilience and impulse control, which in turn helps positively influence stakeholders for the organisation's benefit (Foltin & Keller, 2012).

Social intelligence

Social intelligence is the capability to engage positively in social interactions, understand non-verbal cues and emotions of others, and use this understanding to anticipate behaviours (Goleman, 2011). Those with social intelligence can collaborate effectively towards common goals as it promotes understanding and empathy, reduces conflicts and helps in building strong relationships with others (Serrat, 2017).

Cultural intelligence

Cultural intelligence is described as the ability to effectively operate in culturally diverse environments, recognising cultural differences and using this awareness to behave appropriately within such contexts (Akhil & Liu, 2019). This form of intelligence involves adapting communication and interaction styles to fit different cultural norms, enhancing cross-cultural understanding and effectiveness.

Research design

Research design philosophy and approach

This study adopts an interpretivist approach to explore subjective experiences and interpretations regarding leading B-BBEE implementation, employing a phenomenological stance to grasp participants' lived experiences. Inductive reasoning is used for qualitative research, aligning with the study's bottom-up approach (Creswell & Creswell, 2018).

Design

A case study design within a single banking institution in Gauteng, South Africa, is chosen to collect detailed real-world data on leaders implementing B-BBEE. This design best suits the study's focus on leaders' experiences (Hancock et al., 2021).

Research participants and sampling method

Ten senior executive leaders from the study population, reflecting the profile of black and white leaders tasked with implementing affirmative action, were purposively sampled. Interviews in December 2022 involved equal gender representation and included South African-born and foreign national participants with extensive local experience. An analysis of the research participant demographics shows that all of the 10 participants interviewed operate in executive roles across different business areas within the bank. The majority of the participants (9 out of 10) are South African-born and only one participant is a foreign-national. However, all have been selected purposefully as all have lived and worked in South Africa for almost two decades each and have a perspective to provide on the phenomena under study. The foreign-national participant was further selected to provide views on being an African but not being considered African for the purposes of B-BBEE in South Africa.

Data collection methods

Semi-structured interviews lasting 45 min to an hour, conducted via Teams or in-person, allowed in-depth exploration of leaders' experiences. An interview guide ensured comprehensive coverage of research questions, with recordings transcribed and pseudonymised for confidentiality (Alshenqeti, 2014).

Strategies for data quality and integrity

Maintaining objectivity despite the researcher's leadership role involved suspending personal biases, upholding ethical principles and transparent documentation. Participant review of analysis elements ensured accuracy, while an external audit in the form of a review of collated meeting notes and generated themes by an independent researcher verified dependability (Creswell & Creswell, 2018).

Data analysis

Preliminary analysis after each interview identified emerging themes and included a reflection on any to confirm that the questions asked in the interview were leading to the formation of a response to the research question (Moser & Korstjens, 2017). Thematic analysis was used to code, generate and interpret patterns within the interview transcripts and notes (Bazeley, 2013). Transcriptions were reviewed to deepen understanding and identify relationships. Further analysis was performed by linking the developed codes to constructs and codes in existing literature facilitating the development of theoretical categories (Braun & Clarke, 2014).

Reporting style

The themes that were generated are described in the findings section. The findings are presented for each of the research questions. Some of the findings corroborated previous research, while others differed, thereby making a theoretical contribution to the current body of knowledge.

Ethical considerations

Ethical approval to conduct this study was obtained from the Da Vinci Institute Ethics Committee with reference: 01422. The research participants were informed of the motivation of the study and their role in the study to enable informed consent and voluntary participation (Pike et al., 2018). An invitation email was sent to all participants, explaining the motivation of the study, the role of the research participant, anonymity, confidentiality, method of data collection and right of withdrawal. This e-mail was accompanied by a Microsoft Teams invitation for a research interview and acceptance of the invitation was deemed to be acceptance of voluntary participation in the study.

Results

The themes that were developed for the research questions are presented in the following sections.

Perceptions of Broad-Based Black Economic Empowerment

Participants noted that in the South African context, when people think of affirmative action, racial inclusion is the primary focus, followed by gender and lastly disability, if considered at all. Other diversities listed under the *Employment Equity Act of 1998* are often overlooked. Participants felt this approach underserves the Act's goal of inclusive economic empowerment and devalues workplace diversity. They advocated for affirmative action to broaden its scope to include diverse skills needed in today's job market as roles evolve towards skill adaptability and transferability. Despite varying views on affirmative action, there was a shared recognition of the value of diverse teams in enhancing business performance through varied perspectives and ideas.

Participants expressed mixed feelings about affirmative action's current implementation, criticising it for being overly focussed on numerical targets rather than merit. They argued that focussing solely on legislative compliance can detract from the goal of creating genuinely inclusive environments that reflect the country's demographic diversity. In South Africa, historical biases and a tendency to promote similarity necessitate legislation such as affirmative action to ensure fairness and humanism across racial lines, as biases continue to influence leadership decisions negatively. Participants highlighted that while affirmative action is crucial for promoting fairness in recruitment and retention, its misapplication can lead to perceptions of corruption and inefficiency, calling for a balanced approach that aligns diversity with qualifications and organisational performance:

'The focus on legislation when we talk about creating inclusive work environments can distract people from the necessity to have teams that are representative of everyone in our country in terms of race, gender, disability, sexual orientation, and all other points of difference. If the moral imperative for diversity does not appeal to a leader, the bottom-line view should: It's good for business to have people around the decision-making table who think differently and see the world differently.' (RP7, white person, Male)

'My perception of Affirmation Action is mixed. We need more diversity in teams, that's a no brainer. It makes great business sense to have divergent thinking when making decisions. When you build a team, you want people with different backgrounds and experiences so you can leverage a broad spectrum of strengths. However, my perception is mixed because I have seen that the way we implement Affirmative Action is not right. We focus on numbers and do not always hire the best person for the role.' (RP1, black African person, Male)

'Legislated diversity is crucial in a country like ours where most private companies are still led by white males. What is scary that when we see a black leader in a senior position these days, we question who is really pulling the strings and making the decisions in the background. That means while we know the intent of B-BBEE and its related legislation, we know that how its applied in practice is for show.' (RP10, Indian person, Female)

These quotes illustrate that affirmative action remains crucial in the South African private sector, where black, female and disabled employees are notably underrepresented in influential positions. However, attitudes towards affirmative action are often negative among leaders responsible for its implementation to determine the pace of transformation. The study underscores a need to realign affirmative action with its original intent, focussing not just on filling quotas but on creating meaningful opportunities for everyone, ensuring that those advanced through such initiatives contribute significantly to their organisations.

Sensemaking of leader experiences while implementing Broad-Based Black Economic Empowerment

The role of personal conscious and unconscious bias in leadership

Participants expressed that recognising and challenging personal biases is essential for leaders to effectively promote diversity and inclusion in the workplace. They noted that both conscious and unconscious biases significantly impact diversity management. Leaders who fail to confront their biases tend to favour hiring individuals who resemble themselves in appearance and speech, thereby limiting opportunities for others. This practice often results in the overrepresentation of similar individuals in teams and a lack of accountability for such biases:

'In the workplace we hire for comfort first. We want to hire the people who will be less difficult for us to manage. We want people that we can trust quickly, get along with quickly and in our minds, produce great results with quickly too. So, we remove barriers caused by differences which predominantly include race, gender, language, and culture because we don't want to have to watch what we say and how we say it. I have come to learn that as a leader, I am an imperfect human and want this comfort, so I have been intentional about building the skills that for me are foundational for true diversity and inclusion: self-awareness, empathy, patience, tolerance, understanding, and acceptance.' (RP3, white person, Female)

'I have seen our organisation, and many other organisations hire disabled people to meet targets but keep those disabled individuals in the same roles for decades. There was no concern for the aspirations of these individuals and no regard for the

skills that these individuals could bring given the opportunity. It is so hard for some leaders to see beyond someone's disability and more needs to be done to ensure organisations don't pay lip service to transformation.' (RP6, Coloured person, Female)

The challenges leaders face in implementing affirmative action are often personal, stemming from their biases and experiences with diversity management in the workplace. In today's fast-paced, disruptive volatility, uncertainty, complexity, ambiguity (VUCA) environment, there is a strong demand for leaders to enhance diversity and inclusion efforts and foster collaboration within teams. This requires leaders to set aside their egos and personal views on diversity for the success of the organisation.

The perceived tension between transformation and performance

Participants discussed how high attrition rates as a result of a negative organisational climate caused by endless restructures forced them as leaders to make difficult decisions that appeared to compromise B-BBEE transformation goals – focussed on race, gender and disability – for immediate team performance and goal achievement. This revealed a perception that transformation and performance goals are misaligned in the short term, requiring a choice between them. However, they recognised that in the long term, the benefits of transformation could enhance overall organisational performance:

'Our people are battling burnout, exhaustion and poor mental health because of the never-ending restructures that increase anxiety and increase team load as vacancies are generally put on hold and teams must make do with reduced resources. The endless restructures led to high employee churn, and as a result, we are constantly dealing with resignations, retirements, and international relocations. It is hard to deal with that and still be concerned with transformation numbers.' (RP2, Indian person, Male)

'I am all for diversity and inclusion, and having teams where everyone in the team feels acknowledged and accepted, and where the team can benefit from our varying experiences and expertise because we openly share these with each other. However, I also know that my senior leadership team is not diverse at all, it is all white [*people*]. We are losing emerging talent of colour because when they look at us at the top, they don't see a single face that looks like theirs and they feel they don't belong. It's a very difficult thing to navigate right now.' (RP4, white person, Male)

In this study, it was interesting to note that the views related to the negative tension between transformation and performance emerged from interviews with male participants with the majority being white males. Female participants did not appear to factor this into their sense-making process. This was a curious finding as other researchers have found that white leaders in South Africa tend to feel that affirmative action is designed to unfairly reward people of colour in the workplace without consideration of merit and achievement. While black South African leaders tend to feel that affirmative action perpetuates the stereotype that black employees are of inferior quality and did not work hard for their achievements (Myeza & April, 2021).

The perceived conflict between diversity and performance stems from the misconception that group homogeneity enhances cohesion and effectiveness. Studies, however, show that diverse teams often surpass homogeneous ones by leveraging varied perspectives, experiences and skills; this is supported by Wang (2023). This is because while it remains that diversity can introduce challenges such as communication barriers or differing viewpoints, well-managed diverse teams can use these differences to boost creativity, innovation and problem-solving. Embracing diversity not only improves organisational adaptability and resilience but also enhances performance and competitiveness in a complex, interconnected world (Kim & Lee, 2023). Therefore, the conflict between diversity and performance can be viewed as a growth opportunity when diversity is effectively utilised.

The obligation to challenge the status quo

Participants in this study explained that leading diversity and inclusion through affirmative action in recruitment, development and promotion practices was challenging yet rewarding. They described the reward as opportunities to demonstrate the true value of diversity and inclusion and to use their leadership to address behaviours that do not align with the organisation's diversity and inclusion goals:

'As a senior leader, my leadership duty includes ensuring that the leaders within my team, also understand the value of diversity and demonstrate this understanding in who they hire, develop, and promote. My responsibility is to call out bias when I see it and guide my team towards recruitment decisions that will benefit the team and organisation. I have had many instances where I have had to challenge my team when we have vacancies, and they say they cannot find anyone in the market with the right skills, experiences, and exposures. I have come to learn that this is code for "I cannot find anyone in the market [who looks like me, has a similar background to mine and qualified in the same {level of} firm as me]".' (RP9, black African person, Female)

The quote illustrates that leaders who champion diversity foster a culture of openness, respect, and collaboration, which not only attracts top talent but also enhances organisational adaptability and resilience. By standing firm in their commitment to diversity and inclusion, leaders not only promote social justice and equality but also position their organisations for long-term success in a dynamic and competitive landscape:

'The experiences that have positively shaped my views on leading diversity and inclusion within the bank have been when I have managed to shift the views of my peer senior leaders in three things:

- We need to stop looking for unicorns (perfect people when we hire). We should hire people who have 70% of the things we need and have the willingness and ability to learn the rest.
- We need to stop centring development efforts and career progression around extroverts and embrace the quiet wisdom of introverts. We lose out on the potential of so many people because of this.

- We must challenge the status quo and not be afraid of the brand perception around challenging other senior leaders when they misuse diversity legislation.’ (RP8, white person, Male)

The quote illustrates leaders who believe in the value of diversity feel internally accountable to organisational transformation efforts and in turn, organisations that believe in the business rationale for a diverse workforce put in measures to ensure leaders are acting in accordance with that belief. Participants shared that a significant leadership challenge exists to ensure that affirmative action measures are followed up by appropriate learning, development and talent management measures so as to not set black employees up for failure in the workplace.

Guidelines for future implementations

Organisational structures to support diversity and inclusion

Participants relayed obstacles to successful leadership of B-BBEE initiatives. These include endless operating model changes leading to organisational restructures which negatively affect employee numbers, the ability to recruit, team performance and morale. Furthermore, a lack of accountability for leaders who do not meet transformation targets, a lack of accountability for leaders who are abusing legislation by oversubscribing teams with black or white team members and a lack of recognition and reward for leaders who do the right thing, meet transformation targets and move towards building inclusive team environments. Participants detailed that these would set the tone at an organisational level for accepted behaviour and actions that will not be tolerated:

‘My biggest challenge in leading transformational change in my space as a senior leader is that there aren’t enough people assigned to this task in the organisation. I sometimes feel like I am fighting alone against old leaders stuck in old mindsets. In an organisation of over 40 000 people, there are only six people in the Diversity and Inclusion team. These six people, work with smaller forums within business however these forums do not have a seat, voice, or power at executive decision-making tables and as a result fail to hold executives accountable for sluggish progress towards transformation and adequately support the leaders to make the required leaps.’ (RP5, black African person, Female)

The experiences shared by participants highlighted honest assessments of transformation within their teams and the bank, leading to a realisation that every leader’s actions significantly impact the progress towards genuine diversity and inclusion. Interviews revealed that challenges in leading B-BBEE initiatives were acknowledged by both white and black leaders, as well as male and female leaders, although to different extents. Leaders’ reactions to these challenges varied: some felt disempowered, while others saw them as opportunities to innovate and promote diversity and inclusion amid continuous organisational change.

Skills required by leaders to successfully implement Broad-Based Black Economic Empowerment

As participants shared their reflections on how they make sense of their experiences, what emerged are the lessons that the leaders have taken out of each experience for themselves as individuals and for the leadership of their teams going forward:

‘The thing we really need to change is how we develop leaders in the organisation. If we want upcoming or growing leaders within the organisation to do things differently, we need to encourage transformational leadership skills from the get-go. We need to expose young leaders to diverse environments through secondments early on in their careers so they can speak about cultural intelligence and the value of diversity from experience.’ (RP10, Indian person, Female)

‘We need to role model the right behaviours as senior leaders so that younger leaders do not face the challenges we face. We need to demonstrate integrity, speaking up and holding each other accountable without the fear of career suicide.’ (RP5, black African person, Female)

‘Our training covers how to hire, that is, how to go through [curricula vitae] CVs, run interviews, the process ... it does not adequately cover diversity and inclusion considerations, self-awareness, conscious and unconscious biases as well as ethical dilemmas. Nothing is going to change if these things don’t change.’ (RP1, black African person, Male)

The skills described in Table 2 reflect the skills indicated by the participants in their reflections with definitions pulled from legislation to provide a clear sense of the meaning of these skills.

The aforementioned skills reflect the participants’ perspectives about senior leaders who serve as crucial role models within organisations, embodying the values, behaviours, and principles that shape the organisational culture. As such, it is imperative for senior leaders to actively invest in the growth and development of junior leaders. By providing mentorship, guidance, and opportunities for skill-building and leadership experience, senior leaders cultivate a pipeline of talent that can drive future success and innovation.

TABLE 2: Skills required by leaders to successfully implement Broad-Based Black Economic Empowerment.

Item	Key skills/leadership models	Definition
1	Self-awareness in terms of personal biases	Individual alertness to implicit biases and their contribution to attitudes and behaviours in a racial context (Ricks et al., 2021).
2	Integrity – rooted in a value system	Personal character fuelled by formal (documented) and informal (observed) values (Roszkowska & Mele, 2021).
3	Cultural intelligence	An individual’s capacity to function effectively in a socially and culturally diverse setting (Wang & Goh, 2020).
4	Emotional intelligence	An individual’s ability to recognise, express, comprehend, and manage own and other’s emotions (Bru-Luna et al., 2021).
5	Grit	An individual’s tendency to diligently pursue long-term goals despite challenges (Datu, 2021).
6	Transformational leadership	A leadership style in which the leader focusses on the follower’s strengths and uses this focus to inspire and motivate the follower to show personal initiative and self-lead (Bakker et al., 2023).

Note: Please see full reference list of this article: <https://doi.org/10.4102/sajhrm.v22i0.2673> for more information.

Discussion

The research objectives that guided the study towards its aim were to explore and describe the experiences of senior leaders responsible for implementing EE, particularly affirmative action, as part of a B-BBEE strategy. This exploration revealed leaders' perceptions of B-BBEE and affirmative action and how they make sense of their roles based on their views on these policies, both in principle and practice. The findings outlined next demonstrate how the research objectives were met to achieve the research aim.

The first research objective focussed on the exploration of the views and perspectives senior leaders hold on B-BBEE and in particular affirmative action within B-BBEE. The authors argued that when it comes to the essence of B-BBEE, which is diversity and the meaningful inclusion of black people in the economy, all senior leaders agree that this remains a worthy cause. However, senior leaders unanimously agree that B-BBEE is poorly implemented in the country including the organisation which they lead, leaving the leaders unconvinced of the appropriateness of the legislation in its present and envisioned future form.

From the interviews, it was noted that senior and executive leaders highly value both physical (gender, race, ethnicity, ability) and cognitive (skills, competence, beliefs, values) diversity, recognising its importance for business innovation, creativity and performance, especially when organisations must leverage all strengths to stay competitive. The interviews highlighted that the measurable components of diversity, that is, the physical, are the primary focus for individuals and organisations alike. Cognitive differences on the other hand are assumed to come along as a result of the physical diversity, that is, it is assumed that a white male and black female bring differing levels of intellect, creativity and innovation to a team because of their race and gender. This may be a fallacy and a critical unrealised gap in the current thinking regarding diversity and inclusion within South Africa and in fact the world.

The interviews also highlighted that an organisation's culture significantly impacts its diversity levels. A positive and inclusive culture that values diversity helps attract and retain a diverse workforce, while a negative or discriminatory culture can lead to underrepresentation and high turnover among minority groups. A positive culture ensures all employees feel valued and respected, enhancing their sense of belonging and willingness to contribute their unique insights, which in turn promotes greater collaboration and innovation. However, the interviews revealed that senior leaders are conscious of their personal biases and how these biases affect decisions related to recruitment, development and succession. These biases can lead to unequal representation within the organisation, skewed allocation of opportunities and potentially discriminatory behaviour, resulting in a less inclusive work environment and affecting employee morale and retention. This underscores the ongoing necessity for policies such as B-BBEE, EE, and

affirmative action to counteract these biases. The continuation of legislation such as B-BBEE was a resounding request from most research participants as leaders explained that without the legislation to guide their actions, personal biases may continuously prevail leading to unintentional exclusive work environments.

The second research objective focussed on the understanding of the sense-making processes that leaders engage in, in order to place meaning on their experiences while leading a B-BBEE strategy implementation. On a personal level, participants reflected on their experiences, recognising their inherent biases related to race, gender, language, cultural background and other factors. This self-awareness prompted them to question the type of leaders they were, the leaders they aspired to be and the legacy they hoped to leave at the end of their careers. On a professional level, participants reasoned the implementation of B-BBEE as an additional task alongside their regular duties. They needed to actively manage affirmative action decisions as part of their daily work, either directly or by influencing others. The interviews also indicated that because of South Africa's historical context and the established B-BBEE legislation, affirmative action decisions are now integral to business operations in the country. At an organisational level, participants assessed their experiences in relation to the actions and behaviours of their peers, particularly noting instances where recruitment, promotion and development decisions contradicted the transformative goals of B-BBEE and organisational values. This contributed to the participants raising the point of view that organisational structures of performance management, recognition and reward must support transformation for B-BBEE strategy implementation to work effectively. Furthermore, participants opined that the workplace has become increasingly complex and volatile because of rapid digital transformation and globalisation, and that there is ever increasing pressure to ensure business performance, making diversity and inclusion a barrier to rapidly filling vacancies, upskilling and ultimately meeting high performance targets.

The third research objective focussed on the lessons that might be learnt from the experiences of the leaders participating in the study in aid of future B-BBEE strategy implementations. The interviews revealed that in the context of implementing affirmative action within an organisation's B-BBEE strategy, the adage by John E. Jones, 'what gets measured, gets done; what gets measured and fed back, gets done well; and what gets rewarded is repeated', is essential (Gray et al., 2015). Measurement and feedback are parts of the solution: B-BBEE targets are regularly assessed and reported to leadership and employees, but this often results in targets being met only at junior levels, not in senior management. The critical missing element is reward. Effective strategies should include both recognition for leaders who promote inclusivity and human-centred leadership, and performance contracts that tie the achievement of diversity and inclusion targets, including affirmative action, to monetary outcomes such as bonuses

and promotions. A further insight emerging from the interviews was that an intentional leadership development plan could effectively promote diversity and inclusion beyond mere compliance with EE laws. This plan should foster a consistent organisation-wide discussion on diversity and inclusion, clearly defining leaders' roles and responsibilities at all levels. Aligned with organisational values, the plan would guide leaders in practically embodying these values, making diversity and inclusion a tangible reality for all employees across different business segments. This would be achieved through leaders being equipped with self-awareness, integrity, cultural intelligence, grit and emotional intelligence, adopting a transformational leadership style. Competencies such as critical thinking, a growth mindset, problem-solving, collaboration, and digital proficiency are equally crucial for maintaining competitiveness in any market.

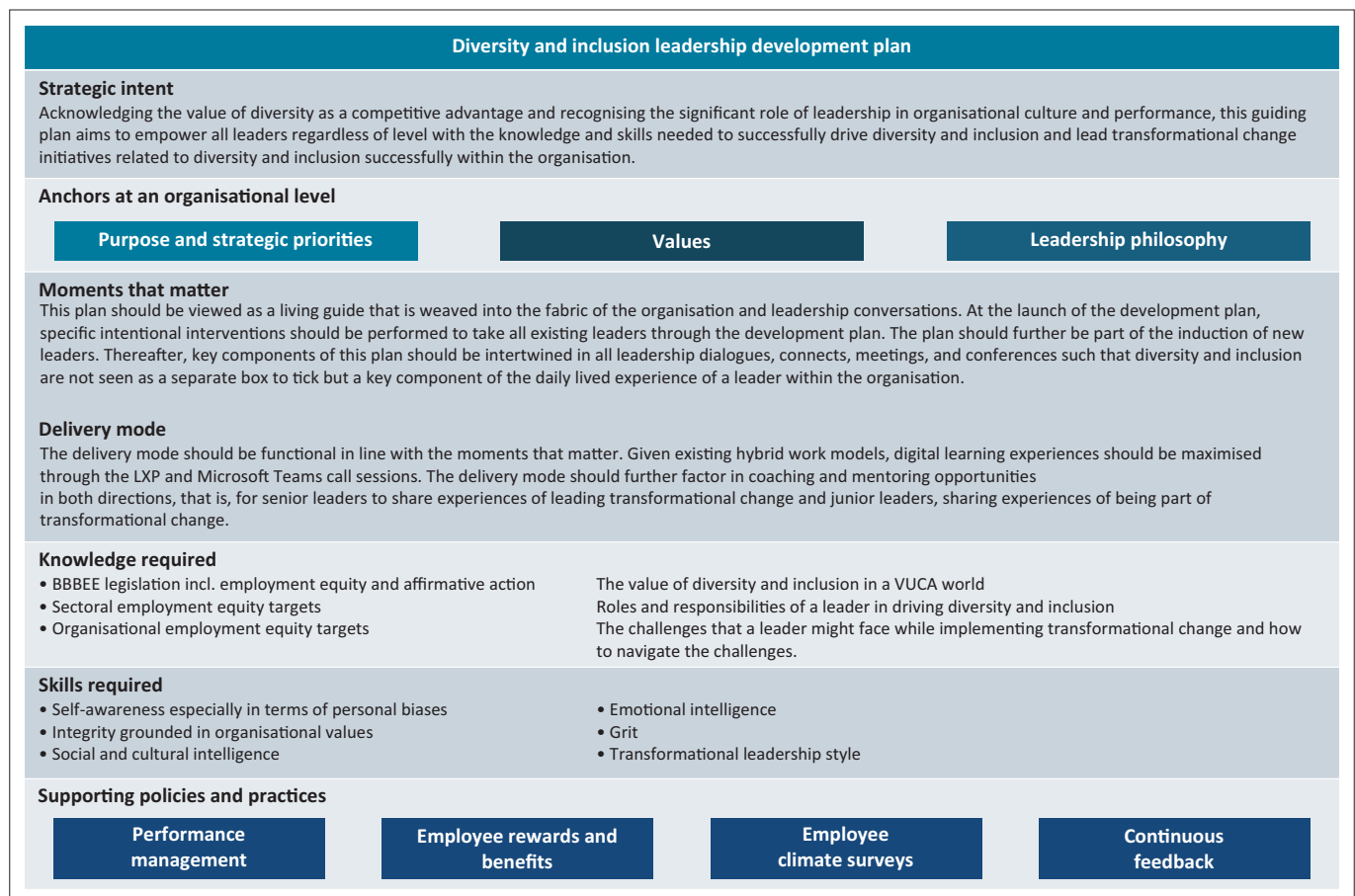
Figure 1 details the leadership development plan that emerged from the study as a means to develop the behaviours, attitudes and skills leaders need to effectively implement affirmative action within a B-BBEE strategy.

In terms of the strategic context, interpreting and discussing the observations from the provided plan within the context of the South African banking environment entails understanding the unique challenges and opportunities

present in the industry. South African banks operate in a highly competitive market where differentiation can be critical as competition is high, pricing is fairly inflexible, and customers are quite price sensitive (Ntimane, 2020). Diversity and inclusion may present as a key enabler for differentiation in the market.

When looking at the anchoring at an organisational level, it is important to note that banking institutions in South Africa such as the one under study often have well-defined values and a strong organisational culture anchored on a societal impact purpose and a people-centric leadership philosophy. By anchoring B-BBEE implementation to the organisational purpose, values and leadership philosophy, banks can ensure alignment with their overall strategic direction. This will ensure consistent messaging across the organisation that embeds diversity and inclusion matters into the fabric of the organisational culture rather than a task to be completed in isolation (Manoharan et al., 2021).

Interventions during leadership inductions, transitions, dialogues and connect sessions serve as meaningful moments where leaders are convened. These can help maintain continuity in diversity and inclusion (D&I) efforts and prevent setbacks because of misaligned messaging related to B-BBEE implementation. During these moments, discussions on B-BBEE as a vehicle for diversity and inclusion matters



B-BBEE, broad-based black economic empowerment; LXP, learning experience platform; VUCA, volatility, uncertainty, complexity and ambiguity.

FIGURE 1: Leadership development plan.

should become common place in the workplace to build psychological safety around bold conversations on the topic. These discussions should be coupled with self-led digital learning, coaching, mentoring and communities of practices as delivery modes which most leaders are familiar with within corporate.

The above-stated plan makes mention of the knowledge that leaders require and should be disseminated during these moments that matter and delivered in the flow of work of the leader. Understanding B-BBEE legislation, EE targets and the value of diversity and inclusion in a VUCA world is crucial in the South African context. This will ensure that leaders recognise the continuing need for B-BBEE legislation, remain focussed on the intent of this legislation and recognise that the implementation of strategies aligned to B-BBEE is not designed to hinder performance but accelerate it through effective diversity and inclusion within teams.

Lastly, the plan refers to the skills that leaders need to develop and the supporting practices to ensure that the business environment is conducive to the successful implementation of B-BBEE. Given the diverse demographics of South Africa, leaders in banking and all other industries need strong social and cultural intelligence to effectively engage with clients and employees from different backgrounds. Emotional intelligence and a transformational leadership style can foster inclusive environments where all employees feel valued and empowered. Performance management, rewards and benefits are areas where South African banks can reinforce D&I initiatives by holding leaders accountable for their role in creating inclusive work environments and rewarding the leaders who are most effective in this regard.

The participants responses to the research questions enabled the researcher to provide concrete recommendations for the implementation of transformational diversity and inclusion-related change within an organisation, starting with the leader as an influencer of employee behaviour. Adoption of the proposed organisational practices and the proposed leadership development plan could facilitate significant gains through meaningful diversity and inclusion within teams leading to enhanced organisational performance.

Significance of the study

Limited research has been done on the perspectives and experiences of leaders responsible for implementing B-BBEE strategies (Grobler et al., 2019; Prinsloo, 2017). This study enhances theoretical knowledge on B-BBEE by examining the experiences of executive leaders implementing affirmative action within the South African banking sector, and how these insights can inform future B-BBEE implementations.

Additionally, the study improves practices in organisational transformation and leadership development through a transformational change leadership guideline. It identifies

discrepancies between the organisation's transformation goals and their actual execution, pinpoints leadership development needs and suggests reevaluating leader performance management and reward policies to better align intentions with actions.

Limitations of the study

The study aimed to examine the experiences of senior executive leaders implementing affirmative action as part of a B-BBEE strategy within a major South African retail bank. Although this bank is a key player in the market and one of Africa's largest banks, it represents just one institution within the financial services sector. The exploratory qualitative nature of the study meant that the study was limited to 10 leaders, and it is important to note that a possible desirability bias may have deterred other leaders from participating in the study as some leaders who were invited to participate, declined the request to participate. Given the study's limited scope, its findings cannot be generalised to a broader population and may not apply to other contexts.

Suggestions for future research

This study employed a qualitative approach to capture and interpret participant experiences. However, there is potential for a quantitative study to explore senior leaders' recommendations on practices and policies that organisations should adopt to better facilitate the implementation of affirmative action within a B-BBEE strategy. Such a study could also examine the skills necessary for leaders to effectively drive transformational change in this context. The current research was confined to one organisation and 10 senior leaders, suggesting an opportunity for a quantitative approach to broaden the sample to include more organisations and possibly other sectors. This expansion could help identify trends and variances that offer deeper insights into the leadership of racial and gender transformation across various industries in South Africa.

Conclusion

The findings of this study highlight the pivotal role leaders play in fostering inclusive work environments, especially amid the rapid changes of the Fifth Industrial Revolution (5IR), which integrates technology and human experiences. The study argues that organisations committed to transformational change and building genuinely diverse teams will succeed if they create supportive systems for inclusion. This involves revising policies on diversity and inclusion, establishing recognition and rewards aligned with these policies, and implementing consequence management for non-compliance. Furthermore, it is recommended that organisational leadership development practices be re-evaluated and re-shaped through a transformational leadership plan that develops the requisite skills at all levels.

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Authors' contributions

T.P.M. designed and developed the research concepts, methodology, data collection and analysis in conjunction with P.S. in his role as supervisor.

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Data availability

The data that supports the findings of this study cannot be made available because of the terms of the ethical clearance obtained.

Disclaimer

The views and opinions expressed in this article are those of the authors and are the product of professional research. The article does not necessarily reflect the official policy or position of any affiliated institution, funder, agency or that of the publisher. The authors are responsible for this article's results, findings and content.

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