

SOUTH AFRICAN TRANSFORMATION MONITOR (SAT MONITOR)

Transformation in the Professional Sector: Accountants, Engineers, Attorneys, Information Technology, Financial Service Professionals, Doctors.

Table of Contents

1 Introduction	1
1.1 South African Transformation Monitor	2
1.2 South African Transformation.....	3
1.3 The use of terminology.....	3
1.4 Background to the study.....	4
1.5 Data for the study.....	4
2. TRANSFORMATION IN THE PROFESSIONAL SECTOR IN SOUTH AFRICA.....	5
2.1 Racial representation of SIACA membership	5
2.2 Racial representation of Trainee Accountants.....	6
2.3 Racial representation of Attorneys.....	7
2.4 Racial representation of SA Financial Service Professionals.....	8
2.5 Racial representation of Engineers.....	8
2.6 Racial representation of Engineers for all categories.....	9
2.7 Racial representation of Professional Engineers.....	10
2.8 Racial representation of Professional Engineering Technologists.....	11
2.9 Racial representation of Certificated Engineers	11
2.10 Racial representation of Candidate Engineers	12
2.11 Racial Representation in the ICT sector.....	13
2.12 Medical Practitioners	13
2.13 Racial representation of Medical Doctors.....	14
2.14 Conclusion.....	14
3 References.....	15

1. INTRODUCTION

In 1994, South Africa was characterised by a black¹ population that was, as a rule, poverty stricken and economically marginalised. As apartheid gave way to political freedom in South Africa in 1994, various companies began to hire black professionals for the first time. These included accountants, financial experts, IT professionals, engineers, doctors, nurses etc. In order to rectify the skewed economic profile of black South Africans, and to facilitate the entry of blacks into various professions, a vast body of legislation, policies and charters in various sectors of the economy have been introduced since 1994. Instrumental in ensuring black advancement are the Employment Equity Act 55 of 1998 and the Broad-Based Black Empowerment Act 53 of 2003 and numerous other acts.

During the transition to democracy in 1994, it was estimated that about 5% of all professionals were from the black majority of the population. In examining this severe under-representation, this study seeks to analyse the dynamics in racial representation in various professions over time. Various authors have held the view that the political, social, and economic context in South Africa has changed dramatically since 1994. But what has been the impact of these changes on the racial composition of professionals? We would ask such questions as: is race still a silent factor in the professional sector in South Africa? What has changed in the racial composition of professionals? The focus of this paper is not on absolute numbers of black professionals but on the change in racial composition of professions since the transition to democracy. We believe that such studies can give an indication of the extent of black advancement since 1994.

This study documents the actual progress made by the different racial groups in the areas identified since the transition to democracy. It also considers the impact of these changes on the broader political economy. My findings in the first phase of the project were that blacks have advanced rapidly from an economic point of view since 1994. I say this with the knowledge that I have been careful to measure black advancement and transformation in South Africa in an accurate, comprehensive and objective manner. Given the sensitive nature of a project such as this one, we take a very conservative approach in reaching our conclusions.

¹ The broad definition of blacks includes Indians and Coloureds.

1.2 SAT Monitor

The SAT Monitor will provide statistical evidence of the progress black South Africans have made alongside other racial groups since 1994. Research will be broken down into several phases, with each phase concentrating on a certain sector of the economy. The sectors covered are as follows:

- 1.1.1 Black ownership of the Johannesburg Stock Exchange (JSE) and ownership of insurance policies;
- 1.1.2 the public sector;
- 1.1.3 bank accounts, savings accounts and credit cards;
- 1.1.4 company registrations and directorships;
- 1.1.5 education enrolment and levels (primary, secondary, tertiary, public and private);
- 1.1.6 income;
- 1.1.7 land ownership, land holding and mortgages (private and government);
- 1.1.8 management (private sector);
- 1.1.9 occupations (skilled employment);
- 1.1.10 professions (IT, accountants, engineers, doctors, lawyers etc);
- 1.1.11 access to healthcare; and
- 1.1.12 tertiary education.

1.3 South African Transformation Index (SATI)

As previously stated, SATI will be constructed by using the research in each sector as a cornerstone. SATI will be updated annually, using all research done in the different sectors for a specific year.

1.4 The use of terminology

The study uses data spanning 1994 to 2009. The meaning of given terminology, with specific reference to the use of Indian/Asian and African/black, changed over this period. An explanation of this terminology is important for the interpretation of this report. Before the implementation of the Employment Equity Act in 1998 and the introduction of new reporting structures by government, most government departments generally used the

word black when referring to black (skin colour) South Africans and Asian when referring to South Africans of Asian descent. After 1998 the reporting structure changed with the designation African referring to black (skin colour) South Africans, Indians and Coloureds. These three classifications make up what is now called the broad definition of black in South Africa today. White refers to South Africans with a white skin colour.

Throughout this study, the broad definition of black (which includes African, Indian and Coloured) is used.

1.5 Background to the study

During the climax of the apartheid period, 60% of South Africa's laws were related to race. This makes it hard to study South Africa's professionals without mentioning race. According to Stats SA, from **1992 to 2009**, there has been growth in the South African population in all racial groups. The Black population increased by **39.4%**, the Coloured/Indian population by **33.6%**, and the White population by **4.6%**. The Apartheid education policies of exclusion imposed a limitation on a majority of blacks who wanted to enter a profession. Currently, entrance requirements into various professions in South Africa typically consist of three criteria: (1) minimum education level, (2) experience, (3) to sit a board examination.

Since the transition to democracy, the government has come up with various policies to correct the inequalities of the past. The questions to be answered by this study are: What has been the impact of government policies such as the Employment Equity Act, Skills Development Act, and the SAQA Act among many others on the development of black professionals in South Africa? What changes have taken place in the racial composition of the professions since 1994? What gaps still exist in the racial composition of professions?

1.6 Data for the study

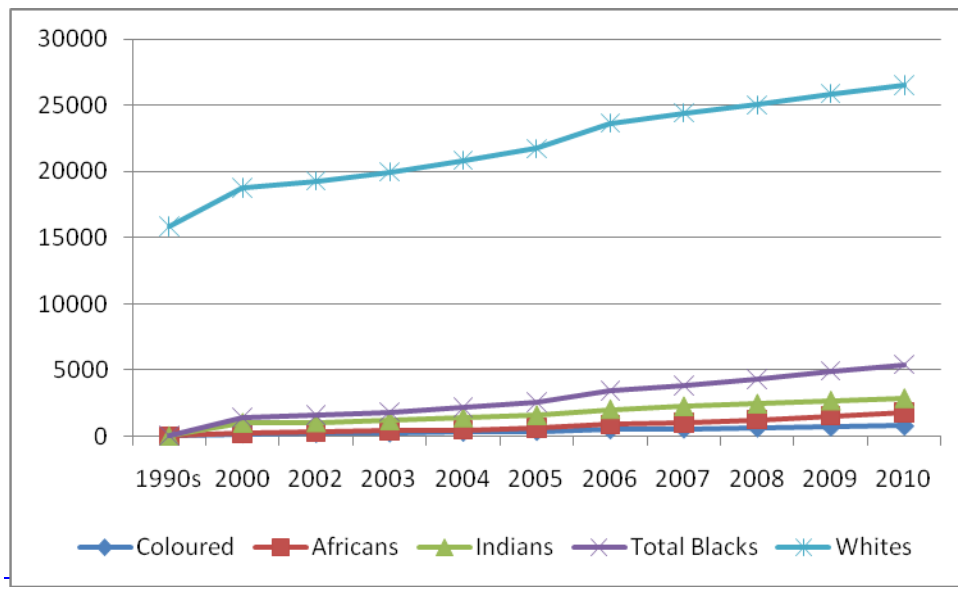
The data for this study has been obtained from various sources since no single organisation/institution has comprehensive documented information on professionals by race in South Africa. The data was mainly secondary data collected from the Department of Labour reports, Stats SA data, South African Institute of Race Relations' publications

and South Africa Survey, data from various professional bodies in South Africa such as SAICA, SA Law Society, HSRC, and other internet sources. This data was then aggregated and analysed.

The focus of the analysis is not on the actual professional figures by race but rather on the change that has taken place in the composition of professionals between 1994 and 2009. Tables and charts will be used to show both actual numbers and also the change in professional for the various racial groups in South Africa.

2 TRANSFORMATION IN THE PROFESSIONAL SECTOR IN SOUTH AFRICA

2.1 Figure 1: Racial representation of SAICA membership (1994-2009)

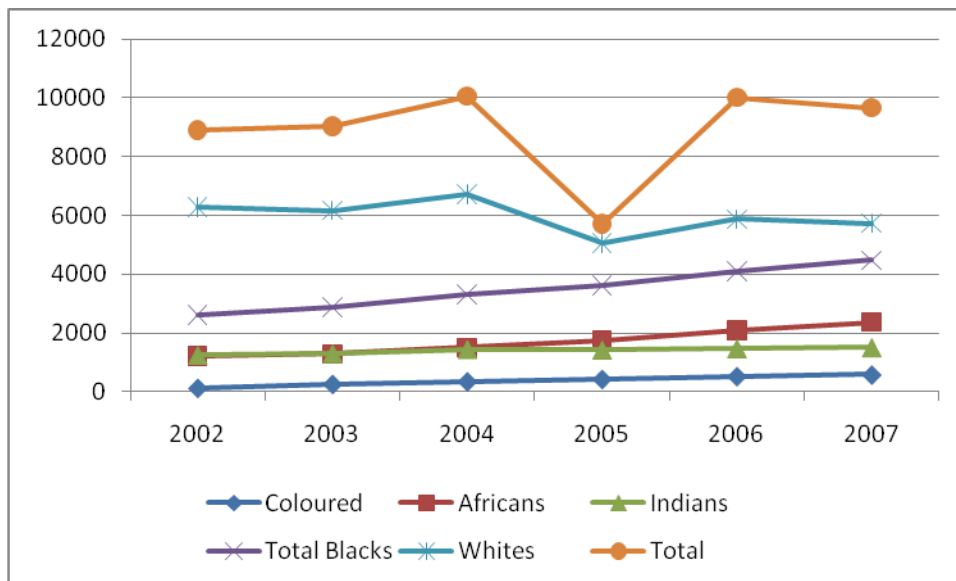


Source: South African Institute of Chartered Accountants (SAICA),
www.saica.co.za/members

According to Figure 1, only 1% of Chartered Accountants (CAs) in the 1990s were black while 99% were white. Since then, there has been a significant transformation in the accounting sector in South Africa. For example, African CAs have increased by 706% from a mere 220 in 2002 to 1,774 in 2010, Coloureds 319% from 189 to 792, Indians

185.6% from 889 to 2851. Whites increased the least by 41.2% from 18,790 to 26,529. Therefore there has been significant black advancement in the area of professional accountants. By 2009 black CAs numbered 5,417 (16,96%) out of a total of 31,946 registered members.

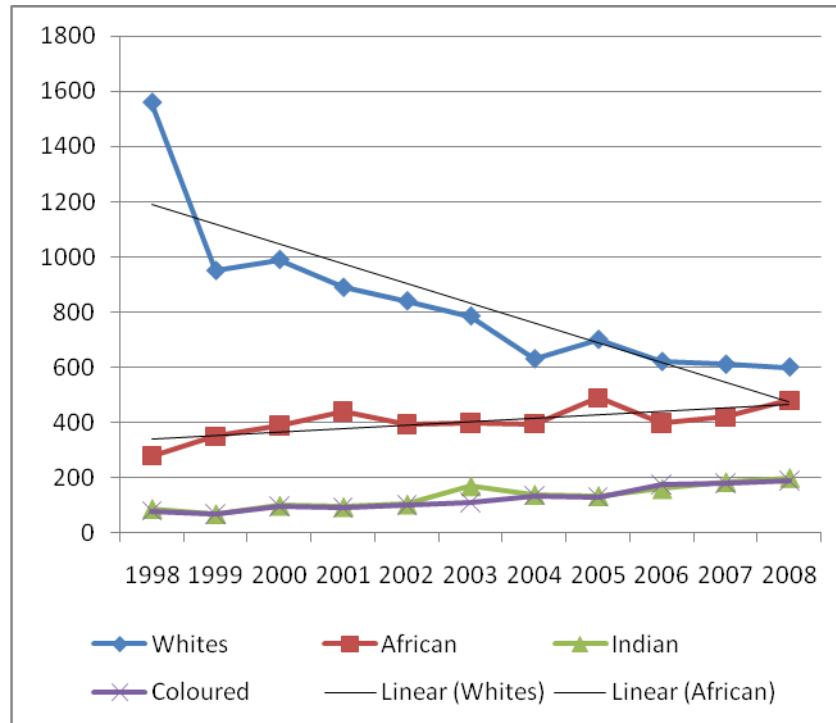
2.2 Figure 2: Trainee accountants by race (2002-2007)



Source: South African Institute of Chartered Accountants (SAICA),
www.saica.co.za/members

Figure 2, shows that between 2002 and 2007 there has been a continuous increase in the number of trainee black accountants. Africans increased by 93.4% from 1,228 in 2002 to 2,375 in 2007, Coloureds by 318% from 141 to 590, and Indians by 21.5% from 1,245 to 1,513. Whites decreased by 9% from 6,288 to 5,733 within the same period. Using the broad definition of black (African, Coloured, Indian), the increase was 71%, from 2,614 in 2002 to 4,478 in 2007. Therefore there has been a significant increase in black trainee accountants since the transition to democracy.

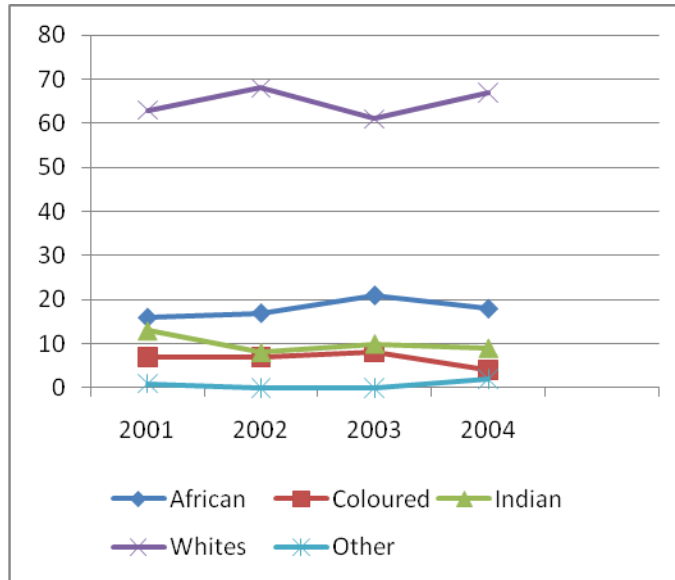
2.3 Figure 3: Attorneys admitted by race (1998-2008)



(Source: Data from LEAD)

Figure 3 shows that between 1998 and 2008 the number of African attorneys admitted increased by 71%, Coloured by 137% and Indian by 122%, while white attorneys admitted within the same time period decreased by 61%. Therefore there has been significant black advancement in the admission of attorneys for all previously disadvantaged race groups.

2.4 Figure 4: Percentage racial representation of SA financial service professionals



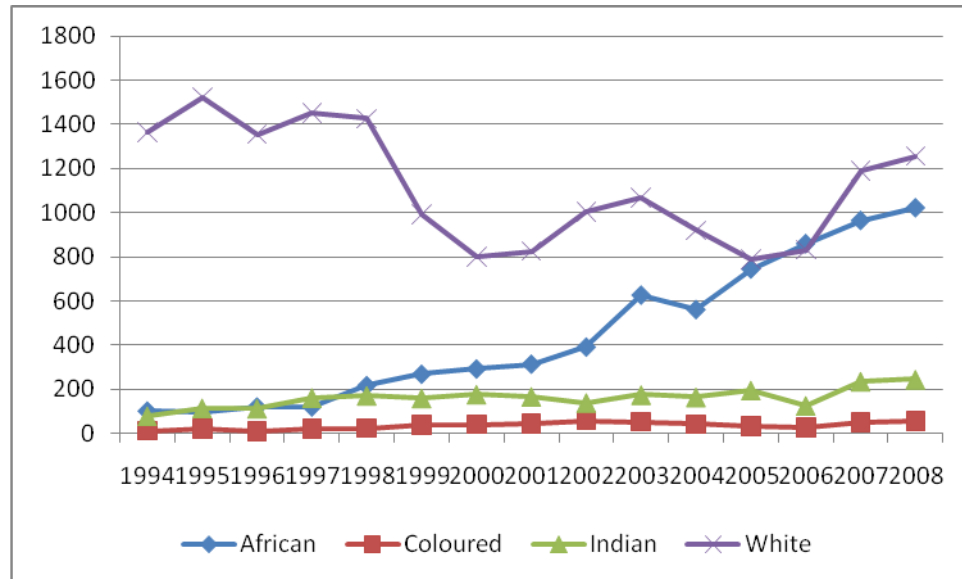
Source: Department of Labour.

Figure 4 shows that white financial service professionals decreased by 4% from 71% in 2000 to 67% in 2004. African representation increased by 7% from 11% in 2000 to 18% in 2004, and Indian by 1% but Coloured representation decreased by 3% within the same period.

2.5 Racial representation of engineers

The Engineering Council of South Africa (ECSA) is a statutory body established in terms of the Engineering Profession Act, 2000 (Act No 46 of 2000) and derives its powers and responsibilities from that act. The Engineering Council of South Africa keeps racial records of engineers in such categories as professionals, professional technologists, certificated engineers, and candidate engineers. All of these categories between 1994 and 2008 will be analysed below.

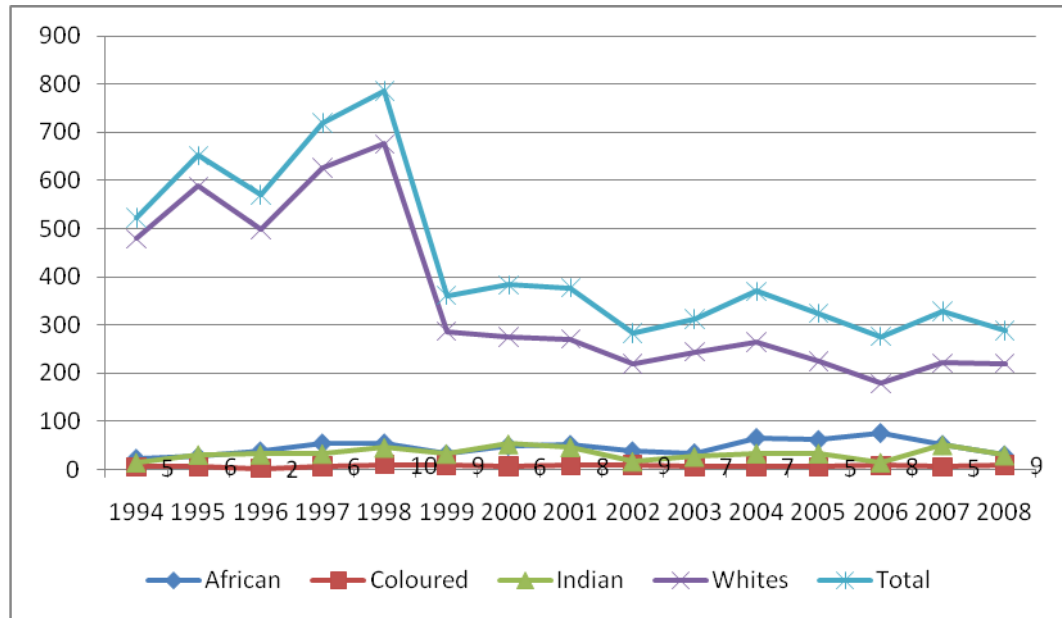
Figure 5: Racial representation of engineers for all categories 1994-2008



Source: The Engineering Council of South Africa annual reports 1994-2008

According to Figure 5, there has been a 900% increase in the number of black registered engineers for all categories from 102 in 1994 to 1,021 in 2008, Coloureds increased by 400% from 11 to 55, and Indians by 210% from 79 to 245 but whites decreased 8% from 1,366 in 1994 to 1,256 in 2008. This data shows significant black advancement in the engineering sector for all categories. To understand where the advancement took place, the data in Figure 5 will be decomposed into the various professional categories to see where there was greater black advancement.

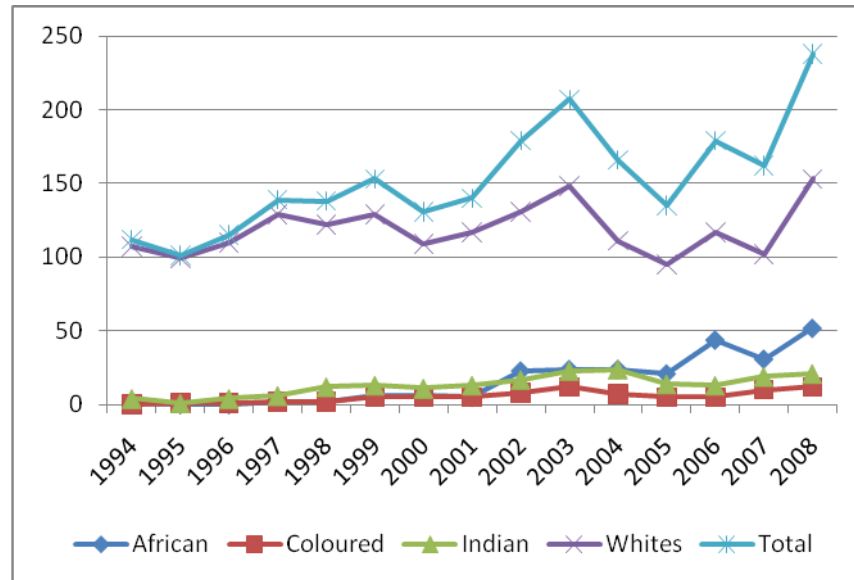
2.6 Figure 6: Racial representation of professional engineers (1994-2008)



Source: The Engineering Council of South Africa annual reports 1994-2008

Figure 8 shows a 44% decrease in the total number of registered professional engineers between 1994 and 2008. This decrease is largely due to the 54% decrease in white professional engineers. Blacks increased by 30%, Indians by 100% and Coloureds by 80%. Thus significant black advancement took place between 1994 and 2008 in the registration of professional engineers. Though in absolute values there is a racial gap in the registration of professional engineers, this gap will decrease with the increase of black engineers graduating from the various universities.

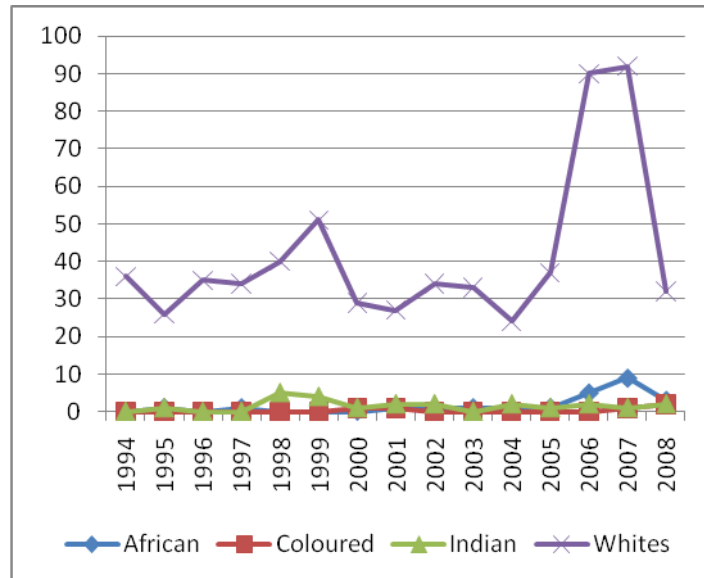
2.7 Figure 7: Registration of professional engineering technologists (1994-2008)



Source: The Engineering Council of South Africa annual reports 1994-2008

Figure 7 shows that in 1994, 96% of all registered engineering technologists were white and only 4% were black (African, Indian and Coloured), but in 2008, whites constitute 64.2% and blacks 35.8%. This represents a 31.8% increase in black professional engineering technologists.

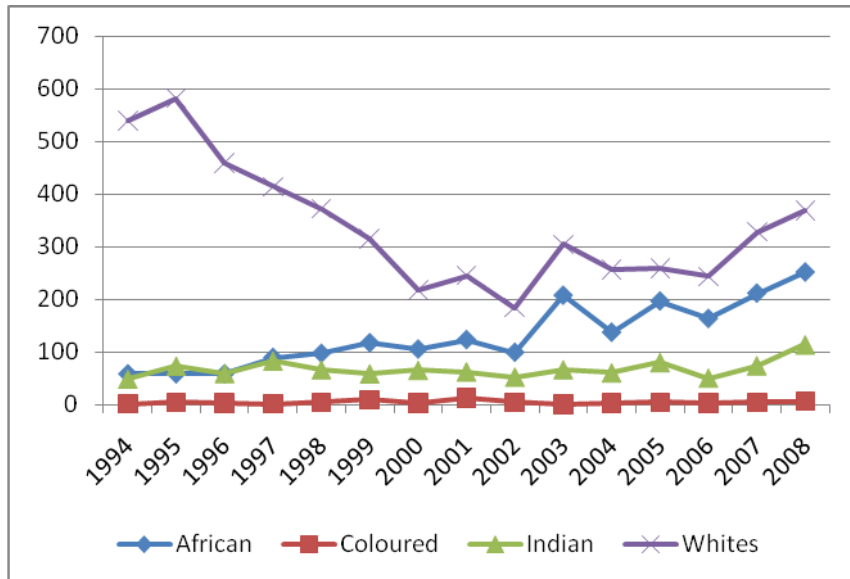
2.8 Figure 8: Registration of certificated engineers by race (1994-2008)



Source: The Engineering Council of South Africa annual reports 1994-2008

Figure 8 show that in 1994 there were no registered certificated black engineers; whites constituted 100% of certificated registered engineers. In 2008, blacks constituted 18% of certificated engineers and whites 82%. Though there is recorded black advancement in the registration of certificated engineers, more blacks are yet to be certificated engineers.

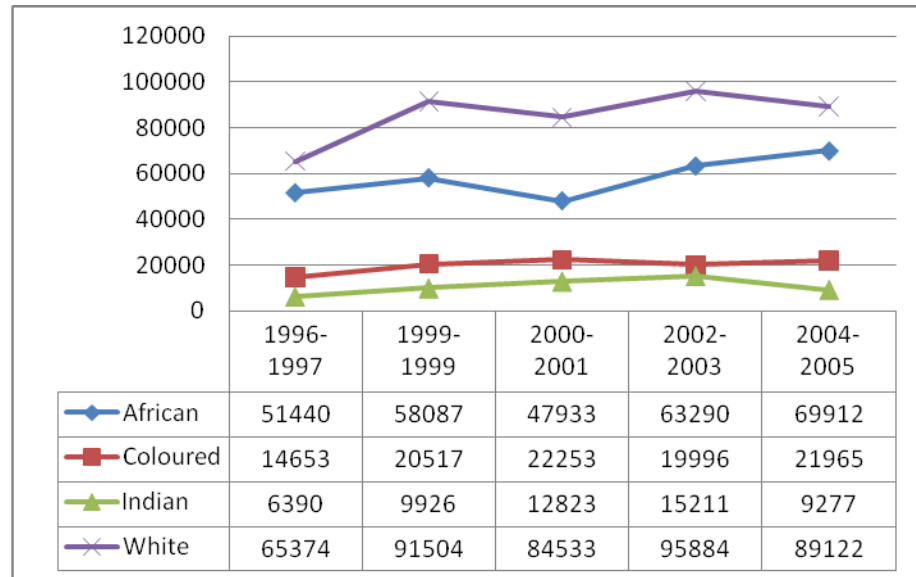
2.9 Figure 9: Candidate engineers by race (1994-2008)



Source: The Engineering Council of South Africa annual reports 1994-2008

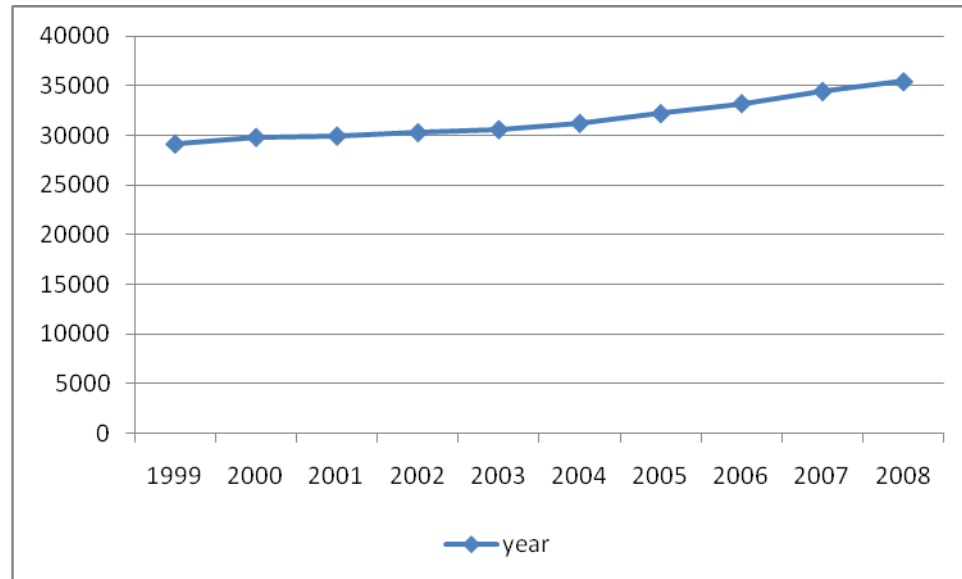
Figure 9 shows that whites constituted 81% of candidate engineers in 1994, and blacks 19%. In 2008, whites constituted 49% and blacks 51% of candidate engineers. There has been a significant 32% black advancement between 1994 and 2008.

2.10 Figure 10: Employment trend in the ICT sector by race (1996-2005)



Source: Quantec, 2007 (Stats SA OHS data for 1996-1999; Stats SA LFS data for 2000-2005)

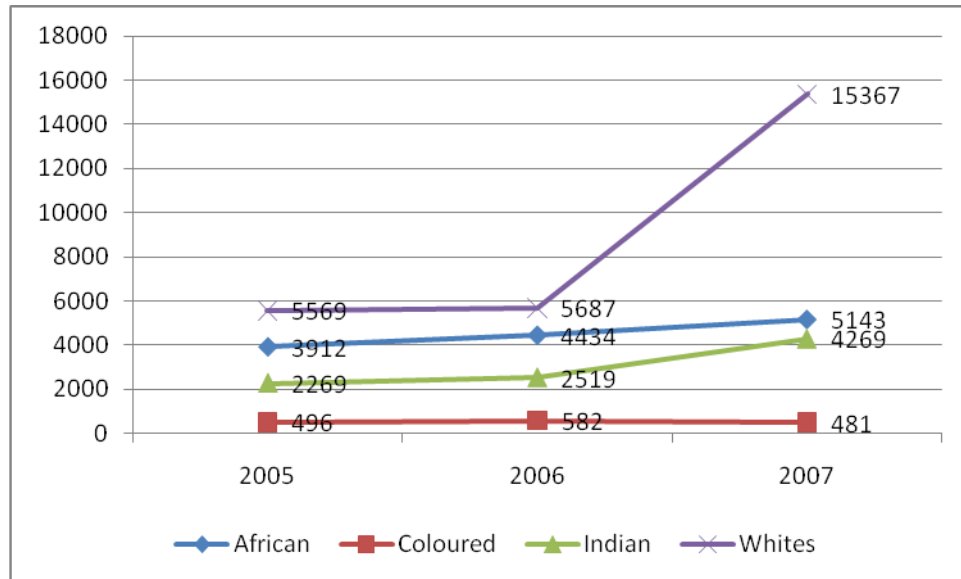
Figure 10 shows that between 1996 and 2005 there has been a continuous increase in the representation of ICT professionals for all races. The average annual growth rate for the various races are: 1.2% African, 3.8% Coloured, 0.2% Indian and 1.3% White between 1996 and 2005.

2.11 Figure 11: Registered medical practitioners by race (1999-2008)

Source (Health Professional Council South Africa HPCSA)

According to figure 11, there has been a 22.1% increase in the number of registered medical practitioners between 1999 and 2008. This data will be decomposed by race to better understand the extent of black advancement in the medical field.

2.11 Figure 12: Medical practitioners on the PERSAL and HPCSA registers, by race, 2005-2007



Source PERSA and HPCSA 2005-2007

From Figure 12, between 2005 and 2007 white medical practitioners increased by 176% from 5,565 in 2005 to 15,367 in 2007. African medical practitioners increased by 31.5% from 3,912 to 5,143, and Indian increased by 88.1% from 2,269 to 4,269, but Coloured decreased by 3% from 496 to 481.

2.12 Conclusion

Between 1994 and 2008, the number of professional South Africans increased remarkably, especially in the black population. This has been largely due to easier access to education and professional certification exams for people of all races. Undoubtedly the removal of racial limitations and government inclusive policies allowing individuals the freedom to enter whichever profession they choose have been the driving force behind this transformation.

It can be concluded, therefore, that a remarkable transformation took place in the professional sector in South Africa between 1994 and 2008. For example, black membership of SAICA increased by a remarkable 900%, the number of black engineers increased by 30%, the ICT sector data showed a 1.2% annual growth rate for blacks, the medical practitioners data showed a 31% growth rate for blacks between 2005 and 2007, and the data for the admission of attorneys showed a 71% increase for blacks between 1998 and 2008. Within the same period, white professionals in such professions as engineers decreased by 41% and attorneys by 61%.

The perception that no transformation has taken place in the professional sector in South Africa is a myth and not based on statistical data for the various professions.

However, in certain professions, although there is growth in black representation, these growth rates need to be sustained if equity in the race profiles is to be attained.

3 References

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