

# FACT SHEET



Integrating **Skills**  
Development,  
**Employment**  
Equity and **B-BBEE**  
Transformation

# INTRODUCTION & OVERVIEW

Effective Skills Development, Employment Equity and Broad-based Black Economic Empowerment(B-BBEE) based transformation are three key business imperatives for companies doing business in South Africa. This fact sheet discusses the inter-relatedness of these three transformational groups of legislation and strategies and presents several practical and innovative approaches and guidelines that companies should consider adopting to gain competitive advantage from the successful implementation of a sustainable and effective skills development, Employment Equity and B-BBEE transformation strategy in your organisation.

**Effective skills development and BBEE must deliver sustainable business success as depicted in the model below:**



Source: Chetty, S: Skills Development Presentation; 2016

South African managers are generally aware of the existence of Employment Equity, Skills Development and B-BBEE legislation. They understand that certain companies are required by law to comply with the Employment Equity Act and the Skills Development Levies Act and to provide updated B-BBEE certificates to their customers. However, many managers do not fully understand the requirements and implications of this legislation or its applicability to their own organisation, and as a result, they may unknowingly be placing their company at risk. Failure to comply may result in penalties ranging from the imposition of fines through to the loss of business to compliant competitors, with consequent impact on the company's image as well as its bottom line. By implication, the company also fails to reap the benefits to be gained by compliance.

The Employment Equity Act No. 55 of 1998 focuses on creating equal opportunities for all through the elimination of unfair discrimination in the workplace. It also seeks to redress past imbalances in respect of race, gender, disability and income through the implementation of affirmative action measures.

In terms of the act, an employer is required to consult with employees and trade unions, conduct an analysis of the organisation's workforce profile, identify barriers towards the achievement of equality in the workforce, prepare and implement an employment equity plan and report status and progress to the Department of Labour. Failure to comply with the provisions of the act may lead to large fines.

Positive implementation of employment equity plans and affirmative action measures in companies leads to the creation a diverse workforce, which strengthens cultural values and has the potential to create improved access to new market segments. Additional benefits include reduced absenteeism, reduced labour turnover, enhanced service levels and customer satisfaction. Employees demonstrate increased innovation and creativity, improved motivation and efficiency, and corporate image is enhanced.

The second piece of legislation, the Skills Development Act, seeks to address skills shortages through occupationally directed education and training. It provides for the establishment of Sector Education and Training Authorities (SETAs) and various other structures, to drive skills development in their respective sectors.

The Act stipulates that companies with an annual payroll of R500 000 and above are required to pay, to SARS, a skills development levy equal to 1% of payroll. The SETAs encourage and incentivise companies to train their employees by allowing levy-paying companies to claim back a portion of their Skills Development Levy by means of Mandatory, Pivotal and Discretionary Grants. To qualify for these grants, the company must appoint or enlist the expertise of a skills development facilitator, who compiles and submits a strategic Workplace Skills Plan and an Annual Training Implementation report. In addition to this, a company with more than 50 employees is required to establish a representative Skills Development Committee which is tasked with ensuring that the company meets its skills development objectives as set out in the Workplace Skills Plan.

The third piece of legislation directed at encouraging transformation is that of Broad-based Black Economic Empowerment. This legislation was developed to drive the economic empowerment of all black people, with specific focus upon women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies.

In order to secure business directly from Government, companies need to have a favourable B-BBEE Scorecard. A company which does not supply products and services directly to Government may be tempted to assume that B-BBEE accreditation is irrelevant, but this is not the case. The Preferential Procurement component of the Enterprise and Supplier Development element filters through all companies and effectively links them. The Enterprise and Supplier Development Element on your scorecard is dependent on your supplier's B-BBEE Scorecard level and in the same way, your client's B-BBEE scorecard is affected by your own level of compliance. A supplier with a poor B-BBEE scorecard has a negative effect on your company's scorecard; this then has the effect of making others reluctant to do business with you for fear of the potentially negative impact on their own rating. Thus all companies will, to an ever increasing extent, be affected by the need to weigh up their potential suppliers and to practise preferential procurement. The B-BBEE Codes of Good Practice define the various categories of entities as well as how these entities will be evaluated in terms of their B-BBEE initiatives under different elements of the scorecard. The five elements include the following: Ownership, Management Control, Enterprise and Supplier Development, Skills Development, and Socio-Economic Development.

In addition to this, various industries have drafted industry charters and industry codes, which take precedent over the generic codes of good practice if you happen to fall within that applicable industry. If this is the case, turnover thresholds and targets as found below and further in this fact sheet will differ.

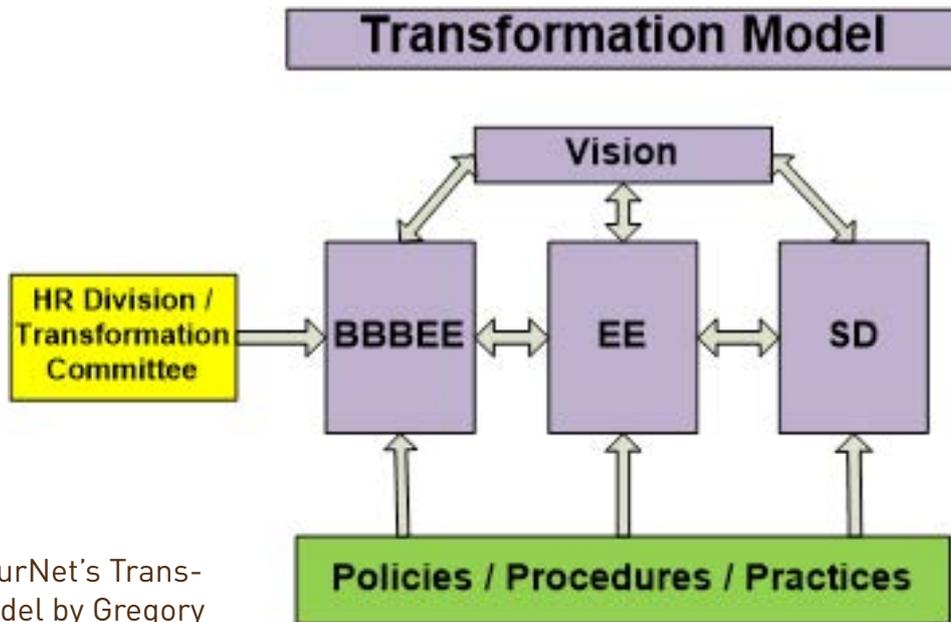
A company will be classified as belonging to one of three categories, Exempt Micro Enterprise (EME), Qualifying Small Enterprise (QSE), and Large Enterprise (LE), based on annual turnover.

Targets are set for each element and companies are measured against these targets by an accredited verification agency. The points are tallied and this results in the company receiving a B-BBEE certificate ranging from less than 40 points and which is deemed to be a non-compliant contributor through to the highest level, a level 1 contributor.

From a transformation perspective, the skills development and management control elements collectively account for 40 points on your scorecard.

A company cannot be fined for failure to implement B-BBEE initiatives, but in reality the penalties are even more severe: you run the risk of your clients cancelling their contracts and moving their business to a B-BBEE accredited supplier, often with disastrous result to your company.

When aligning the applicable aspects of Broad-Based Black Economic Empowerment, Skills Development and Employment Equity as discussed above and below, figure one below serves as a simplified model for implementing meaningful transformation.



Source: LabourNet's Transformation Model by Gregory Kowalik

Although it is often couched in elaborate terms, the vision of most companies is to generate profits which, in turn lead to the sustainable creation of wealth all stakeholders. How can Employment Equity, Skills Development and Broad-Based Black Economic Empowerment aid in achieving this vision? The answer is quite simple.

Firstly by focusing on the development and enhancement of employee skills levels, we can increase productivity, enhance efficiency and minimise costly mistakes, which in turn will lead to the generation of revenue and increased profits.

Furthermore, the targeted up-skilling of employees from all occupational levels, and in particular, those from designated groups allows the company to create a talent pool which can be used for the accomplishment of the company's Affirmative Action targets by promoting designated employees from within.

The achievement of a diverse workforce allows the company to embrace the spirit of the Employment Equity Act and creates an equitable working environment. In addition to this, having a culturally diverse labour force will enable the company to target different market segments and access new markets, which in turn, will lead to the achievement of the company's vision.

By focusing on both skills development and employment equity, we can substantially increase the company's B-BBEE Scorecard, which in today's business world is critical: an enhanced B-BBEE Scorecard creates a favourable position from which to tender for lucrative contracts, and this

again results in more revenue.

When it comes to implementing a strategic Transformation Plan, whether it is Employment Equity, Skills Development or Broad-Based Black Economic Empowerment, attention must be drawn to the fact that the company needs to have in place the correct foundation in terms policies, practices and procedures to drive transformation.

By default, many companies delegate accountability for implementation of Transformation strategies to the Human Capital Division and the Employment Equity and Skills Development committees, when in reality it is the supervisors, line managers and divisional heads who are in the most appropriate position to meet these objectives as they hire, train and promote employees. The Human Capital Division, in effect, drafts the policies, devises the transformation strategies and monitors and enforces implementation.

It should be borne in mind that the overall purpose of Transformation is not limited to gaining SETA grants or favourable B-BBEE scorecards. It is essential in the fight to reduce unemployment, alleviate poverty, correct social injustices of the past and drive meaningful and sustainable growth in the economy which will ultimately lead to a better life for all in South Africa. However, it so happens that those businesses that meet these objectives are usually those that enjoy long term growth and sustainability.

As reported by Ernst and Young Global Limited, “We believe that Broad Based Black Economic Empowerment (BBBEE) is not simply to redress the wrongs of the past, but a pragmatic growth strategy that aims to realise the country’s full economic potential. Therefore, embracing BBBEE has not only proved to be the right thing to do, but is also important for the economic growth of our country and for the sustainability thereof.”<sup>1</sup>



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<sup>1</sup> [http://www.ey.com/Publication/vwLUAssets/Broad-Based\\_Black\\_Economic\\_Empowerment/\\$FILE/BBBEE%20brochure%20-%202017%20August%202012-1.pdf](http://www.ey.com/Publication/vwLUAssets/Broad-Based_Black_Economic_Empowerment/$FILE/BBBEE%20brochure%20-%202017%20August%202012-1.pdf)

# Skills Development Business Imperatives for Companies

There are a number of strategic skills development imperatives that companies need to engage with and deliver on. Since BBBEE is a compliance imperative, companies must ensure proper and consistent practice of BBBEE. Companies need to focus on the following:

- Completing and submitting a meaningful Workplace Skills Plan (WSP). This includes mandatory and pivotal grant applications and must be accompanied by an accurate Annual Training Report (ATR). These submissions are compulsory for discretionary grant applications and to meet BBBEE requirements.
- Ensuring maximum skills levy recovery and grant funding from the SETAs, to enhance and grow training and development, in an affordable way. This also ensures that they obtain maximum benefits from SARS through the Learnerships Tax Rebate and the Youth Wage Subsidy.
- Securing maximum government sponsorship and funding by submitting annual workplace skills plans and securing additional funding sources available for skills development. There are various national, provincial and local government funding incentives as well as sector specific funding which companies can access to supplement the SETA mandatory and discretionary grant payments.
- Rolling out maximized externally funded training and development training programmes, that:
  - Addresses the right skills for the various target groups;
  - Delivers continuously improving operations and business performance;
  - Addresses critical skills related (and mindset) issues, problems and challenges;
  - Addresses your medium to long term strategies for your external talent pipeline and your internal talent and succession planning and management.

**Employers are encouraged to visit the SARS website to obtain more information**

<http://www.sars.gov.za/TaxTypes/PAYE/ETI/Pages/default.aspx> and <http://www.sars.gov.za/AllDocs/LegalDoclib/Notes/LAPD-IntR-IN-2012-20%20-%20Additional%20Deduction%20Learnership%20Allowance.pdf>

# Broad-based Black Economic Empowerment (BBBEE)

## What is BBBEE?

Broad-based Black Economic Empowerment (B-BBEE) is an initiative launched by the South African Government to address the restrictions that exist within the country for Black individuals to participate fairly in the economy. The BBBEE Act allows for the existence of the BBBEE 'Codes of Good Practice' which provide the structures for the BBBEE Scorecard and certain rules associated with claiming BEE points.

If your company has a BBBEE Certificate, then your customers can claim BBBEE points on their BBBEE Scorecard for buying from your business. You can get different level BBBEE certificates (from level 8 to level 1) depending on what contributions you have made to support the integration of black people into the economy. The better level of BBBEE Certificate you have the more BBBEE points they can claim.

When your customers are choosing which supplier to use they are likely to look at price, quality and service and your BBBEE Score. Depending on how important BEE points are to your customer, the more they will consider your BEE Score over the other three elements. (Source- BEE.co.za)

## What is BBBEE Policy Objectives?

The successful implementation of the BBBEE strategy will be evaluated against the following policy objectives:

- A substantial increase in the number of black people who have ownership and control of existing and new enterprises;
- A substantial increase in the number of black people who have ownership and control of existing and new enterprises in the priority sectors of the economy that government has identified in its microeconomic reform strategy;
- A significant increase in the number of new black enterprises, black-empowered enterprises and black-engendered enterprises;
- A significant increase in number of black people in executive and senior management of enterprises;
- An increasing proportion of the ownership and management of economic activities vested in community and broad-based enterprises (such as trade unions, employee trusts, and other collective enterprises) and cooperatives;
- Increased ownership of land and other productive assets, improved access to infrastructure, increased acquisition of skills, and increased participation in productive economic activities in under-developed areas including the 13 nodal areas identified in the Urban Renewal Pro-

- gramme and the Integrated Sustainable Rural Development Programme;
- Accelerated and shared economic growth;
- Increased income levels of black persons and a reduction of income inequalities between and within race groups.

### **Key principles of BBBEE**

The strategy is underpinned by three key principles.

#### **1. Black Economic Empowerment is broad based**

Societies characterised by racial or ethnically defined wealth disparities are not likely to be socially and politically stable. The process of BBBEE seeks to accelerate the de-racialisation of the South African economy and fast track the re-entry of historically marginalised communities into the mainstream of the economy. The idea supports transformation within the country and is further driven by legislation.

#### **2. Black Economic Empowerment is an inclusive process**

A more equitable economy will benefit all South Africans, individuals and enterprises. The process of BBBEE is an inclusive one, and all enterprises operating within South Africa can, and indeed should, participate in this process. This strategy being implemented throughout all sectors of the economy and is not limited only to those enterprises that derive income from government procurement or those where the sector is regulated by government.

#### **3. Black Economic Empowerment is part of our growth strategy**

Economic growth, development and BBBEE are complementary and interrelated processes. Government's approach is that BBBEE must be an inclusive process and not an exclusive process. No economy can grow by excluding any part of its people and an economy that is not growing cannot integrate all of its citizens in a meaningful way. As such this strategy stresses a BBBEE process that is associated with growth, development and enterprise development, and not merely the redistribution of existing wealth.

New, inclusive patterns of wealth accumulation must come from both existing economic activity and new economic activity. Thus, we need higher levels of investment that generates a substantial amount of new economic activities. At the same time, ownership patterns must change. An effective and successful process of BBBEE and accelerated economic growth are mutually reinforcing objectives. The absence of shared economic growth will continue to generate a lower rate of growth as it will continue to restrict levels of demand in the economy, in turn reducing the multiplier effects of investment and the accelerator effects of higher levels of domestic consumption.

The de-racialisation of our economy is geared towards enhancing the economic growth of the country. In accordance with this principle, BBBEE will be pursued in such a way as to ensure that where ownership is transferred the proceeds from the sale of assets are reinvested in the South African economy.

In order to grow our economy, more enterprises are needed to produce value-added goods and services, to attract investment, to employ more of our people in productive activities. Thus, a core

component of the BBBEE strategy is the creation and nurturing of new enterprises undertaking new forms of economic and value adding activities. We seek in BBBEE a new vitality in our economy by facilitating new entrants to all aspects of the economy.

The key factors for BBBEE are further highlighted in the table below:

Old Codes		Revised Codes	
1	Ownership	1	<b>Ownership</b>
2	Management & Control	2	<b>Management &amp; Control</b>
3	Employment Equity		
4	Skills Development	3	<b>Skills Development</b>
5	Preferential Procurement	4	<b>Enterprise &amp; Supplier Development</b>
6	Enterprise Development		
7	Socio-economic Development	5	<b>Socio-economic Development</b>

**Table 1: BBBEE factors**

Given that BBBEE is a critical business imperative for companies, which in effect constitutes a “licence to do business in South Africa”, (Chetty, S: BBBEE Presentation; 2017) it is essential for companies to develop and roll-out innovative, pro-active BBBEE Strategies and programmes, that gives maximum multiple benefits that effectively address business success obstacles, and deliver on sustainable competitive advantage strategies and programmes. In this regard, the key challenge for companies is to go beyond compliance, when developing their BBBEE strategies and rolling out their transformation initiatives.

The approach must be proactive and demonstrate innovative BBBEE initiatives which particularly focus on the BBBEE elements of Enterprise Development, Supplier Development and Skills Development programmes, as required in the new (2013) BBBEE Scorecard. The targets in the new scorecard, is in general, a lot more challenging to achieve than the old scorecard. Innovative and proactive BBBEE strategies must be adopted, and must demonstrate meaningful contribution to sustainable transformation, whilst simultaneously delivering maximum points on the BBBEE Scorecard and achieving the best BBBEE level.

Key interventions should include strategies for youth employability training as well as entrepreneurship development which is beneficial to the company in the short, medium and long-term, and which also meets national government priorities.

The table below, produced by Statistics South Africa<sup>2</sup> demonstrates the changing nature of the labour force which highlights the need for increased up-skilling of the work ready population as well as the pipeline currently with the schooling and post-school systems.

**Table 5.2: Changes in the occupational structure of the employed labour force between 2010 and 2014**

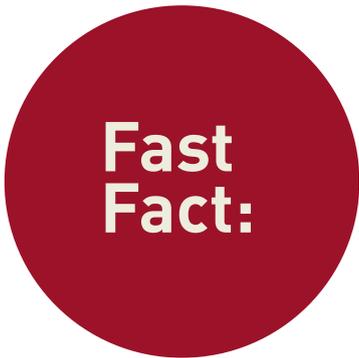
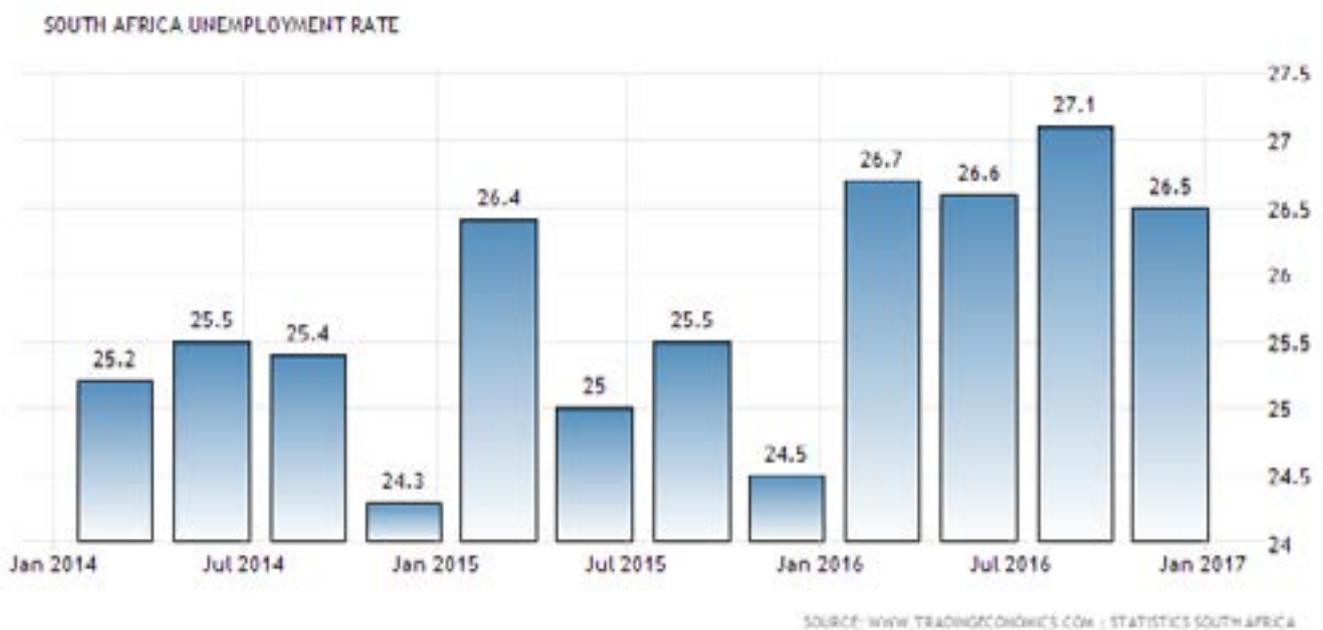
Main occupation (OFO-1digit)	2010	2014	Absolute change	Percentage change	Relative employment shift <sup>43</sup>
Managers and senior officials	1 087 645	1 363 640	275 995	25.4	1.6
Professionals	1 225 579	1 363 185	137 606	11.2	0.7
Technicians and associate professionals	999 443	1 067 497	68 054	6.8	0.4
Clerical support workers	1 459 140	1 669 339	210 199	14.4	0.9
Service and sales workers	1 881 146	2 342 970	461 824	24.6	1.6
Skilled agricultural, forestry, fishery, craft and related trades workers	1 704 629	1 915 983	211 354	12.4	0.8
Plant and machine operators and assemblers	1 120 966	1 275 800	154 834	13.8	0.9
Elementary occupations	3 745 725	4 317 828	572 103	15.3	1.0
<b>Total</b>	<b>13 224 273</b>	<b>15 316 242</b>	<b>2 091 969</b>	<b>15.8</b>	



<sup>2</sup> [www.statssa.gov.za](http://www.statssa.gov.za)

# The state of employment in South Africa

The following graphs show the unemployment challenges that South Africa faces. This is a social and economic challenge that must be addressed as a matter of urgency with skills development initiatives being a key solution. The impact of BBBEE practices plays an important part in the unemployment rate as transformation is only possible if opportunity is created. Since jobs require skills, the access to job opportunities becomes limited if the skill sets do not meet the job requirement. This impacts unemployability considerably.



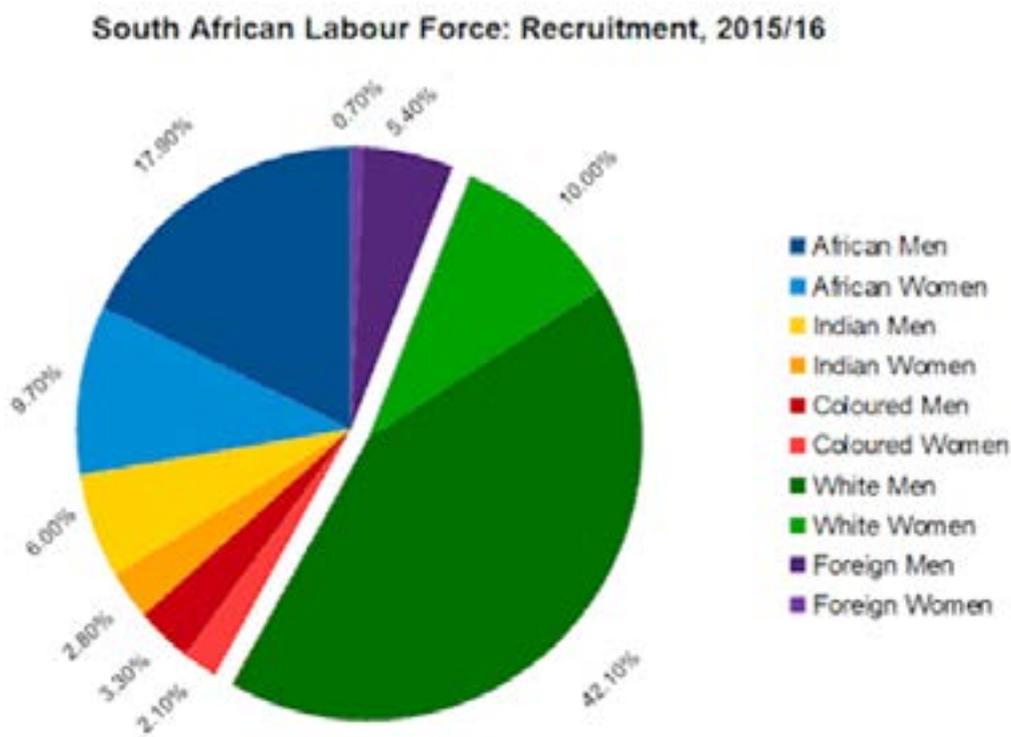
**Fast Fact:**

2016 saw unemployment rising to its highest levels.

Source: <http://www.tradingeconomics.com/south-africa/unemployment-rate>

## Why is Employment Equity (EE) still relevant for companies?

The following graph highlights the reasons for EE still being a key part of a company’s transformation and skills development strategies. The graph is based on the 2015/16 report from the Employment Equity Commission and is based on 25,030 employment equity reports from companies across the country, which covers data on 7.09 million workers from the economically active population (EAP) group. The data clearly demonstrates that there remains a lot of work still to be done in terms of developing and implementing sound EE strategies which will promote and develop black men and women in the South African labour force.



# The Multiple Benefits Model: Skills Development, Employment Equity and BBEEE

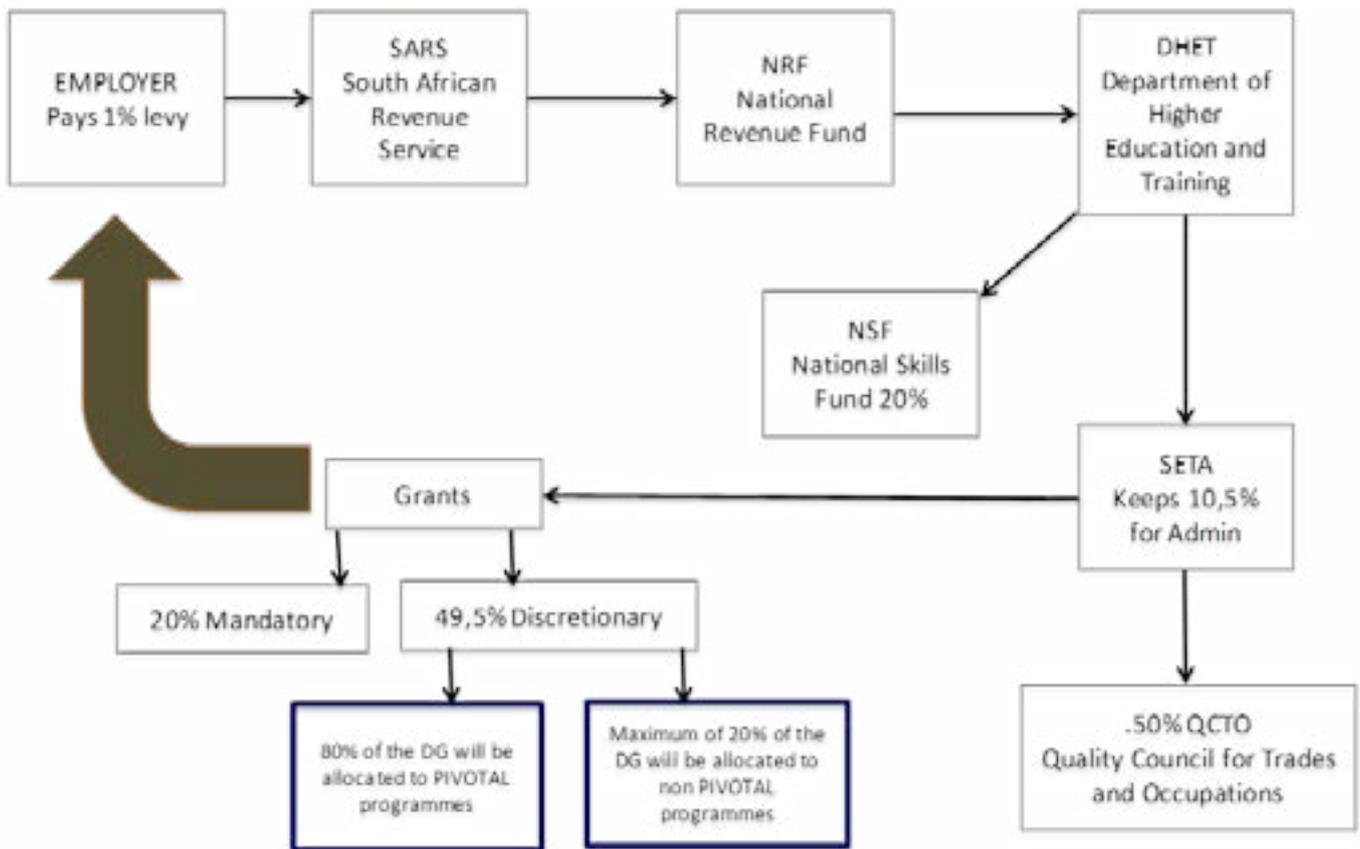
The multiple benefits model proposes that skills development, Employment Equity and BBEE be approached as one large annual project, which is planned for at the beginning of each year. The integrated project plan is designed to have a number of project streams with the respective milestones for the different due dates for each of the initiatives. This approach demonstrates an innovative and proactive manner in which business can engage across the value chain. The model, as illustrated below, emphasises the inter-related and interconnected nature of skills development, Employment Equity and BBEE across the business.



Source: Chetty, S: Skills Development Presentation; 2016

# The Levy Grant Cycle

It is critical to understand the flow of the Skills Development Levy<sup>3</sup> (SDL) across the training and development system. By understanding this cycle, one can process and implement the BBBEE strategy smoothly. The illustration below outlines the various entities that are funded by the Skills Levy.



The Skills Development Levy is worth an estimated R16 billion annually

**WSP Fact:**

On average, only 10% of levy paying companies submit a workplace skills plan to their Seta.

<sup>3</sup> <http://www.labour.gov.za/DOL/legislation/acts/basic-guides/basic-guide-to-skills-development-levies>

## **Workplace Skills Plan (WSP)**

The WSP is a high level, macro training plan for the entire organisation. The intent of the WSP is to convey the organisation's training framework for the upcoming year. Planning and forecasting is critical in creating the plan as training in itself holds one of the largest budgets under HR. The ROI can be beneficial both financially and skills wise if the plan is designed and implemented correctly.

In terms of implementation, it is the responsibility of the Training/ HR Department to manage the rollout and scheduling of the training on a micro level. The delivery and impact of training is overseen and reviewed by the Training Committee (in organisations of over 50 employees).

The WSP must show the training initiatives for the upcoming year and report on the following areas:

- Targeted training for previously disadvantaged individuals (PDI's).
- Alignment to the EE and BBBEE strategy of the company.
- Be based on the needs analysis of the organisation and staff.
- Reporting on the WSP is based on standardised template from each Seta requesting the following:
  - The strategic priorities of your business and training required to meet these objectives.
  - Planned training during coming year by race, gender and occupational category.
  - Details of employees (permanent, contract and temporary) including race, gender, disability and geographical location.

## **Annual Training Report (ATR)**

The ATR is a document that sets out what training was done the previous year and measures it against what was planned in the WSP. As with the WSP, the ATR is completed using a standardised template requesting the following:

- Persons trained during previous year by race, gender and occupational category.
- Training outcomes (e.g. numbers, costs, qualifications gained).
- Current workforce profile by race, gender and occupational category.
- Reasons for any discrepancy between what planned and actual.

The ATR and WSP must be submitted to the SETA to gain access to grants. This is the financial benefit to HR in terms of ROI.

# The role of the Primary, Secondary and Labour Skills Development Facilitators (SDF)

The SDF is a pivotal role that drives the training and learning strategy of the organisation, by managing the WSP and ATR requirements.

## Functions of the Primary SDF

- Consults with line managers and unions and compile the WSP and ATR.
- Identifies the strategic training objectives of the organisation.
- Makes recommendations on the training and development needs of the workforce.
- Consults with employees on specific training needs.
- Provides feedback on the Skills Development process.
- Maintains training records.
- Meet with SD Committee.
- Sources appropriate training providers.
- The Primary SDF is assisted by the Secondary SDF.

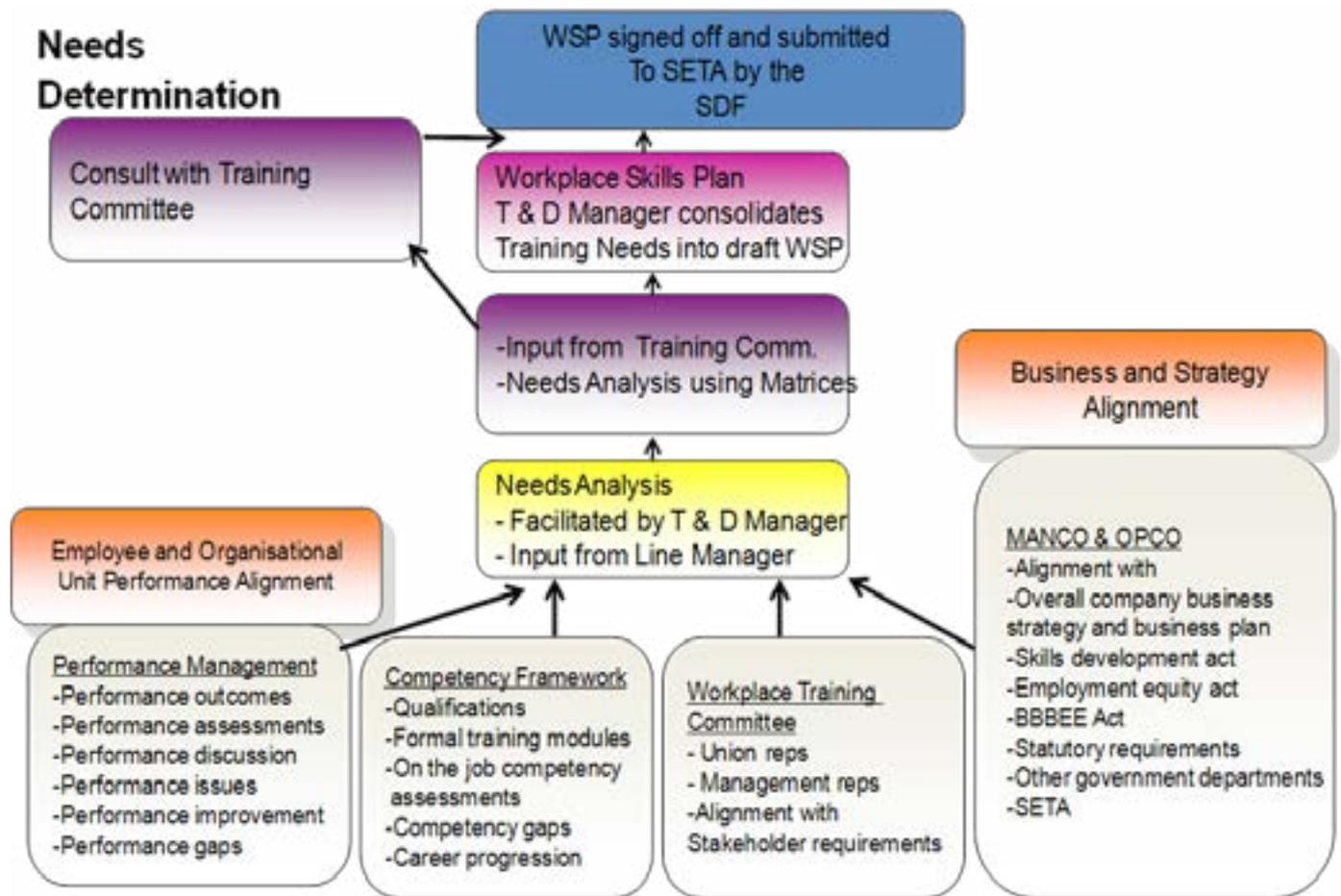
## The Labour SDF:

- Acts as a link between Labour and the company in the skills development process.
- Takes the lead, on behalf of labour in the drafting of; and the implementation of the WSP.
- Verifies the data on the SETA system.
- Monitors the implementation of training as per the WSP.

## Skills Development Planning Process

The skills planning process is most effective when based on a needs analysis of the business and the employees. It is critical to ensure that the overall business strategy drives the skills development process and that the relevant training is matched to the strategy requirements. A mismatch will result in spending on training not relevant to the business and thereby impacting sustainability and wasteful costs.

A simple framework has been outlined below to ensure a relatively seamless engagement process.



Source: Chetty, S: Skills Development Committee Training: 2014

## The Training Committee

The Training Committee must reflect the interest of employees from all occupational categories in the workplace. They must ensure close engagement and interaction with the Skills Development Facilitator (SDF) is a key issue in terms of creating an effective Training Committee. Employees must be consulted about:

- The workplace skills plan (WSP).
- The report on implementation of the workplace skills plan (ATR).
- PIVOTAL programmes and implementation.
- Monitoring and evaluation of training.

### **Training Committee Commitment**

The Training Committee must be committed to the intent and spirit of the Skill Development legislative and National skills strategy requirements. The Training Committee should subscribe to the following commitments:

- Support and enable the SDFs.
- Communicate with each other in a collaborative manner (as opposed to adversarial relationships).
- Provide suitable feedback on implementation of training.
- Listen to each another.
- Respect one another.
- Support Employment Equity and BBBEE.
- Comply with all legislative and SETA requirements.
- Has a registered labour representative (Labour SDF) where a recognition agreement is in place.

**Regulation Gazette No:9867, Vol. 570, Pretoria, 3 December 2012, No. 35940 states:**

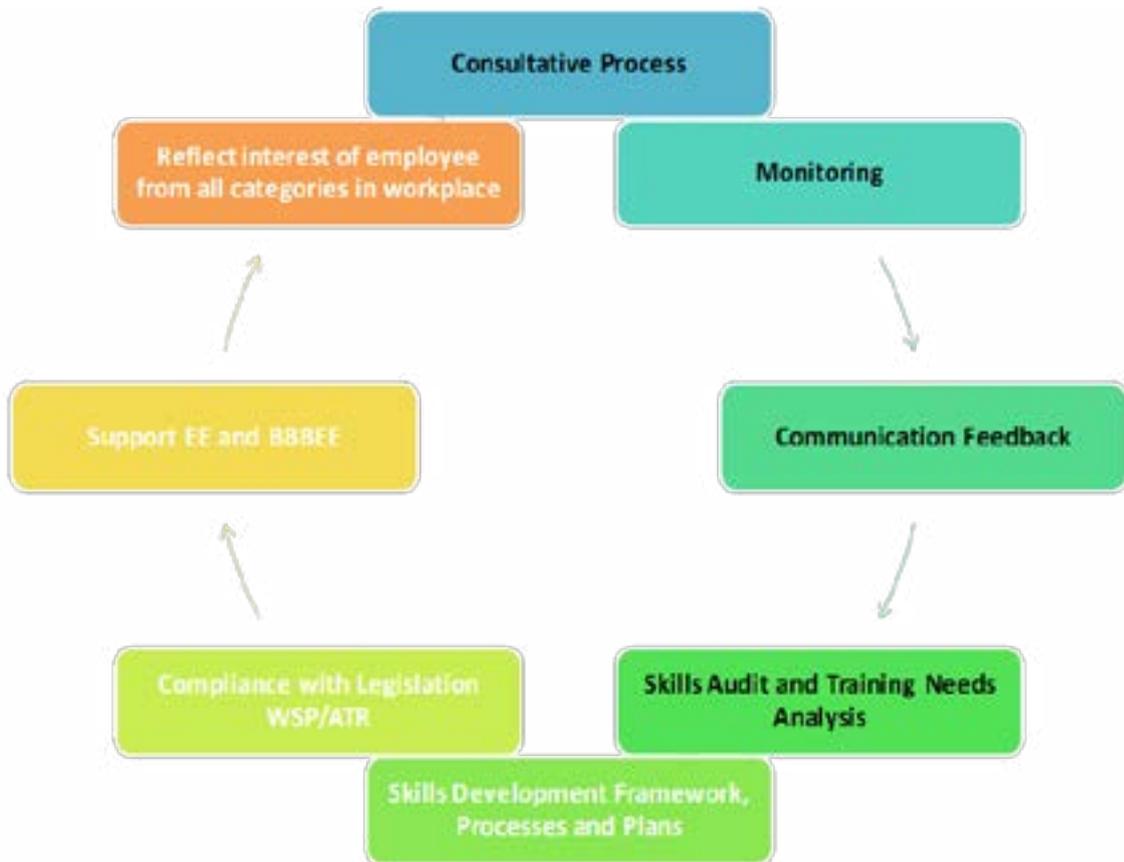
“An organisation with more than 50 employees must establish a Skills Development training committee to consult and communicate with on all skills development submissions to the relevant SETA.”

**Regulation Gazette No:9867, Vol. 570, Pretoria, 3 December 2012, No. 35940**

“In the case of an employer who has a recognition agreement with a trade union or unions in place, there must be evidence provided that the WSP and ATR have been subject to consultation with the recognised trade unions and the WSP and ATR must be signed off by the labour representative appointed by the recognised trade union unless an explanation is provided.”

#### A guide to consultation: Training Committee

- Consultation must take place prior to taking final decisions in respect of key issues such as preparation and submission of the WSP/ATR; application for discretionary grants, finalising of the Training/EE/BBBEE policies.
- All communication and discussions with employees or their representatives or the Skills Development Training Committee and any written documents pertaining to this process should avoid any implied suggestion that the employer has already reached its decision before the conclusion of the process.



Interestingly Publicly Held Companies outperformed all other sectors sampled. Publicly Held Companies are compelled to comply with King III (King IV effective 1 April 2017) by virtue of the Companies Act. The correlation between compliance and performance may be an interesting aspect to investigate.

## Challenges in Effective Skills Development

As with any system there are challenges. Most companies face many challenges in implementing effective skills development programmes and scheduling. The following challenges are critical issues that can create success or failure in the implementation. They are as follows:

- Undertaking a thorough and comprehensive WSP and skills roll out process is time consuming and resource intensive.
- SETA processes are bureaucratic, time consuming and complicated. Each SETA has its own unique approaches, rules and processes.

- Timelines for WSP submission are short and intensive to complete in the first three working months in the year.
- It has an involved, time consuming and complex consultation process.
- Adversarial relationships and lack of common agenda in consultation with unions e.g:
  - Training of external unemployed youth;
  - Time off for large number of permanent employees for long term extensive programs;
  - Selection criteria and process for identification of candidates;
  - Types of training programs that are priority with labour focused on programmes that are not aligned to company needs, competencies and career paths.
- Lack of understanding from Labour and Labour representations on the overall skills development and strategy of the system can be taxing on the framework.
- Lack of understanding from company Management and Executives on the overall skills development and strategy of the system may lead to confusion on the role and function of the SDF.
- Long turnaround times for SETAs to process applications and documents like:
  - Learnership and apprentice contracts;
  - Loading on to database;
  - Linking of registered with approved qualification for first and second tranche payment;
  - Linking of successfully completed candidates to approve programmes for final tranche payments.
- Overall bureaucracy and inefficiency including poor manual and computer systems of SETAs.
- Continuously changing versions of documents and introduction of new documents without clear communications and notification to companies.
- Continuously changing rules, regulations and interpretations by different SETA officials.
- Entrance requirements and alternative proof such as affidavits and results of assessments.
- Complex processes to recover approved grant funding from SETAs.
- Timing of notice of approval SETA grants is too close to the end of the of the year.
- No time to roll out all programs approved.
- Programs applied for and not approved becomes a full cost to the company.

It is near impossible to engage in meaningful WSP and Skills development roll out without a well resourced training department with deep specialist skills development expertise.

# OR

Making use of a specialist skills development company working closely with your employer federation and sharing resources.

Despite these challenges it must be noted that it is compulsory to submit and obtain approval for WSP and ART, and roll out the programs as per submitted plans.

## Smart strategies to overcome Skills Development challenges

There are some strategies that work well to combat the challenges mentioned above. It is important for companies to understand the challenges and implement solutions. These solutions are found in the following strategies:

- Consolidate all skills and HR related issues, as well as initiatives that have been identified in previous years.
- Distil into skills development needs and map to accredited SETA mandatory and pivotal programmes.
  - Conduct a high level training needs analysis using the following short term process:
  - Conduct desk top analysis from available information.
  - Align business plan and strategy documents.
  - Review Exco and other monthly reports.
  - Review and analyse assessments, performance appraisals and talent and succession plans.
- Engage in needs analysis with managers.
- Conduct needs analysis workshop with a various internal stakeholder groups.
- Send out needs analysis and skills audit questionnaires.
- Put in place a training needs analysis plan to conduct a comprehensive needs analysis that collects information throughout the year for the following year and follow through.
- Design the skills development process as a large scale integrated project comprising a number of streams of subprojects.
- Share resources and collaborate with other companies in the sector, through an industry/company initiated forum.
- Set up sector based skills development stakeholder workshops through industry organisations and SETAs acting as credible neutral facilitators - Labour, management and skills practitioners to attend jointly.
- Set up a series of structured skills committee workshops that enables the skills committee to deal with WSP process in step by step progressive manner.
- Should there be are issues of trust and conflict, then utilise an external facilitator.
- Clearly identify issues not directly related to skills development and refer to other appropriate structures for resolutions.
- Get to know the various officials dealing with various skills portfolios and nurture a close working relationship with them.
- Build a partnership relationship with your respective SETA.
- Regularly visit the SETA and engage in discussions with respective SETA staff in order to track of progress, identify obstacles and ensure document finalization and offer assistance to address the identified barriers.
- Participate in an sector skills development forum to regularly engage with SETA officials on skills development issues and initiatives.
- Use specialist services and its alliance partners in order to share resources to save cost and time.

- Adopt the multiple benefit approach to skills development in order to address skills, BBBEE, Talent and Succession, Career Development and related HR initiatives in one integrated initiative.

By using the guidelines listed above, organisations are able to ensure that there is no fragmentation, wastage and straining of limited resources and continuous rework of similar issues for different purposes.

## **Non-formal development programmes**

Once the plan is approved and completed, the types of programmes have to be decided. Skills development entails formal development programmes as well as non-formal development programmes. These programmes must align to the business strategy and plan, as well as the factors that drive skills development as a service offering from the HR department.

Examples of non-formal development programmes are:

- Coaching by a manager/supervisor or experienced colleague;
- Mentoring by a senior or more experienced colleague;
- On-the-job training;
- Field trips and site visits;
- Practical demonstrations by experienced staff members;
- Briefings by internal and/or external experts;
- Work exposure;
- Communication e.g. Work Readiness;
- Other informal development programmes.

### **Types of formal learning programmes**

In developing a Learning and Development strategy, it is critical to determine the kinds of training programmes that are available and the learning offerings that are aligned to the organisation's need.

The tables below outline the different offerings in the system and a distinction is made between SAQA aligned learning (accredited programmes) and non-accredited programmes. Each type of programme serves a particular purpose and organisations are encouraged to use their development needs as the basis for selection.

Description of learning programme	Benefits
<p>Learnership: A structured learning programme that combines theoretical learning provided by a training institution with practical work experience gained with an employer (formal tripartite arrangement between employer provider and SETA)</p>	<ul style="list-style-type: none"> <li>• Registered by SETAs with the DoL</li> <li>• Leads to a national qualification registered by SAQA</li> <li>• Linked to an occupation</li> <li>• Implementation is governed by a Learnership Agreement</li> <li>• Generally completed over 12-18 months</li> </ul>
<p>Apprenticeship: Is a learnership in a trade. Apprenticeship is same as a learnership, except that it is linked to a recognised trade</p>	<ul style="list-style-type: none"> <li>• Governed by the same Learnership Agreement</li> <li>• Learners obtain a national qualification after completing a trade test</li> </ul>
<p>Skills programme: A short learning programme aligned to a registered unit standard or standards, and designed to build occupation-relevant skills</p>	<ul style="list-style-type: none"> <li>• Formally assessed by a registered assessor</li> <li>• Enables a learner to achieve credits</li> <li>• Subject to specified quality-assurance requirements</li> <li>• Registered with a SETA</li> <li>• Duration varies, but shorter than a year</li> </ul>
<p>Internship: An arrangement to employ a person in a temporary capacity with the primary purpose of gaining work experience, e.g. young people after completing a qualification</p>	<ul style="list-style-type: none"> <li>• Learner enters into a contractual arrangement with an employer to perform work related to the qualification</li> <li>• Aimed at providing work experience to assist young people to enter employment</li> </ul>
<p>Professional, Vocational, Technical &amp; Academic Learning programmes (PIVOTAL)</p>	<ul style="list-style-type: none"> <li>• Occupation-directed qualifications</li> <li>• Supervised practical workplace-based learning to promote occupational competence</li> <li>• Work experience to assist in finding employment</li> <li>• Employers access more money from the SETA grants (10% of mandatory grants ring fenced)</li> <li>• Relevance to labour market needs</li> </ul>

Table 2: Accredited Programmes

NQF-aligned programmes		Learning that is not NQF-able
Key features:	Examples:	Conditions:
<ul style="list-style-type: none"> <li>• Aligned to SAQA-registered unit standards and/or qualifications</li> <li>• ETQAs accredit institutions to offer these programmes</li> <li>• Subject to ETQA quality assurance processes</li> <li>• Assessors must be registered</li> <li>• Learner achievements are recorded on the National Learners' Records Database (NLRD)</li> </ul>	<ul style="list-style-type: none"> <li>• Personal &amp; interpersonal growth/ awareness</li> <li>• Action learning – generate creative unpredictable solutions</li> <li>• Organisational change interventions</li> <li>• Continuous Professional Development</li> <li>• Just-in-time solutions to newly emerged situations</li> <li>• Product training</li> <li>• On-the-job coaching, mentoring</li> </ul>	<ul style="list-style-type: none"> <li>• No registered unit standards</li> <li>• NQF alignment not possible or desirable</li> <li>• Not subject to ETQA quality assurance processes</li> <li>• Formal assessment not required or not desirable (but possible)</li> <li>• Assessors not required to be registered</li> <li>• Internal recognition of achievements</li> </ul>

Table 3: Non-accredited programmes

Skills development is a critical element of the 2013 scorecard, and it constitutes 25 points, which is substantial. The skills development element of the 2013 scorecard is made up of the following targets, as illustrated in the table below:

Indicator	Description	Weighting points	Compliance target
Skills Development expenditure on any programme specified in the Learning Programme Matrix for black people as a percentage of the leviable amount	Skills development expenditure on learning programmes specified in the LPM for black people as a percentage of leviable amount	8	6%
	Skills development expenditure on learning programmes specified in the LPM for black employees with disabilities as a percentage of leviable amount	4	0.3%
Learnerships, Apprenticeships and Internships	Number of black people participating in learnerships, apprenticeships and internships as a percentage of total employees	4	2.5%
	Number of black unemployed people participating in training specified in the LPM as a percentage of number of employees.	4	2.5%
Bonus Points	Number of black people absorbed by the measured and industry entity at the end of the learnership programme.	5	100%

**Skills Development BBEEE Scorecard Requirements**

The Skills Development BBEEE scorecard consists of many requirements that are integral in ensuring compliance. It is these requirements, if implemented with correctness, can ensure fruitful outcomes for the company. The requirements are:

- Compliance targets based on the overall demographic representation of black people.
- Entities must submit Workplace Skills Plan, Annual Training Reports, SETA approved PIVOTAL reports.
- Must implement a priority skills programme.
- The 6% target includes expenditure for unemployed black people.
- Trainee tracking tool to be developed.
- As this is a priority element an entity must achieve a minimum of 40% of the targets (all categories). Non-compliance will result in discounting of one level on final scorecard.

**BBEE and Skill Development is a “SKILL”**

The HR portfolio has a tough task each year in delivering effective Skills Development and Broad Based Black Economic Empowerment (BBEE). Proper processes and a solid understanding on “what is required” and “how it will be achieved” is the key for a successful delivery in effective Skills Development and BBEE. It is the institutional obligation that both Skills Development and BBEE processes are complimented and works for benefit of all stakeholders which is the employee, employer and country.

The spirit of skills development and BBEE is transformation. Most of the time companies are vying to comply and “tick the boxes”, rather than drive transformation using these two strategies effectively. It is no denied truth that compliance is critical, however so is the benefits of implementing sound practices in these two fields. The SABPP would like to see HR drive this strategy from inside-out, and impact their business and social environments.

B-BBEE Status	Qualification	B-BBEE recognition level
Level One Contributor	≥100 Points	135%
Level Two Contributor	≥95 but < 100 points	125%
Level Three Contributor	≥90 but < 95 points	110%
Level Four Contributor	≥80 but <90 Points	100%
Level Five Contributor	≥75 but <80 points	80%
Level Six Contributor	≥70 but <75 points	60%
Level Seven Contributor	≥55 but <70 points	50%
Level Eight Contributor	≥40 but <55 points	10%
Non-Compliant Contributor	<40 points	0%

HR is the captain of the skills development and BBBEE voyage, and holds the greatest responsibility to design, implement and receive favourable ROI for the company. By implementing the approaches mentioned in this fact sheet, HR will have the compass for successful implementation and reach “Level 1 contributor” status for their company. Be the Captain of transformation, the voyage is in progress, make it great.

*Bon Voyage!*



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# FACT SHEET

DATE	NUMBER	SUBJECT
<b>2013</b>		
February	1	<b>GAINING HR QUALIFICATIONS</b>
March	2	<b>ETHICS, FRAUD AND CORRUPTION</b>
April	3	<b>NATIONAL DEVELOPMENT PLAN</b>
May	4	<b>BARGAINING COUNCILS</b>
June	5	<b>EMPLOYMENT EQUITY</b>
July	6	<b>HR COMPETENCIES</b>
August	7	<b>HR MANAGEMENT STANDARDS</b>
September	8	<b>PAY EQUITY</b>
October	9	<b>COACHING AND MENTORING</b>
November	10	<b>HIV/AIDS IN THE WORKPLACE</b>
<b>2014</b>		
February	1	<b>EMPLOYING FIRST-TIME JOB MARKET ENTRANTS</b>
March	2	<b>PROTECTION OF PERSONAL INFORMATION ACT</b>
April	3	<b>QUALITY COUNCIL FOR TRADES AND OCCUPATIONS</b>
May	4	<b>WORK-INTEGRATED LEARNING</b>
June	5	<b>RECRUITMENT – SCREENING OF CANDIDATES</b>
July	6	<b>HR RISK MANAGEMENT</b>
August	7	<b>BASIC HR REPORTING (1)</b>
September	8	<b>BASIC HR REPORTING (2)</b>
October	9	<b>EMPLOYEE ENGAGEMENT</b>
November	10	<b>SEXUAL HARASSMENT</b>

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# FACT SHEET

DATE	NUMBER	SUBJECT
<b>2015</b>		
February	1	<b>AMENDMENTS TO LABOUR LEGISLATION 2014</b>
March	2	<b>THE REVISED BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES OF GOOD PRACTICE</b>
April	3	<b>LESSONS LEARNED FOR EMPLOYERS FROM CCMA CASES</b>
May	4	<b>EMPLOYEE WELLNESS SCREENING</b>
June	5	<b>CHANGING THE EMPLOYMENT EQUITY LANDSCAPE</b>
July	6	<b>EMPLOYEE VOLUNTEERING</b>
August	7	<b>DEPRESSION IN THE WORKPLACE</b>
September	8	<b>EMPLOYEE WELLNESS</b>
October	9	<b>EQUAL PAY AUDITS</b>
November	10	<b>BASICS OF EMPLOYEE COMMUNICATION</b>
<b>2016</b>		
February	1	<b>PRODUCTIVITY BASICS</b>
March	2	<b>SERVICE LEVEL AGREEMENT</b>
April	3	<b>TALENT MANAGEMENT: PAST, PRESENT AND FUTURE</b>
May	4	<b>BUILDING ORGANISATIONAL CAPABILITIES</b>
June	5	<b>CHANGE MANAGEMENT</b>
July	6	<b>INNOVATION IN HR</b>
August	7	<b>HR TECHNOLOGY</b>
September	8	<b>HR IN BUSINESS SUSTAINABILITY</b>
October	9	<b>THE LEARNING &amp; DEVELOPMENT LANDSCAPE IN SA</b>
November	10	<b>TOWARDS A CODETERMINATION MODEL FOR SOUTH AFRICA</b>

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# FACT SHEET

DATE	NUMBER	SUBJECT
<b>2017</b>		
February	1	<b>MODERN SLAVERY</b>
March	2	<b>PENSION LAW FOR EMPLOYERS</b>
April	3	<b>THE GAME CHANGER: ROLE OF HR</b>
May	4	<b>HR GOVERNANCE</b>
June	5	<b>INTEGRATING SKILLS DEVELOPMENT, EMPLOYMENT EQUITY AND B-BBEE TRANSFORMATION</b>

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