

Where are all the **black**

Kerry Dimmer



It's not a new problem but concerns about the status of transformation within the accounting profession have again highlighted the shortage of black accountants. Kerry Dimmer discovers that a combination of socio-economic and educational barriers have resulted in one of the most critical challenges the South African accounting community has had to face.

The figures are startling; around 16% of registered accountants are black or mixed race. Only 5% of these have been identified as black. So what is inhibiting the development of the black accountant? Black people account for 70% of our population and given that accounting is frequently referred to as the profession that is most fundamental to the economic success of the country; it is surprising that the scales aren't more equitable.

It's certainly not caused by the old stigma of being a little, grey-tailored, nerdy bean-counter - today's accountants are more colourful than that, and let's not forget the number of women who have broken that glass ceiling. And surely 16 years after democracy, we can't still be referencing socio-economic problems as a factor. Or can we?

ABASA's (Association for the Advancement of Black Accountants of

Southern Africa) vice-president, Andile Khumalo, has some thoughts: "We can't blame history, but it is a cause. We have to look at how far we have come since 1994 versus how far we should have come. The average black student's life hasn't really improved; he is still exposed to poverty, so financing a degree is often not within the family means."

Khumalo is himself a case in point. He qualified as a CA in 2002 but this would not have been possible without a bursary, given his family's financial status, which makes a strong case for his second point: "Assuming finance is the first hurdle, staying for the long haul is the second. Degree or not, if your family lives in poverty, the pressure is there to find employment, you just don't have the luxury to study further."

Khumalo also points out that only half of the black students make it as far as honours, with just one in five actually completing articles,

accountants?

which is probably the easiest step of the process. "It's relatively easy to get a training contact, the models are there and the corporate environment is keen to employ as many black trainees as possible."

However, SAIPA's CEO, Shahied Daniels, says that, "Only the top achievers are being scooped up by accounting and auditing firms. Other problems are that SMEs only take one black graduate into their practices; and a Human Sciences Research survey showed that 92% of white graduates are being placed versus 56% black."

"Average black students in particular, are therefore left floundering as they are perceived to be incapable or incompetent to work in a practical environment. This is not always the case."

Cheryl James, the CEO of Fasset, the Seta for finance, accounting, management consulting and other financial services concurs, adding, "A large number of people leave our sector to work in commerce and industry after qualifying as accountants. This is not a new phenomenon nor does it solely apply to black accountants. Whilst this is a challenge, we need to realise that this sector is a training ground for the wider economy and that this trend is likely to continue into the future."

There is, however, some proof that transformation is happening, albeit not nearly at the rate most would find acceptable. James quotes the following statistics: "In 2001 black people represented 43% of the workforce in the sector and 20% of those were in management positions. By 2009 this had increased to 56% and 28% respectively. The clerical position profile has also improved from 53% to 65% for the same period."

While she is satisfied with some of the figures, James says that the transformation area that she is most concerned about is at senior level. "There is no doubt that there is currently a shortage of skilled black accountants in the senior echelons, but we anticipate this changing within the next 10 years as the junior levels start to filter up. It's really just a matter of time."

There are a number of key challenges that the industry faces in order to improve the speed at which transformation takes place, not least of which starts at tertiary education. On this, Daniels, Khumalo, and James are all in agreement.

"There are not nearly enough black people matriculating with the necessary subjects required to pursue a career in accountancy, namely maths and English," says James. Daniels is also concerned about this, confirming that many black matriculants opt for maths literacy as a subject and not mathematics at the level that is required to meet the BCom entry for University, simply because the schooling system has failed to inform them adequately.

"Compounding this yet further," adds Khumalo, "is that black

township scholars in particular remain largely ignorant of the profession."

This is not for lack of trying however. ABASA, along with other interested parties like Fasset and SAIPA, have a number of programmes, and bursaries, that target tertiary educational facilities to promote the future development of black accountants, even within disadvantaged communities. Such initiatives also aid in funding the salaries of lecturers of historically black universities, like Fort Hare, that have been accredited by ABASA. "This is important," says Khumalo, "because we often source lecturers from industry environments where they might enjoy some affluence. A healthy salary provides motivation to move into academia."

Fasset has introduced a number of development projects at graduate level with the aim of bridging the gap between the world of study and the world of work. James says: "In the past 10 years we have spent more than R310-million providing assistance to 11 000 learners, 85% of which have been gainfully employed as a result."

SAIPA is especially active at tertiary level with its focus on increasing knowledge of the options that learners have within the accounting environment. Its annual National Accounting Olympiad has also been an effective tool in raising awareness, "But," as Daniels points out, "there are limitations to such programmes in that they can only accommodate a limited number of students. The bulk of graduates are not given the opportunity to bridge the gap between their studies and the practical requirements of the working world."

"This obstacle can be overcome by reaching a tri-party agreement between industry, ABASA and authorities to make more funding available for programmes that cater for the average learner, to help them merge from academia into business and thereby become valuable and desirable assets."



Shahied Daniels
Chief Executive, SAIPA



Andile Khumalo
Vice President, ABASA



Cheryl James
CEO, Fasset

Uncertainty about transformation within the industry has been highlighted due to a number of small black accounting firms raising concerns over the equity targets outlined in the finance charter. Their call is for an increase to 40%, arguing that 25% equity is a relatively easy target for large accounting firms like PricewaterhouseCoopers, Deloitte, KPMG and Ernst & Young, which have already attained this empowerment quota.

Aside from BBBEE targets, the charter is crucial to growing, organically, the number of designated groups in ownership and management of accounting enterprises. Organic growth is vital to job creation and will aid in counteracting the effects of the economic slump but this is not necessarily a reliable recipe for transformation.

"Every person in this profession has to be involved in the transformation process," says Khumalo, "and the smaller black-owned companies are to be lauded for wanting change, not discouraged. However it must not be forgotten that 25% is a minimum target, and that is not an unrealistic start. We need sustainable empowerment targets. The debate should really start once every player in the industry has reached the minimum, ultimately working toward reflecting the nation's demographics. That has to be the ultimate target!"

That there is a skills shortage across the board, both white and black, is also an obstacle, indications are that business has a need for some 22 000 qualified accountants. Even if the Department of Higher Education reviews the qualification process and reduces the barriers of entry into learnership programmes, shortcuts may underscore the profession's high standard requirement.

High standards are crucial to development and role models have become increasingly important for black students. A recent survey showed that nine out of 10 chief financial officers are CAs and the accountancy qualification dominates the boards of the JSEs top 200 companies.

What has made these accountants so successful is the ability to move



outside of their area of expertise to make a contribution to a larger corporate agenda. If, as Khumalo insists, transformation is everyone's responsibility, then more mentoring also needs to take place. Black CEOs with an accountancy qualification can be an incredible influence in stimulating further study and resultant personal growth.

It is interesting to note that in 2003, the Departments of Applied Accountancy and Business Management of the University of South Africa, published a paper titled: 'Views of black trainee accountants in South Africa on matters related to a career as a chartered accountant'. The issues that were counted at that time, as having an important effect on the number of available trainees included: lack of career guidance; lack of funding and bursaries; lack of role models; and lack of knowledge in the schools about the profession.

The same issues are still evident today as inhibitors to transformation. It cannot be emphasised enough that the role the accountant plays in economic development is one of the major reasons why foreigners invest in the country. Black accountants are in demand, we need them, we want them. Now let's help create them. ☐

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