

## **New BEE Codes placing focus on skills development**

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The new proposed BEE codes change the elements in the BEE scorecard from seven to five. This is, however, not a reduction but rather a rearrangement of the elements. Skills development is now a priority element with a points weighting of 20 points. Other priority elements are ownership and enterprise and supplier development. Non-compliance with these elements will carry a penalty of up to two levels. The minimum BEE level required for companies to do business with government and corporate South Africa is level four, which requires a total of 90 points.

In order to gain the 20 skills development points companies have to provide targeted training and train with the objective of absorbing the learner into the organisation. Training compliance targets are based on the economically active population, but can include the unemployed. Should the skills development threshold of 40% not be achieved the actual points achieved will be scored, but the overall score will be discounted. The implication is that at least eight skills developments points have to be achieved in order for the company not to be penalised. Points can also be gained through offering of learnerships, apprenticeships and internships. When such learners are absorbed into the company a further five points can be gained.

“The easiest way to gain skills development points is to employ qualified and experienced Learning and Development (L&D) professionals,” says Mark Orpen from the Institute of People Development. “When you have well trained learning and development professionals on site who are well versed in the specific offering of the organisation, targeted training becomes much easier. It serves no purpose to send employees on training just to gain the points. Skills development should form part of the overall strategy of the company and positively affect the bottom line. It makes much more sense to send the trainers for training and let them then come back to the organisation to train a broader base of employees on site. In such employees will not spend unnecessary time out of the office, and skills development can be incorporated into the daily activities”.

When skills development and enterprise development efforts are combined in an effective manner a total of 60 out of 105 points can be earned. This can be achieved through providing skills development throughout the supply chain and thereby uplift smaller businesses and suppliers through training. Not only can more BEE points be earned, but the entire value chain will be improved, positively affecting the quality of supply. Such training can include management training or targeted production training. Enterprise development funds can also be applied to assist suppliers in achieving operational excellence, a key component in achieving business success, leading to sustainability of supply.

“The demand on L&D suppliers is going to increase dramatically,” warns Orpen. “L&D suppliers should get ready to fulfil on the requirements on behalf of customers. Every organisation wishing to work for government or suppliers to government will be forced to have an intensive focus on skills development, which will increase the demand on accredited training providers. When suppliers cannot fulfil on such requirements it can seriously affect the customer. When a level four BEE certification is what a company is aiming at, the 60 points that can be gained through enterprise development and skills development become even more important. With a 40% minimum requirement organisations have to earn at least 24 points for ESD and skills development or the overall score will be penalised. It has to be kept in mind that 15 points can be gained by investing 3% of net profit after tax in enterprise development. Bonus points can be scored through new venture creation or through graduating of an enterprise development beneficiary to being a supplier. Bonus points can also be achieved when jobs are created through the process of skills development, or enterprise development and supplier development”.

In order to assist companies in achieving the required BEE certification levels, the L&D industry should renew its focus on training the trainers and management training. This will address the need for skills development as well as enterprise and supplier development while uplifting educational levels and creating employment opportunities in South Africa.

“The combination of a skills short market and high unemployment rates of graduates South Africa stunt South Africa’s ability to achieve its growth objectives,” warns Orpen. “In order to achieve required BEE levels while making a contribution to skills development in South Africa it is important for organisations to engage in skills development activities that will enhance the economic growth, achieve company objectives and, as a an added value, gain BEE scorecard points. This can only be achieved through accredited, quality training providers. It is of vital importance that the SETAs, L&D professionals, training suppliers and corporate organisations work together to create an upward spiral of achieving good BEE certification levels, enabling more organisations to participate in large projects and creating jobs in the process, all while up-skilling the nation”.