

**NATIONAL OFFICE**

First Floor, 3 Gwen Lane, Sandown, 2196  
P.O. Box 652807, Benmore, 2010  
Tel: +27 11 784-8000/1/2/3 | Fax: +27 (0) 86 609 8248  
E-mail: busa@busa.org.za | Website: www.busa.org.za

**PARLIAMENTARY OFFICE**

9 Church Square, 1st Floor Graaffs Trust Building  
Cape Town, 8001  
P.O. Box 3867, Cape Town, 8000  
Tel: +27 21 465 1633 | Fax: +27 21 461 5470

**BUSINESS UNITY SOUTH AFRICA (BUSA)**

**MEDIA STATEMENT**

**IMMEDIATE RELEASE**

**EXPEDITING TRANSFORMATION AND SUCCESSION PLANNING IN CORPORATE SA**

Business Unity South Africa (BUSA) conducted a survey on the demographic and age profile of the upper management echelons of all 295 companies listed on the Johannesburg Stock Exchange (JSE).

The objective of the survey was to identify positions that that would become vacant within the next five years as a result of natural attrition, such as retirement. Using publicly available records, the survey examined the age, gender and race profiles of incumbents holding executive and non-executive director positions.

The survey results revealed that blacks and women continue to be grossly under-represented in all directorships and top executive leadership (TEL) positions of JSE-listed companies.

These results confirms what President Zuma said (in a speech read by Deputy President Motlanthe) at the inaugural meeting of the President's Broad-Based Black Economic Empowerment Council *"The speed of economic transformation, we have to admit, has been frustratingly slow at times"*.

Some of the study's major findings showed that:

- of 269 CEO positions:
  - Blacks occupy 9% (Africans 4%; Coloureds 3%; Indians 2%) and whites 91%
  - Females accounted for 3% and males 97%
- of 219 CFO positions:
  - Blacks occupy 8% (Africans 2%; Coloureds 1%; Indians 5%) and whites 92%
  - Females accounted for 7% and males 93%
- of 245 non-executive chairman positions
  - Blacks occupy 28% (Africans 24%; Coloureds 1%; Indians 3%) and whites 72%
  - Females accounted for 6% and males 94%
- of 1664 non-executive director positions:
  - Blacks occupy 36% (Africans 29%; Coloureds 3%; Indians 5%) and whites 64%
  - Females account for 18% and males 82%
- of 339 TEL positions:
  - Blacks occupy 18% (Africans 15%; Coloureds 1%; Indians 2%) and whites 82%
  - Females account for 9% and males 91%
- 533 executive and non-executive director are expected to retire from JSE-listed companies in the next five years



While Blacks constitute 87% of the economically active population, their representation is clearly nowhere near this percentage in both executive and non-executive directorship positions. These findings have confirmed the negative picture that has been painted year on year by the Commission on Employment Equity.

Despite the fact that the number of black and female Chartered Accountants increased over the years, 92% of CFOs were found to be white. This paints a bleak future for potential black CEOs as the majority of TEL who ultimately become CEOs usually becomes CFOs 1st.

The anticipated retirement of over 500 directors in the next five years provides a golden opportunity for expediting the pace of transformation in the upper echelons of corporate SA.

In light of this opportunity, BUSA recommends that companies develop and implement measures to overcome under-representation of blacks and women in directorship and TEL positions. One possible strategy would be for companies to identify all directors that would be retiring at least 18 months before their retirement date. Skilled and knowledgeable blacks and women who might lack the requisite board experience should be identified as “shadow directors” (not in perpetuity) to replace retiring directors. Retiring directors will then have a period of at least a year in which to mentor “shadow directors” on the nuts and bolts of the board and other company information before handing over the reins.

This is just one possible strategy for companies to develop and implement over the short, medium and long term. BUSA anticipates that the implementation of the recommendations outlined in the report will lay the foundation for ensuring that the next generation of leaders of corporate SA closely resembles the demographic profile of the economically active population of South Africa, as required by the twin government policies of employment equity and broad-based black economic empowerment.

We also impress upon the recently established B-BBEE Advisory Council to promote a more inclusive economy by accelerating the speed of transformation in support of women, youth and people with disabilities.

ENDS

02 March 2010

**Enquiries:**

**Raymond Parsons**  
**Deputy CEO**  
**083 225 6642**

**Kganki Matabane**  
**Executive Director – Transformation Policy**  
**083 265 0938**