

Skills development lies at the heart of improving economic participation



Skills development is one of the cornerstones of Broad-Based Black Economic Empowerment (B-BBEE) and makes up a significant percentage of the scorecard. More than simply seeing it as a compliance exercise, however, South African businesses need to shift their mindset. The goal of B-BBEE is not to stifle businesses, but to provide a fair environment for all, and to uplift previously disadvantaged people to enable them to earn an income and contribute to the Gross Domestic Product (GDP) of the country. Skills development should be seen as an opportunity to grow economic participation, which ultimately will benefit all businesses by bolstering the country's entire economy.

The foundation of B-BBEE

B-BBEE is a prerequisite for doing business in South Africa, especially when large organisations and government tenders are involved. The goal is not to create additional hoops for business to jump through, but to create a fair environment for enterprise. It provides a competitive advantage to smaller businesses entering the market, in an effort to stimulate economic growth as well as job creation. The emphasis on skills development is aimed at equipping South Africans with new skills to allow them to progress and in turn, succeed and grow business.

While the principles of B-BBEE are sound, the way it has been applied has not created the success that is required to redress the disadvantages of the country's historical path. As the economic landscape currently stands, unemployment is a massive problem, and discouraged jobseekers an even larger one. It is unsustainable for the majority of South Africans to be inactive in the economy, and we need to address this as a matter of urgency.

Better business for all

Without applying B-BBEE principles, businesses risk cutting themselves off from potential markets -

while they may not do business with government directly, their customers might, and procurement scores have a knock-on effect. Conversely, higher B-BBEE scores can be a competitive advantage. When faced with the choice of two suppliers, if all other factors are equal, the enterprise with the higher B-BBEE rating will inevitably be awarded the business.

A complex landscape

B-BBEE accreditation requires a certificate from a verification agency approved by the South African National Accreditation System (SANAS). However, B-BBEE requirements are often open to interpretation, and different agencies may apply the codes requirements in different ways.

Partnering for success

This is just one example of where the B-BBEE codes are open to interpretation. There is no right or wrong answer, until such time as a clarification is published. In addition, different criteria are applicable to different categories of business depending on their size and turnover. The scorecard itself is made up of five elements, of which skills development is a priority element that rewards 20 points. However, skills development is also interwoven into all of the other elements, with skills initiatives forming part of achieving these areas as well.

This is why the right skills development partner is crucial to help businesses navigate this often-complex landscape. An expert partner will ensure skills development is aligned with both B-BBEE requirements and business needs, to actively improve both. This leaves enterprises free to focus on their core business, while the training partner delivers upskilling programs that match skills development to business strategy.

In it together

Not only is skills development a huge driver of B-BBEE compliance, education needs to be at the heart of what B-BBEE is, because it is the key to improving South Africa's economy. It is the duty of all businesses to teach people, to help them become economically active, to uplift them and give them the skills they need to become valuable, contributing members of the economy. B-BBEE should never be simply about ticking boxes as a short-term compliance exercise, because this does not create sustainable economic growth.

It is in the interest of all businesses to grow the economy, because increasing the market is the key to greater wealth, rather than simply trying to increase individual share in a small, stifled and struggling market. Businesses need to embrace the opportunity to create a win-win situation in the long-term. If every business works to upskill people in relevant skills, then we will all benefit.