WEAK LINKS IN THE BEE CHAIN?
PROCUREMENT, SKILLS AND EMPLOYMENT EQUITY IN THE METALS AND ENGINEERING INDUSTRIES

Grace Mohamed and Simon Roberts
DIIS Working Paper no 2006/33
"Black Economic Empowerment" (BEE) in South Africa

This Working Paper series includes revised versions of papers that were presented at the workshop 'To BEE or not to BEE: South Africa's Black Economic Empowerment (BEE), Corporate Governance and the State in the South'. The workshop took place on 25-26 June 2006 at the Danish Institute for International Studies (DIIS) in Copenhagen with financing from the Danish Research Council on Society and Business (FSE) and DIIS. The papers do not constitute any official DIIS position on the subject. They can be downloaded free from www.diis.dk. For more information, please contact Stefano Ponte (spo@diis.dk).

The full Working Paper series includes the following:

2006/27 Ponte, Roberts, Sittert: To BEE or not to BEE? South Africa's 'Black Economic Empowerment' (BEE), Corporate Governance and the State in the South
2006/28 Southall: The Logic of Black Economic Empowerment
2006/29 Melber: Breeding Fat Cats. Affirmative Action, Black Economic Empowerment, and Namibia’s Post-Colonial Elite Formation
2006/30 Mortensen: WTO vs. BEE: Why Trade Liberalisation May Block Black South Africans’ Access to Wealth, Prosperity or just a White-Collar Job
2006/31 Sanchez: Socio-economic Transformation in South Africa: Black Economic Empowerment and Small, Medium and Micro Enterprises
2006/32 Ponte, Sittert: The Chimera of Redistribution: ‘Black Economic Empowerment’ (BEE) in the South African Fishing Industry
2006/33 Mohamed, Roberts: Weak Links in the BEE Chain? Procurement, Skills and Employment Equity in the Metals and Engineering Industries
2006/34 Kruger, du Toit, Ponte: De-Racialising Exploitation: ‘Black Economic Empowerment’ in the South African Wine Sector

Grace Mohamed is Research Fellow and Simon Roberts is Associate Professor at the Corporate Strategy and Industrial Development research programme, School of Economic and Business Sciences, University of the Witwatersrand, South Africa
Contents

Abstract ................................................................................................................................................ii

1. Introduction .........................................................................................................................................1

2. The impetus for BEE in the metals and engineering industries ..........................................................3

3. The reality of empowerment - firm responses to the aspirations and regulations..............................5
   Overview ...........................................................................................................................................5
   Ownership .......................................................................................................................................6
   Procurement and demand-side pressures ...........................................................................................7
   Procurement of firms ...........................................................................................................................8
   Employment equity ..............................................................................................................................13
      Management level ............................................................................................................................14
      Technical level .................................................................................................................................15
   Skills & training .................................................................................................................................17

4. Weak links? Empowerment in practice ............................................................................................19

References .............................................................................................................................................21

Appendices
1: Methodology ....................................................................................................................................23
2: Main provisions of BEE charters and legislation ..............................................................................27
3: Summary data on firms interviewed ...............................................................................................33
Abstract

The racially-constituted workplaces of South Africa under apartheid have been identified as obstacles to better industrial performance since the mid-1990s. The Department of Trade and Industry's 2003 strategy identifies 'Black Economic Empowerment' (BEE) as being broad-based, inclusive, and part of a sustainable long-term growth and development strategy. In this, it is consistent with the 2001 Black Economic Empowerment Commission report, the ANC 2002 conference resolution and ultimately the ANC's Reconstruction and Development Programme of 1994. This paper uses firm-level information in the metals & engineering industries to examine the actual nature and extent of BEE across the dimensions of ownership, procurement, employment equity and training. Its aim is to examine the relationships between BEE concepts and provisions and the responses that firms took in practice. Direct pressure for BEE in metals & engineering firms arises from legislation and regulatory provisions governing employment equity, skills development and procurement. It also follows from procurement provisions applying to large companies that buy from metals & engineering firms, such as mining conglomerates and State-Owned Enterprises (e.g. Eskom and Transnet).

This is a revised version of a paper presented at the workshop 'To BEE or not to BEE: South Africa's Black Economic Empowerment (BEE), Corporate Governance and the State in the South', at the Danish Institute for International Studies Copenhagen, 25-26 June, 2006. We thank all the attendees at the workshop for comments and suggestions. We gratefully acknowledge the financial support of the Friedrich Ebert Stiftung Foundation, and the involvement of the National Union of Metalworkers of South Africa in the research process. We thank Ganief Bardien and Neo Chabane for their collaboration in the research on which this paper is based. The study would also not have been possible without the participation of the 25 firms interviewed.
1. Introduction

The metals and engineering industries make up a sizeable portion of manufacturing activities in the South African economy.\(^1\) In many respects, these industries were at the heart of the apartheid industrial model, as they developed to supply products for mining, energy, infrastructure and defence (see Fine and Rustomjee, 1996). In addition, the industries include those, such as steel manufacturing, with important downstream linkages from minerals and energy. Large firms, including multinational engineering and automotive firms, dominate the landscape in terms of ownership, market power and employment (FRIDGE, 2003).

Most of the economic rents derived from the value-added activities in these sectors flow to foreign owners and white households, reflecting the dominance of large firms, the ownership in them and the profile of employees.\(^2\) Black people are almost entirely limited to semi- and unskilled labour (FRIDGE, 2003). And, as in other more labour-intensive sectors, black workers have borne the brunt of job losses in the face of increased global competition, corporate restructuring and the rationalisation efforts of state-owned entities.

At the same time, successive ANC governments have promoted black economic empowerment since winning the first democratic election in 1994. These measures have included procurement, employment equity and skills development legislation, as well as Charters for the Mining and Liquid Fuels industries. More recently, government has developed a Broad-Based Black Economic Empowerment strategy and related Act.

These provisions have major implications for the metals and engineering industries. Leaving aside auto manufacturing, the key local markets for metals and engineering firms remain the infrastructure State-Owned Enterprises (SOEs) (such as Eskom and Transnet in electricity and transport respectively), local government, mining and liquid fuels. This means that BEE provisions acting on these major markets impact on the metals and engineering industries, especially through procurement measures.

\(^1\) Taken to include basic iron & steel, basic non-ferrous metals, metal products, machinery & equipment, electrical machinery, auto and other transport equipment, these industries accounted for 33 per cent of manufacturing value-added and 35 per cent of employment in 2005.

\(^2\) See Chabane et al. (2006), Machaka and Roberts (2003) and Roberts (2005) for the skewed development of these industries in South Africa.
In addition, increased training and widening the pool of employees who could be promoted through breaking down the apartheid ‘colour bar’ was viewed as key to achieving higher productivity and sustained manufacturing growth (Joffe et al., 1995). Apartheid era authoritarian workplace regimes and rigid hierarchies along racial lines seriously impeded communication and problem-solving in factories (Webster and von Holdt, 2005; von Holdt, 2003; Joffe et al., 1995). A capital-intensive growth path under apartheid also reflected the interests of relatively better-educated white workers in these capital-intensive sectors, as well as in state-owned enterprises and non-traded activities. The apartheid ‘colour bar’ on the promotion of black workers therefore compounded the trade and industrial policies advantaging the targeted capital-intensive activities and impeded the growth of broader-based manufacturing (Seekings and Nattrass, 2006). Artisan skills developed by black workers were not necessarily recognised by employers and even when training was provided it was job-specific, and did not lay the basis for career advancement or mobility (MERG, 1993; Joffe et al., 1995) Skills development and employment equity can therefore be viewed as part of the whole package of measures, in the interest of improved industrial growth and development.

Despite being at the heart of South African industry, there has been no specific empowerment charter or provisions for the metals and engineering industries. BEE also tends to be discussed merely in terms of ownership of major companies. There is little research which assesses the state of black economic empowerment at the firm or industry levels, despite there clearly being different pressures, such as those associated with different markets. This paper addresses issues of procurement, employment equity and skills development, rather than ownership and equity alone.

Section two examines the drivers of BEE in the metal sector. Section three provides a descriptive analysis of the interview findings. Section four draws together the analysis of the patterns observed and the influence of different empowerment measures. Appendix 1 describes the methodology employed and the problems experienced during the study. Appendix 2 describes the main provisions of BEE charters and legislation.
2. The impetus for BEE in the metals and engineering industries

The Reconstruction and Development Programme clearly identified Black Economic Empowerment policies as necessary to deracialise business ownership and control and to ensure effective participation of black people and women from the mainstream economy. It included special emphasis on tendering procedures, training and non-discrimination (see Ponte et al., 2006). Black economic empowerment has also been identified in government’s industrial policy as a key objective, while the Department of Trade and Industry (DTI)’s Broad-Based Black Economic Empowerment strategy and the Act of 2003 also place BEE at the centre of government’s policies.

These documents conceptualize BEE as part of realising a different growth and development trajectory, one in which there is effective participation by the majority of South Africans. Employment is at the heart of this participation (see Sen, 1984 and 1999). Moreover, it depends on the incomes earned and on the nature and security of that employment. A major focus of our research is thus the extent to which provisions with regard to procurement, ownership, skills development and employment equity have indeed altered firm decision-making and employment outcomes. As noted above, improved training and the greater mobility of black workers had also been identified as key to overcoming apartheid obstacles to more extensive manufacturing development beyond a narrow set of relatively capital-intensive sectors (Joffe et al., 1995).

In addition to skills development and employment equity legislation, the metals and engineering industries have specifically been impacted by the Mining and Liquid Fuels charters, and the Preferential Procurement Policy Framework Act of 2000. This is particularly the case for firms for which the mining and liquid fuels sectors, and government and SOEs, are important markets. The metals and engineering industries were central to the apartheid industrial development model. They have also been some of the first to face direct pressures for change.

The provisions for BEE, including skills development, have been implemented over a period of major industry restructuring as the South African economy was liberalised (Roberts, 2005). Many sub-sectors within metals and engineering have performed poorly in terms of output.
(value added), while almost all have shed labour (Figures 1 and 2). However, motor vehicles and basic iron & steel have performed relatively better in terms of output.

**Figure 1. Value-added in metals and engineering industries**

![Value-added in metals and engineering industries](image)

Source: Quantec

The employment losses have been significant, with only some recovery of employment in recent years, particularly in metal products and machinery & equipment (Figure 2). The retrenchments in manufacturing have largely been of low skilled workers, with liberalisation being biased towards the demand for capital and high skilled labour (Edwards, 2005). Employment in motor vehicles & parts has been relatively stable, coupled with strong output growth, indicating very substantial improvements in productivity. Other sectors have experienced restructuring and job losses with relatively poor output performance (with the exception of basic iron & steel). Overall, this suggests substantial restructuring has been undertaken in response to the challenges of liberalisation, including making substantial improvements to labour productivity. To understand whether and how this has related to addressing the apartheid legacy in employment and training, and firm responses to

---

3 When examining semi and unskilled workers it is found that tariff liberalization negatively affected the demand for these workers the most (mandating a decline wages of 47 per cent in semi and unskilled manufacturing jobs) (Edwards, 2005: 24). By comparison, liberalization was found to benefit capital and skilled workers.
government interventions on BEE (see Appendix 2), in the next section we examine a set of firms in the metals and engineering industries.

Figure 2. Employment in metals and engineering industries

Source: Quantec

3. The reality of empowerment – firm responses to the aspirations and regulations

OVERVIEW

The majority of the firms interviewed were categorised as large (having more than 250 employees). The remaining eight firms are of medium size, having between 50 and 250 employees. At the time the interviews were conducted the firms interviewed employed a total of 36 350 workers. Eight of the firms were in the auto sector (including components and tyre manufacture) and two firms were state-owned enterprises (see Appendix 3 for a summary of the information from respondent firms). The firms include both locally- and foreign-owned firms. Six have significant ownership stakes held by black empowerment entities, but none is major-
ity black-owned. The markets served cover a broad spectrum, including firms supplying SOEs and the mining and liquid fuels industries.

**OWNERSHIP**

In considering ownership, thirteen firms were 100 per cent locally-owned while nine were entirely foreign owned, with the remainder having a mix of foreign and local ownership. This reflects the high level of internationalisation in these industries, especially in the auto sector where both assemblers and first-tier component manufacturers are generally part of multinational groups. In other sub-sectors of metals and engineering, South African firms have strong international linkages, which include, but extend beyond, ownership (see also Walker, 2005). These linkages reflect the importance of technology in machinery & equipment and in manufacturing of components with complex specifications.

Only six firms were black-empowered and only one firm is listed on the Johannesburg Stock Exchange. The firms considered to be black-empowered were mostly influenced by their relationship with industry empowerment charters (for example, the mining and petroleum charters) or by the Preferential Procurement Act and sales to government and/or SOEs. However, for one firm the BEE ownership was motivated by the need to source input supplies (of scrap metal) from SOEs.

In four cases the sales of black equity were designed to just reach the 25.1 per cent target for being ‘empowered’. However, this includes a firm for which reaching the target required an owner identified as being ‘black-influenced’ to be added-in (to increase the existing 20 per cent black ownership). In addition, the black ownership in the firms studied does not include the major emerging black conglomerates such as Mvelaphanda, Safika, Shanduka, ARM and Kagiso. The BEE ownership consists of a mixture of employee ownership schemes and smaller BEE groups.

When we examine the composition of company boards it is clear that, even with six of the 25 firms being black-empowered, the boards overwhelmingly remain dominated by white males (Figure 3). As expected, in the black-empowered firms, there is a greater representation of

4 At least 25.1% owned by black persons, this includes Africans, Indians and Coloureds.

5 The significantly black influenced owner also cites receiving an ‘A rating’ from Empowerdex in their BEE credentials.
black men and women, but in these firms, white males still account for 47 per cent of board members, white females account for 23 per cent, with just 24 per cent being black males and only 6 per cent black females. In short, even in black empowered firms, the boards are unrepresentative.

**Figure 3. Participation at board level by race and gender, all firms studied, 2005**

As might be expected, black people and women in general are very poorly represented on the local boards of foreign owned companies. Just 9 per cent of board members are black males and there are no black females at all.

**PROCUREMENT AND DEMAND-SIDE PRESSURES**

Nine of the firms interviewed in the study directly supply significant proportions of output to SOEs and/ or government. Seven firms supply directly to the mining sector and six to the petroleum sector, both of which have existing empowerment regulations set by legislation. Interestingly, foreign-owned firms are more likely to sell to SOEs and the mining and petroleum sectors than locally-owned firms. This is due to foreign firms dominating the capital equipment and technology input markets in South Africa. Four of the six black-empowered
firms that were interviewed have direct relationships with industries that are governed by BEE charters.

Five of the firms supply more than 60 per cent of their output to one firm. Two of these supply auto assemblers, one supplies Telkom, one supplies an electrical equipment manufacturer and one is an SOE. Here, the customer could leverage its bargaining power to discipline a supplier to adhere to certain practices and provisions – that is, BEE legislation or regulations. This depends on the balance of power between the supplier and the buyer. For example, in one case a firm indicated that preferential procurement has no impact because it is a monopoly supplier. This is reflected in a more widely observed pattern. Very few firms that supply to government departments, state-owned enterprises, or the mining and petroleum sectors, were negatively affected or lost business contracts to their competitors because of non-compliance to BEE standards. Only two firms reported losing contracts to empowered competitors – one case in the auto sector and one in mining/construction.

The weak impact from procurement is particularly marked in the case of foreign-owned firms, as there is ambiguity as to how current BEE legislation relates to them. In addition, firms that supply highly technical inputs are shielded from BEE imperatives since competitive pressures are limited. However, an equipment manufacturer did complain about losing market share to local firms importing cheaper equipment. In addition, there is one case of a firm (not identified as empowered) establishing an empowerment subsidiary for the sole purpose of dealing with government.

Notwithstanding the very limited movement so far, there is apparently increasing pressure on firms to report their BEE status. For example, firms supplying the construction sector indicated that the industry charter that is currently under consideration would force them to address black economic empowerment. Where there are no charters endorsed or no codes of good practice published, as is the case for multinational corporations, firms appear to adopt a wait and see approach rather than proactively engage in issues of empowerment, including employment equity and skills development.

PROCUREMENT OF FIRMS

In the case of the inputs of goods and services purchased by the firms themselves, there has been a move to buy from BEE firms, especially in the case of services. Twelve firms interviewed source more than 20 per cent of their support services from BEE firms, while seven firms purchase more than 20 per cent of technical and material inputs from BEE firms (Figure
4). One firm identified using Empowerdex to rate possible suppliers, although this firm was not immediately sensitive to procurement concerns in the form of a charter or SOE/government procurement.

**Figure 4. Proportion of support services and technical input source from BEE firms**

In general, BEE firms supply the non-essential support services such as security, gardening, catering and cleaning. In the case of technical and material inputs those sourced from BEE firms tend to be basic materials such as scrap metal inputs for a foundry. Firms reported that in the metals sector there are simply no independent BEE firms that have the capabilities to do the research, design and engineering of intermediate and final goods. In a rare case where a motor component producer managed to source a technical part from a BEE firm, the changed specification of the part requested by the Original Equipment Manufacturer (OEM) was found to be beyond the scope and capabilities of the BEE supplier. The component manufacturer had no choice but to source the part elsewhere from a non-BEE firm.

Of the firms interviewed, four have outsourced their support services to former employees. Although the outsourcing of non-core activities to former employees from designated groups could aid black enterprise development, in certain instances firms conduct these activities to undermine the existing employer-employee relationship. In one case, a firm is operating

---

6 This is similar to observations in Chabane (2006).
covertly within the confines of another firm. In another case, a firm continuously out-sources activities to a former employee (not from a designated group) to the detriment of its own workers.

The ambiguity and problems in what is identified as ‘empowered’ is immediately evident when the products sourced is probed further. The three firms claiming to source in excess of 60 per cent of technical/ material inputs from BEE firms all rest their claims on incorrect or dubious grounds. One is in fact sourcing from Mittal Steel. Mittal is apparently claimed as an empowered supplier on the grounds of ethnicity, with no reference to the impact of apartheid. The second firm is sourcing from BHP-Billiton, and incorrectly recording it as empowered. The third sources its products from Trident Steel, part of the Aveng industrial grouping, formerly part of the Anglovaal conglomerate and now controlled by institutional investors. In other words, these respondents either mistakenly or wilfully mis-represented their own purchases. Given that these are large firms and that procurement is an important part of DTI’s planned scorecard, this raises important doubts about its implementation.

Notwithstanding these important caveats, there is little difference between foreign companies and local companies in sourcing services and/ or inputs from BEE suppliers. For foreign-owned firms, the impact of the Preferential Procurement Act and the mining and petroleum charters were reported as key considerations given the importance of the SOEs, mining and petroleum markets for these firms. Procurement was viewed as a way to present a BEE image where ownership could not change. Alternatively, there is simple business sense in sourcing services from BEE firms, as these are activities with low entry barriers that are outsourced to reduce costs.

Of the firms interviewed, large firms were more likely to source more than 20 per cent of their support services from black businesses compared to medium size firms (Figure 5). But, there was no such difference in the sourcing of inputs, with medium firms just as likely to source significant proportions from BEE firms as large firms are.

Surprisingly, the two SOEs captured in the study were not doing very well in sourcing inputs from BEE firms despite being governed by the Preferential Procurement Act. Reasons given include the unavailability of competent BEE firms to supply highly technical inputs. Black-empowered firms seem to fare much better in sourcing technical input from other black empowered supplier firms, but this appears from investigation to have as much to do with (mis)representation of the credentials of the suppliers. Firms with a 25.1 per cent or more black shareholding are sensitive about their empowerment profile as one of their competitive
characteristics and seek also to maximise the apparent purchases they themselves make from BEE firms.

**Figure 5. Proportion of support services sourced by firm size**

In general, for the firms interviewed, procurement decisions are usually made by a procurement executive, financial executive, and chief executive or managing director. These decisions are largely implemented by mid- to junior-level managers and buyers. In medium firms, an owner-manager usually makes and implements procurement decisions. In most of the firms interviewed procurement decision-makers were white males. Only in three of the firms were the procurement decision-makers black.

Seven of the firms indicated that a procurement or transformation committee makes procurement decisions taking BEE into consideration. Of these firms, two are state-owned enterprises and three are considered black-empowered. A further firm is a multinational, which has relatively progressive BEE policies. For example, it has a dedicated unit that focuses exclusively on BEE issues in the workplace. In other words, even the large locally-owned firms (which are not empowered in terms of ownership) do not have such structures for their own procurement. The exception is a wholly-owned family business with a dedicated management committee responsible for procurement issues, comprising one white male and three blacks, including a shop steward.
Most of the firms thought that price, quality and technological capability were the defining procurement trends of the past decade. Only a few firms highlighted the importance of BEE. In selecting potential suppliers most firms consider price and quality the most important followed by technological capability. Eleven firms rated price as the most important criteria while three applied an equal weighting to price and quality. Five firms rated quality as most important.

Price becomes less important where more technical products and related activities are sourced. Firms indicated that having an accreditation to an international quality system, for example, International Standards Organisation, is important for continued business. This is so particularly when supplying to Original Equipment Manufacturers (OEMs). These accreditation requirements by firms to potential suppliers act as a barrier to entry for start-up BEE firms. For some firms affected by industry charters and the Preferential Procurement Act, BEE is increasingly becoming a consideration with their customers. Future procurement decisions will definitely be informed by compliance to BEE legislation. But many firms thought that quality, ability to deliver and technological know-how will still supersede any BEE conditions.

Most firms interviewed consider the ownership component of BEE as the most important criteria in considering the BEE status of a supplier. With the exception of a few large firms, most firms consider checking the BEE status of their suppliers as a cost issue and claim not have the resources to conduct comprehensive BEE audits.

Supplier development programmes are potentially important if BEE procurement is to be part of a broader network of competitive suppliers. In this regard, over half of the firms studied did have supplier development programmes. The firms thus clearly recognise the importance of their supplier network in their own performance. But, as highlighted above, this is not generally associated with developing black businesses. BEE procurement is generally limited to services, where barriers to entry are low and firms can easily compete on their BEE credentials in addition to other characteristics, while offering an outsourcing option that lowers the costs of the service at the expense of lower wages and increased insecurity on the part of those employed in these activities. Procurement relationships have not, from the sample of firms studied, been part of enabling the growth of black-owned small and medium firms.
EMPLOYMENT EQUITY

In terms of the Employment Equity Act all the firms interviewed were designated employers. Despite having more than 600 employees and being a large supplier to local government, one of the firms interviewed has never submitted an employment equity report since the legislation was introduced. In one case, a firm has reduced its employment from over 1000 employees to less than 150 employees, which alters the firm’s filing responsibilities in terms of the Act. In an opposite scenario a firm has almost doubled its employment from 36 employees to 69, which also had implications for its filing responsibilities.

Figure 6 provides an overview of the employment profile from 2002 to 2004 for the firms studied with data available. African males are the largest single group, due (as illustrated below) to their share in semi-skilled and unskilled categories. The share of African females, while low, has increased over the period, although this is due to changes in the unskilled category.

Figure 6. Employment profile of firms for 2002, 2004

Of the firms interviewed, fourteen reported having employment equity committees or forums tasked with the implementation, monitoring and evaluation of employment equity plans. The committees generally have representation from management, labour and other designated groups identified in the Act. Usually, the human resource manager or director chairs such meetings. The remaining firms reported that the CEO, plant manager or human resource manager does the implementation, monitoring and evaluation of employment equity plans.
Interestingly, of the firms interviewed most of the human resource managers were black males. This is due to at least two possible reasons. First, that black managers will be better able to ‘deal with’ issues of industrial relations, employment equity, and BEE. Second, that being appointed to human resources has no real influence on the operational decision-making structure of the firm. Not surprisingly, one of the findings of the study was that black managers were more likely to respond positively to participate in it.

Management level
In this historically male-dominated sector, female representation is poor across the different occupation levels. White males still dominate the decision-making structures of the firms in the metals sector with very insignificant black representation. In total, white males constitute close to 80 per cent of management,\(^7\) followed by black males (below 20 per cent). Overall female representation is about 10 per cent (Figure 7). Black female representation in management positions remains very low. The proportions are almost identical for local and foreign owned firms.

Figure 7. Management profile, average across firms

\(^7\) Total management consist of the top three occupational levels as reported in the Employment Equity Reports. The EE Act requires that firms listed on the JSE change the demographics of their top management (directorship level). This however could not be assessed for the firms taking part in the study because, as highlighted previously, only one of the interviewed firms was listed on the JSE.
When management is disaggregated further, it becomes evident that – at top management – black representation has in fact been declining over the period, with black male representation falling to 10 per cent in 2004. Black representation is hardly higher at senior management level, typically functional managers with significant decision-making powers. Clearly, very little has been done to employ previously disadvantaged individuals in decision-making positions during the period under study.

The effective exclusion of black people from decision-making in firms was confirmed in the interviews. Despite the desire of the legislature for a genuine process of empowerment, at least one of the local firms interviewed openly admitted to using their black female director as a front in securing contracts with government departments. Only at middle management level has the proportion of white males declined slightly (although remaining overwhelmingly the largest). Here, their positions appear to have been taken by white females.8

Technical level
At the level of skilled professionals, white males slightly outnumber black males (Figure 8). The relative significance of whites at this level is expected given the historical educational advantages afforded to whites under apartheid’s job reservation laws. In addition, the share of black technically-skilled employees has seen a decline from 2002 to 2004, with an increase in the share of white females.

Foreign-owned firms are more representative at this level than locally-owned firms. Foreign-owned firms had an average of 52 per cent black employees in skilled professional positions in 2004, compared to just 36 per cent for locally owned firms. Not surprisingly, black males have the greatest representation among the semi- to unskilled level given the legacy of apartheid. There has been little change since 2002 in the semi-skilled positions. However, the share of black women has more than doubled in the unskilled category.

Overall, employment equity appears to have gone backwards when we examine employment at the different levels of seniority and skill in the firms studied here. While perhaps surprising, especially in firms agreeing to participate in such a study, it is consistent with data for the private sector as a whole. Over the period from 1996 to 2004, the share of Africans in senior

---

8 Although specifically this change is largely due to one firm doubling the number of white females reported in middle management from 50 in 2003 to 107 in 2004.
management declined while the share of Coloured/Asian combined increased substantially (albeit from a small base) and the share of whites increased slightly (Makgetla, 2006).\(^9\)

**Figure 8. Profile from skilled to unskilled, average across firms**

![Profile from skilled to unskilled, average across firms](image)

The firms interviewed cite skills constraints amongst designated groups as the biggest challenge they face in meeting their employment equity targets. Firms also reported the poaching of qualified and trained black staff as interfering with employment equity plans. This exacerbates the natural tendency of firms to under-invest in training. However, it assumes that firms are engaged in meaningful training linked to achieving employment equity targets in the first place.

Three of the firms interviewed cited very low or no staff turnover as an obstacle to implementing employment equity. For some firms, the process of appointing black candidates was presented as particularly challenging as the interviewees indicated they had difficulty in supporting the appointments to the white employees who formed the majority at that level. This protection by white managers and skilled groups of their position is consistent with other

detailed factory studies in engineering industries. Bezuidenhout (2005) finds that key elements of the apartheid workplace are replicated in the post apartheid era, with an ‘upward floating colour bar’. This allows for some flexibility, such as in appointing black HR managers, but even here was often accompanied by re-specification of responsibilities to move key decision-making up the management hierarchy. A wider issue concerns poor, and inward-looking, management who lack capacity and seek to protect their position (Bezuidenhout, 2005; Dickinson, 2005). A similar observation was made in our study by a senior manager who attributed obstacles to improved work-practices to his own middle- and lower- (white) management. One way in which management seeks to reconstitute their authority has been through increasing ‘precarious’ employment (Webster and von Holdt, 2005) – that is, by progressively moving the workforce onto short-term and more flexible contractual arrangements.

SKILLS & TRAINING

Skills development and training are key components of empowerment. Without skills upgrading, very limited changes can be achieved in terms of equitable employment of HDIs. As indicated in the methodology section (see Appendix 1), training could only be assessed based on information available from 18 firms in 2004. This restricted the examination of who is being trained in terms of race and gender and at what occupational categories. In addition to the inconsistency of reporting employment and training data, the section of the EE report that reflects training data does not take into account the fact that one individual may receive multiple training opportunities. For example, an operator on the factory floor could receive some artisan-related training, adult basic education, and health and safety training, but is counted as three persons who received training.

Despite these severe data constraints, some conclusions can be drawn from the training data for 2004 obtained from 18 firms. The numbers trained in 2004 were equivalent to 48 per cent of all employees in the firms studied. The averages differ somewhat by race. The average by race and gender show that black men received more training in 2004, at 77 per cent, followed by white males and black females (61 per cent). On average, white females received the least amount of training.

10 Bezuidenhout draws the term from Burawoy’s studies of the Zambian copper mines (Burawoy, 1972; 1985).
11 See Webster and von Holdt (2005) for a collection of studies highlighting the slow pace of change of the apartheid workplace.
Of the six firms that are black-empowered, training information for 2004 was only available for three. Paradoxically, in two of the black empowered firms, training opportunities were more available to white employees than to black employees. And, in the remaining BEE firm, white males received multiple training opportunities compared to blacks. This seems to suggest that, despite black ownership, little has been done to drive empowerment through to the workplace in terms of providing training opportunities.

Inferences on the type of training that blacks received can be drawn from the face to face interviews that were carried out. In one instance, the HR manager (white female) made it very clear that training for the predominantly black factory workers is restricted to their daily operations. She made an example of the union requesting training in basic computer skills / literacy, saying that the firm refused to do so because it is not a competency required for their job on the factory floor. She said that the firm will not train a forklift driver on how to use a computer. In another instance, the HR manager (white male) indicated that the firm had two black workers, whom they took through technikon training and management courses. As soon as they reached the level of junior management, they were poached by other firms that doubled their salaries. This has led to reluctance to train black workers, especially in fields such as engineering and related skills. A large equipment manufacturer who spends about one per cent of its payroll on training indicated that less than five per cent of the training budget is spent on HDIs because the majority of them are the low-end of the organisational structure and the kind of training programmes that they are put on are most in-house and not expensive. The white male workers, however, because they are mainly in the middle- and upper-level of the organisational chart, are sent for more advanced and thus more expensive training.

Twelve firms interviewed have not appointed a skills development facilitator despite it being a requirement of the Skills Development Act. At least one firm cited the outsourcing of their human resources function as a reason for not appointing a skills development facilitator. In some firms, the human resource manager performs the skills development function. Others reported that the training manager was tasked with this function.
4. Weak links? Empowerment in practice

The study presents a sobering picture of ‘Black Economic Empowerment’ (BEE) in South Africa. Skills development and employment equity have been portrayed as the potential links in a chain of empowerment that should run through the country. They should be integral to addressing the far-reaching legacy of apartheid and in setting a broader-based economic growth and development trajectory. Yet, so far the links have been weak – if not absent.

The metals and engineering industries are affected by BEE processes directly and indirectly – in the form BEE charters and of SOE and government procurement. The firms covered in this study are unionised, suggesting additional pressure acting on them to implement skills development and employment equity – given the provisions in the legislation for organised labour to be consulted. Yet, important suppliers to government, mines and SOEs ignore these pressures – especially where they have bargaining power in the supply relationship.

In the firms’ own procurement spending, a picture of BEE as a tool for managing perceptions and public relations emerges. Important suppliers identified as being empowered turn out not to be so, raising questions about the effective measurement and monitoring of performance on BEE criteria. Sourcing of services from BEE firms appears to coincide with the trend to outsourcing and contracting of non-essential services such as cleaning and catering. This has the effect of weakening the bargaining power of (mainly) black labour. Conversely, supplier development programmes are widespread, but not linked to developing a wider supplier base with greater black participation.

Our findings on employment equity reveal almost no substantive improvement. Black representation at top management level has declined – notwithstanding a marginal increase in the proportion of black females. At the skilled professional and semi-skilled levels, there has also been a decline in the proportion of black employees. This is almost entirely due to a substantial increase in the proportion of white females, suggesting that firms have sought to increase the representation of those classified as historically disadvantaged through the promotion of white females. Only at the unskilled level has black representation increased, driven by an increased share of black females. This is the level at which greatest moves have been made towards using labour contracting arrangements, meaning more precarious employment. Such

---

12 This interpretation was confirmed by a senior representative of the main industry association.
arrangements, while being used by firms to reduce labour costs, also militate against investment in training.

In terms of skills development, black males appear to have a higher probability of having received training than other groups. But, on closer inspection, this related mainly to elementary training, carried out on-the-job (such as training on health and safety). This represents a continuation of the patterns observed under apartheid (Joffe et al., 1995; MERG, 1993). Furthermore, there is no evidence of a link between employment equity and training. Black empowered firms (defined in terms of ownership) are no more likely to be progressive in these terms either. Finally, simple non-compliance with employment equity and skills development legislation emerges in a large number of cases.

These patterns are all the more concerning given that skills development has been highlighted once again as one of the most important challenges for the government’s recently adopted Accelerated and Shared Growth Initiative for South Africa (ASGISA). Investing in training was also strongly related to better firm performance in recent research on industrial development (Machaka and Roberts, 2006; CSID, 2005). Why have firms have responded in this way? One answer lies in the intense pressures for industry restructuring which firms in this sector have been subjected to – leading to a defensive approach to liberalisation that includes maintaining the hierarchical and authoritarian management structures of the past while seeking to cut costs (see also Webster and von Holdt, 2005). The substantial employment reductions in the sector are also consistent with a relatively weak bargaining position for trade unions on concrete issues of empowerment and transformation in the workplace – although there are exceptions to this.

Another set of explanations relate to the fact that, notwithstanding the raft of legislation, government attention with regard to empowerment is still more focused on ownership, and particularly ownership in the commanding heights of minerals and resources. Attention in the running of State-Owned Enterprises has been largely focused on their corporatisation and privatisation. This has led to more representative senior management in these firms. However, new management does not necessarily have strong incentives to leverage its procurement power for BEE purposes when its own performance is monitored on the simple bottom line.
References


FRIDGE (Fund for Research into Industrial Development Growth and Equity), (2003) Study to facilitate the formulation of an Integrated Strategy for the Retention and Creation of Employment in the South African Metals and Engineering Sector, Sandton: Industrial Development Corporation


Appendix 1: Methodology

Data was collected for 25 firms through interviews using a structured questionnaire. In addition, interviews were held with industry associations. The firm-level questionnaire covered information on: firm background; ownership; markets and products; procurement; employment equity and skills development; the BEE policy of the firm; the challenges and obstacles BEE represents to the firm; and corporate social responsibility initiatives undertaken by the firm. Minor modifications were made to the questionnaire after initial pilot interviews.

All the firms considered were unionised and located in Gauteng Province. They were drawn from a list provided by the National Union of Metalworkers of South Africa, which co-sponsored the study. The firms were also selected on the basis that they are considered “designated employers” in terms of the Employment Equity Act No. 55 of 1998. In terms of the Employment Equity Act a “designated employer” means:

- A person who employs 50 or more employees;
- A person who employs fewer than 50 employees but has a total annual turnover that is equal to or above the applicable annual turnover of a small business in terms of the Schedule 4 of this Act;

Letters requesting firm participation were generally addressed to management in the human resources and procurement functions in the firms, including the designated senior manager(s) assigned to drive employment equity in terms of the Employment Equity Act and the skills development facilitator(s) appointed in terms of Skills Development Act No 97 of 1998. Following intensive follow-up, of the 147 firms contacted 25 agreed to participate. Firms were in general fairly evasive about participation. BEE is clearly still viewed as a contentious issue by most firms, and regarded as an issue that only senior to executive management levels are qualified to deal with.

---

1 The trade union did not select the firms. It only provided a list of firms in the Gauteng region which were organised by the union. The union is by far the largest in the metals and engineering industries and is an affiliate of the Congress of South African Trade Unions.

2 Inquiries were often passed around a firm with, in general, decision-making being deferred to the most senior level.
Firms also cited the lack of clarity and uncertainty from government about BEE for not participating in the study. During the study, government released yet another set of empowerment regulations, the so-called “codes of good practice”. Some firms wanted time to study these before considering participation in the study. This could also be seen as a diversionary tactic by firms to avoid participation in the study.

Institutions associated with the motor manufacturing industry pointed out that their members with multinational links are awaiting “codes of good practice” for multinationals from government. However, a large proportion of the 25 firms investigated were multinationals. We broadly conclude that the set of firms studied represent firms that are more progressive in their approach to black economic empowerment.

In addition to the firm interviews, the Employment Equity Act of 1998 compels all designated employers to submit employment equity reports. A designated employer that employs fewer than 150 employees must:

- Submit its first report to the Director-General within 12 months after the commencement of this Act or, if later, within 12 months after the date on which that employer became a designated employer; and
- Thereafter, submit a report to the Director-General once every two years, on the first working day of October.

A designated employer that employs 150 or more employees must:

- Submit its first report to the Director-General within six months after the commencement of this Act or, if later, within six months after the date on which that employer became a designated employer; and
- Thereafter, submit a report to the Director-General once every year on the first working day of October.

In terms of the legislation, these reports are considered public documents. For a nominal fee, they are available from the Department of Labour (DoL). However, firms have not always complied. The DoL publishes a yearly registry of all the firms that submit EE reports timeously. The DoL captures all the EE reports submitted for a particular year before December of that year, which means that if a company submits its EE reports after December they will not be on the registry. Once compiled in December, the list is not updated. If a company’s name

---

3 Firms are expected to submit depending on their size before or on the 1st of October of each year.
does not appear on the registry for a year, it is not possible to ascertain if they have submitted their report later than December or they have not complied with legislation at all. For some of the firms that did submit EE reports, there are queries on the legitimacy and accuracy of the data reported. An improvement in submissions of EE reports since 2002 can however be observed. A greater number of firms complied with EE regulations in 2004 compared to 2002 in terms of on-time submission. Of the 25 firms studied here, employment data for 2002 and 2004 could only be assessed for 13 firms. Training data was only available for seven firms in 2002, and hence we only evaluate the data for 2004 (when it was available for 18 firms).

With regard to skills development, in terms of the Regulations to the Skills Development Act No 97 of 1998, an employer in consultation with the workforce must appoint at least one skills development facilitator (SDF). In addition to acting as an advisor to the employer regarding employee skills development, the skills development facilitator is also responsible for assisting the employer with drawing up Workplace Skills Plans (WSPs).

In order for a firm to claim back the Skills Development Levy, it has to develop Workplace Skills Plans. These plans are submitted to the relevant Sector Education and Training Authority (SETA) in the form of a grant application. It is unclear if these documents are considered public documents. However, the grant application forms drawn up by the metals and engineering industries training authority (MERSETA) requires a worker representative to sign the application forms. This signature by the worker representative(s) implies an approval of the Workplace Skills Plan. Yet, most shop stewards complained that they are rarely consulted on the drawing up of these plans. Some shop stewards alleged that the very first time they see the workplace skills plans are when they are presented to them for signature. This amounts to firms asking shop stewards to rubber-stamp WSPs without proper consultation as required by the Act. Of equal concern is the fact that most shop stewards did not have any copies of the documents they were requested to sign. During the whole study only two firms supplied copies of the WSPs they have submitted to MERSETA. For this reason, it was decided to make use of Section E on skills development of the Employment Equity reports for the purposes of skills analysis.

Finally, interviews were held with trade union shop stewards to double-check the information provided by firm management and to ascertain the actual steps taken. From these interviews, it also emerged that employers largely do not consult shop stewards about the employment equity and skills development plans despite the stated provisions in the Acts to do so.
Appendix 2: Main provisions of BEE charters and legislation


- Capacity building: Improve and build skills in collaboration with SETAs.
- Private Sector Procurement: Adopt supportive procurement policies to facilitate and leverage the growth of the companies of Historically Disadvantaged South Africans (HD SAs).
- Public Sector Procurement: Government will through its tendering processes give effect to supportive procurement policies towards HD SAs.
- Refining capacity: Making capacity available to HD SA companies through toll refining agreements, and including HD SA companies as joint venture partners in any expansions or upgrades.

The Mining Charter, 2002

- Human Resource Development: Provide scholarships to promote mining-related educational advancement; offer every employee the opportunity to become functionally numerate and literate; and develop systems through which empowered groups can be mentored.
- Employment Equity: 40 per cent HD SA participation in management within five years of the inception of the charter; focus training on HD SAs; 10 per cent participation of women in the mining industry within 5 years.
- Procurement: Give HD SA preferred supplier status; commit to progressively procuring from HD SAs; reflect the genuine value added by HD SAs; and encourage current suppliers to form partnerships with HD SAs.
- Financing mechanism: assist HD SAs in securing finance.
- Beneficiation: Identify the current levels of beneficiation and indicate the extent to which these can be increased.
Preferential Procurement Policy Framework Act of 2000

The act provides for preferences in the procurement of government and state-owned enterprises in favour of Historically Disadvantaged Individuals (HDIs) and small, medium and micro enterprises (SMMEs). According to the evaluation system for tenders, preferences are applicable to all tenders, irrespective of the amount. An 80/20-point system is applicable for tenders up to R500 000, while a 90/10 point system is applicable for tenders above R500 000. For the former, the 80 focuses on prices differences between bidders and 20 points are awarded based on the empowerment characteristics of the tender and for achieving specified Reconstruction and Development Programme (RDP) goals. For tenders with a value above R500 000, a maximum of 10 points can be scored for empowerment characteristics and for achieving specified RDP goals. These goals can include the promotion of SMMEs, promotion of enterprises located in a specific province, region, municipality or rural areas, the empowerment of the workforce through skills development and the upliftment of communities. The Minister of Finance is mandated with the implementation and monitoring of the procurement system.

Since 1996, a maximum of 11.1 per cent preference has been allowed for HDIs who tendered for building and construction contracts administered by the Department of Public Works, while a maximum of 13.6 per cent preference was allowed for equity ownership by HDIs and women for contracts with a value up to R2 million. No preferences were allowed for contracts above R2 million.

Employment Equity Act of 1998

The primary aim of the Act is to promote and achieve equity in the workplace by encouraging equality of opportunity across all workers and through affirmative action stipulation. The Act applies to all employers, workers and job applicants, with the exception of the National Defence Force, National Intelligence Agency and the South African Secret Service.

Chapter 3 of the Act deals specifically with addressing equitable employment in the workplace through affirmative action measures. The requirements for affirmative action apply to:

- employers with 50 or more workers, or whose annual income is more than the amount specified in Schedule 4 of the Act;
- municipalities;
- organs of the state;
• employers ordered to comply by a bargaining council agreement; and
• any employer who volunteers to comply.

Affirmative action measures are measures intended to ensure that suitably qualified employees from designated groups are equitably represented in all occupational categories and levels of the workforce.

A designated employer must conduct an analysis of employment policies, practices, procedures, and working environment so as to identify employment barriers that adversely affect members of designated groups. The analysis must also include the development of a workforce profile to determine to what extent designated groups are under-represented in the workplace.

A designated employer must prepare and implement a plan to achieve employment equity, which must:
• have objectives for each year of the plan;
• include affirmative action measures;
• have numerical goals for achieving equitable representation;
• have a timetable for each year;
• have internal monitoring and evaluation procedures, including internal dispute resolution mechanisms; and
• identify persons, including senior managers, to monitor and implement the plan.

In terms of reporting, an employer who employs fewer than 150 employees is expected to submit its first report to the DoL within 12 months after the commencement of the Act, and thereafter every two years on the first working day of October. An employer who employs 150 or more employees, must submit its first report 6 months after the commencement of the Act, and thereafter every year on the first working day of October.

In addition, the act requires of employers to assign one or more senior managers to ensure implementation and monitoring of the employment equity plan and firms must make available necessary resources for this purpose.


The principal aims of the Skills Development Act are to:
- provide an institutional framework to develop and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce;
- integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995;
- provide for learnerships that lead to recognised occupational qualifications;
- provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund;
- provide for and regulate employment services; and
- provide for matters connected therewith.

The objectives specifically identify improving the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education, and ensuring the quality of education and training in and for the workplace.

These objectives can be met through:
- the establishment of an institutional and financial framework comprising of the National Skills Authority, the National Skills Fund, the skills development levy-grant scheme as contemplated in the Skills Development Levies Act, Sector Education and Training Authorities (SETAs), labour centres, and the Skills Development Planning Unit.
- Encouraging partnerships between the public and private sectors of the economy to provide education and training in and for the workplace.
- Co-operating with the South African Qualifications Authority.

The Skills Development Levies Act applies to all employers except the public service, religious or charity organisations, public entities that obtain more than 80% of their funding from Parliament, and employers whose total pay to all their workers is less than R250 000 per year and who do not have to register according to the Income Tax Act.

The Act requires employers to pay a skills development levy from 1 April 2000 at a rate of 0.5 per cent of the leviable amount\(^1\) and from 1 April 2001 at a rate of one per cent of the leviable amount. An employer must pay the levy not later than seven days after the end of each month to the relevant Sector Education Training Authority (SETA) in which the employer falls, who

\(^1\) The total amount of remuneration paid or payable by an employer to its employees during any month and excludes any amount paid to any person for pension, payable to a learner in terms of a contract of employment as defined in the Skills Development Act.
will pay the levies collected over to the Commissioner of the South African Revenue Services. All the levies, interest and penalties collected by the Commissioner must be paid to the National Revenue Fund. 20 per cent of the levies, interest and penalties paid to the Commissioner is allocated to the National Skills Fund and the remaining 80 per cent is allocated back to the SETA after the Director General is satisfied that the SETA complies with the Skills Development Act.
Appendix 3: Summary data on firms interviewed
| Firm | Activity/sector | No of employees 1994 | No of employees 1999 | No of employees 2005 | Ownership (local, foreign, mixed) | BEE | Main markets | % to SOEs | Sales to mining, constr, agric | % to mining, constr, agric | % support services | % material/tech inputs | % black board 2004 | % black mngmt 2004 | % local, black own 2004 | % black, est & mngnt | EE report submitted |
|------|-----------------|----------------------|----------------------|----------------------|------------------------------------|------|--------------|---------|-----------------------------|--------------------------|----------------|---------------------------|----------------|----------------|----------------|----------------|---------------------|----------------------|
| A    | Distribution, sales | -                    | 2534 | L | No Mining, constr, agric | less than 1% | M | yes | yes | 20 - 60% | < 20% | 0 | 11 | 59 | 2002 | 2004 |
| B    | Metal fabrication | -                    | 1035 | L | No Auto & construction | indirectly | M | 23% | <20% | 0 | 73 | 2002 | 2004 |
| C    | Auto & eng components | 470 | 338 | 296 | F | No Auto OEM | no | yes | yes | < 20% | < 20% | 25 | 23 | 87 | 2002 | 2004 |
| D    | Heavy equipment | 1500 | 2000 | 2500 | M | No Constr, agric | <2% | M | yes | yes | <20% | <20% | 27 | 10 | 66 | Not on registry 2002 | Not on registry 2004 |
| E    | New tyres | 2250 | 2100 | 2048 | F | No Mining, govt | about 15% | M | yes | no | >60% | <20% | 0 | 13 | 79 | 2002 | 2004 |
| F    | Defence | 13800 | 12400 | 10500 | L | No Int govt | N/A | yes | yes | 7% | 13% | 25 | 16 | 71 | 2002 | 2004 |
| G    | Auto components | 800 | 200 | 180 | F | No Auto aftermarket | yes | <20% | <20% | 13 | 67 | 2002 | 2004 |
| H    | Tooling | 80 | 96 | 125 | L | No Auto | no | yes | yes | < 20% | < 20% | 13 | 2002 | Not on registry 2002 | Not on registry 2004 |
| I    | Auto OEM | 3896 | 2973 | 4637 | F | No Auto | about 8% | yes | yes | 20-60% | <20% | 0 | 13 | 84 | 2002 | 2004 |
| J    | Steel roofing products | - | - | 300 | L | 25% Constr | yes | 2002 | Not on registry 2004 |
| K    | Auto foundry | 480 | 450 | 390 | F | No Auto OEM | no | yes | yes | not known | 60% (BHP) | 0 | 17 | 82 | 2002 | 2004 |
| L    | Mining eqipment | 450 | - | 880 | F | No Coal mines, Sasol | no | M, L | >60% | 20-60% | 29 | 2002 | 2004 |
| M    | Metals dist, sales, service | 700 | - | 652 | L | 49% Various, incl SOEs, mining, govt | yes (40%) | M, L | yes | no | >60% | <20% | 27 | 24 | 76 | 2002 | 2004 |
| N    | Plumbing parts | 400 | 500 | 725 | L | No Plumbing sector | very little | yes | none | none | none | 26 | 70 | 2002 | 2004 |
| O    | Elec machinery | 200 | 105 | 25% | M | Local govt & wholesalers | no | yes | yes | 20 - 60% | 43 | 14 | 44 | Not on registry 2002 | 2004 |
| P    | Auto components | - | 2000 | 1700 | F | No Auto OEM | No | yes | yes | >60% | < 20% | No local board | 20 | 90 | Not on registry 2002 | 2004 |
| Q    | Telecoms eqipment | 1005 | 900 | 136 | M | 26% Telkom, Transatel | Not in RSA | yes | yes | 20 - 60% | 20-60% | 31 | 26 | 33 | 2002 | Not on registry 2004 |
| R    | Safety equipment | 300 | 265 | 250 | F | No Auto, petrochemical, utilities | 5-10% | none | none | <5% | 0 | 19 | 78 | 2002 | 2004 |
| S    | Auto OEM | 5779 | 3324 | 2196 | F | No Auto | about 5% | M, L | yes | no | about 60% | < 20% | 0 | 8 | 69 | 2002 | 2004 |
| T    | Scrap merchant | 36 | 46 | 49 | L | No Wholesalers, dealers | No | no | no | none | none | none | 0 | 0 | Not on registry 2002 | Not on registry 2004 |
| U    | Currency manuf | 500 | 200 | 360 | L | No Africa, Eurozone countries | is an SOE | yes | yes | none | <20% | 14 | 27 | 79 | 2002 | Not on registry 2004 |
| V    | Tank manufacture | 80 | 70 | 60 | L | No Petroleum & food industries | No | L | yes | no | >60% | >60% (Trident) | 0 | 20 | 36 | Not on registry 2002 | 2004 |
| W    | Metal fabrication | 40 | 50 | 99 | L | 49% Building & constr | No | M | yes | no | < 20% | >60% (Mittal) | 20 | 20 | 36 | Not on registry 2002 | 2004 |
| Y    | Elec machinery | 500 | 600 | 600 | L | No Local govt & wholesalers | No | no | no | none | none | none | 0 | 0 | Not on registry 2002 | 2004 |