

Due to the flurry of high-profile transactions in the mining industry and the groundbreaking Mining Charter, an impression might have been created that mining is an industry at the cutting edge of the transformation agenda. However, a recent study reveals a picture of an industry that is changing only at an equity level.



Employment Equity and the Mining Charter

Black representation on the boards of mining houses has shot up from zero to 37% since 2001, according to a report released by executive recruitment company Landelahni Business Leaders. Landelahni chief executive Sandra Burmeister explains, "This represents a significant shift since the Mining Charter was formulated in October 2002. However, at other levels, representation in the mining industry trails the average across all industries."

The company says the research covered 80% of the mining sector, and was essentially undertaken to provide insight into the progress made in employment equity at operational and corporate level in the mining industry and to provide guidelines to companies in developing Employment Equity (EE) strategies.

In line with the requirements of the Mining Charter, EE was covered as one of the central themes of the study. Shortage of skills in the industry and the competition for skills are the two main factors mentioned by the study as the reasons why the sector is failing

to meet EE targets. Other negative factors around the industry include the perception that mining is seen as a "sunset" industry, a shrinking industry and this, combined with the length of stay of experienced people, does not make mining an attractive option for ambitious, high-powered people, except at a Black Economic Empowerment shareholding level.

Add to this the fact that most black recruits exit from the industry within 18 months.

Burmeister says, only two companies, Harmony Gold and African Rainbow Minerals, have met EE targets so far.

Recruitment shortcomings

The research also indicates that, to date, the mining industry has been slower than other sectors to put processes in place to meet transformation requirements. Burmeister says, "The significant board transformation that has occurred is a step in the right direction. It is bound to accelerate the process across the

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rest of the organisation.”

Burmeister urges mining houses to move away from the “experience equates competence” recruitment mode, pointing out that it is one of the major shortcomings of the industry.

“This attitude might also account for the poor female representation in the sector.”

Besides the shortcomings in recruitment strategies, another factor that militates against mining operations as a potential employment destination for women, especially, is that many operations are located in remote and small towns.

“There is currently only one woman who is a mine manager in the whole country, and one of the obvious reasons for this state of affairs is that it is difficult to fit into the social infrastructure of small towns where many mining operations are situated,” Burmeister says. She adds that one of the strategies that companies can employ to counteract the negative impact of remote locations is the creation of a critical mass in those operations.

“Remoteness is a major negative factor when potential candidates weigh up employment options. Companies can counteract this negative aspect through the creation of a critical mass of similar people on those operations.”

Decrease in engineering graduates

The study findings reveal that there has been a 20% to 30% increase in enrolment in the engineering field in tertiary institutions, but much fewer graduates. The downward trend in engineering graduates started eight years ago.

“There has been a 30% increase in engineering enrolments, but only 5% of first-year students actually graduate as engineers. The reasons include funding problems due to a decline in available bursaries as well as the lack of effective bridging programmes to assist students who have not necessarily had a strong mathematics and science background.

“What remains worrying, however, is the downward trend in engineering graduates from tertiary institutions since 1998, including those with mining-specific degrees. “Which means the shortage of technical skills is going to be compounded over the next few years. However, this is not a trend that is unique to South Africa, it is a worldwide phenomenon. The reality is that the more mines become mechanised and the more sophisticated the new technology, the higher the skills demand,” Burmeister explains.

The Mining Qualification Authority is trying to counteract the negative situation via a learnership programme. However, the figures are not encouraging.

“A thousand learnerships per annum have been targeted by the Mining Qualifications Authority as at August 2004, but only 686 had been taken up, and only 40 had been completed.”

However, Burmeister feels there is hope. “More encouraging is the increase in Engineering Council registrations across all disciplines, indicating that the companies are putting employees through certification processes. Here, the employment equity statistics are quite balanced, with 907 blacks registered in 2004, and 940 whites.”

Conservative industry

Even though there are no statistics available from the Department of Minerals and Energy relating to how many mine managers were certified between 2002 and 2005, the Landelahni study indicates that, out of 100 shafts, there were 11 black mine managers compared to two in 2001.

Part of what accounts for the mining industry lagging behind other industries, transformation-wise, is the conservative nature of the industry, in which job-hopping is traditionally frowned upon.

“The time people in the mining industry spend in one job tends to be much longer than in other industries. This lack of movement also accounts for the slow pace of transformation in the industry,” clarifies Burmeister. The other upshot of the conservative aspect of the industry is that it has put a damper on remuneration packages.

“The mining industry pays less than other industries due to the lack of mobility on the part of employees in the industry. Mining also pays less at executive and other levels of management than other industries. Because the industry is stuck in the “experience equates competence” mode, means the general attitude is that, if you have never worked in a mine, you cannot manage a mining operation.”

The other industry Achilles heel is that it is structured in a patriarchal manner, and it is also one of the oldest industries in the country.

“The patriarchal and conservative nature of the industry renders mining unattractive for aspirant managers and executives because managers in the mining game tend to enjoy less autonomy and delegated authority than those in other industries.

They also do not enjoy real business strategic focus as they mainly implement orders and decisions from London and Australia. The industry has a top-down style of management, which is also fostered by the fact that it has been in existence for hundreds of years and, as a result, it is not an industry that is receptive to innovation.” ■