

## **Beyond charity - a visionary approach to SED empowerment through skills development**



In South Africa, businesses are required to contribute to the social and economic development (SED) by the Broad-Based Black Economic Empowerment (B-BBEE) Act of 2003. This legislation stipulates the assessment of SED performance through a scorecard covering enterprise development, skills training, job creation, socio-economic projects, and preferential procurement. Companies have the option to fulfil SED obligations through various means like investing in small enterprises, offering training, creating jobs, supporting socio-economic projects, and practicing preferential procurement. Although obligations vary based on size, industry, and location, all businesses are expected to contribute to SED. However, they often struggle to make a meaningful and sustainable impact.

### **Shifting paradigms to make a real difference**

Traditional approaches to social and economic development often involve investing in physical assets like buildings or equipment. While these contributions are important, they may fall short of creating lasting change. The shift towards a more purposeful approach, centred around skills development programs, presents a powerful strategy for businesses with the potential to reshape both social and economic landscapes.

Consider this: a business can purchase and donate the most advanced equipment, but without skilled individuals to operate and maintain the investment, its true potential remains untapped by the recipient. The analogy holds true for SED contributions. The conventional practice of allocating funds to equipment and training suppliers, while beneficial, is unlikely to maximise the impact of SED contributions. In this

respect, businesses should consider shifting their approach toward skills development program partnerships.

### **The strategic power of skills development**

A well-designed and well-implemented skills development strategy becomes the bedrock of a meaningful approach to social and economic development. In such a model, businesses earn SED points not just by monetary contributions but by actively investing in training programs.

Skills development programmes have various purposes, including enhancing employability, improving productivity in existing employees, supporting career advancement, and fostering lifelong learning. They encompass diverse types, including vocational training for practical occupations, technical training for specific technologies, business and management training, soft skills development for interpersonal skills, and computer literacy training covering basic computer skills and software applications.

### **From obligation to transformation**

The benefits of such initiatives extend beyond mere box-ticking corporate social responsibility obligations. Skills development programmes play a decisive role in advancing socio-economic development (SED) by equipping individuals and their communities with essential skills that enhance employability, entrepreneurial potential, and overall quality of life. These programmes yield individual benefits such as improved employability, increased earning potential, the cultivation of entrepreneurial spirit, and personal development by fostering self-confidence and overall well-being. Societal benefits include economic stimulation through an expanded pool of skilled workers, reduced unemployment, financial participation, and poverty reduction. Skills development programmes are powerful tools for socio-economic development, providing a pathway to empowerment, economic growth, and a more inclusive and prosperous future.

### **Financial and sustainable advantages**

But why should businesses embrace this approach? Beyond humanitarian reasons, there are practical financial incentives. Every company with a turnover exceeding R15 million is mandated to contribute a percentage of its net profit after tax to SED. Investing in skills development not only fulfils this requirement while contributing to the B-BBEE scorecard, but can also lead to tax incentives, especially if the education programmes align with sustainability and income-generating goals. With skills development programmes as an alternative to physical investments or direct monetary contributions, sustainability becomes a fundamental theme, emphasising the importance of initiatives that outlast the initial investment. As such, the key to a successful skills development programme lies in sustainability and empowerment because it is not just about imparting skills; it is about providing individuals and communities with the means to become self-sufficient.

### **Collaboration to overcome challenges**

The role of training partners in ensuring the effectiveness of skills development initiatives cannot be

overemphasised. Businesses must collaborate with skilled training providers who understand the specific needs of the communities they aim to empower. It is not merely about spending money but investing it wisely in accredited programs that impart tangible skills. Because of this, setting up a skills development programme comes with challenges. Many companies grapple with finding the right balance and identifying programmes that align with their objectives. The broad scope of SED, without specific directives, can lead to uncertainty in budgetary and resource allocation. Overcoming these challenges necessitates a thoughtful approach, where companies actively seek out training provider partners capable of delivering sustainable programmes with a clear focus on transforming communities.

### **Integrating skills development into CSR initiatives**

It is also essential for businesses to grasp the importance of skills development within their context of Corporate Social Responsibility (CSR) goals. It is not just about ticking boxes or generating feel-good content for the annual report; it is about making a meaningful impact on communities and contributing to societal well-being. Tailoring skills development initiatives to align with CSR goals ensures that businesses not only fulfil their obligations but actively contribute to meaningful change. The golden thread that will tie it all together is the partnership with resolute training providers. The right training partner ensures that businesses are not just spending money but making a strategic investment in the future. Accredited programmes, delivered by skilled educators, will pave the way for a transformative approach to SED contributions, creating a ripple effect that empowers communities and fosters sustainable development.