

THE SKILLS DEVELOPMENT SCORECARD EVOLVES



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Arlene Wilson-Max heads up the Skills Support Desk at the BEE Chamber, where she provides the members with guidance and development support to effectively drive their B-BBEE Strategy. Through her years working in the B-BBEE space, she has become more than equipped to steer organisations in line with best practice on all aspects of the YES Programme, Bursary Management, Internships, Apprenticeships, Learnerships and Absorption claims to ensure that her clients optimise their B-BBEE investment.

The B-BBEE Act of 2003 and the subsequent introduction of The Codes of Good Practice (The Codes) in 2007 created an equalising framework designed to propel an inclusive economy. A core component to creating an inclusive economy was to address inadequate race and gender representation within the skills base and talent pipelines prior to 2007, at which time the official unemployment rate was 22.3%.

The Codes identified Skills Development as a fundamental basis for economic growth as it has the potential to provide a platform for creating a skilled and competitive workforce. The Skills Development scorecard takes a broad view of increasing the skills capacity or amplifying an organisation's expenditure to bridge the gap between those able and unable to participate in the economy. Part of the bigger picture was functional training aligned with the demographic of the national workforce, specifically targeting 'Black' People to participate in Internships, Apprenticeships or Learnerships in exchange for recognition on the Skills Development scorecard.

In 2012 The Department of Trade Industry & Competition (DTIC) initiated a review on the impact of Skills Development – amongst other measurements in The Codes – which revealed that organisations had indeed implemented Internships, Apprenticeships and Learnerships. However, these interventions did not address the unemployment rate as an abundance of unemployed graduates remained unemployed after they had completed such programmes.

To address this shortfall, in 2013 the DTIC introduced 'Absorption' as part of the target for Internships, Apprenticeships and Learnerships. On its introduction, 'Absorption' could be achieved if an Intern, Apprentice or Learner secured either full-time or part-time employment in the organisation where they completed their programme or in an industry entity.

Furthermore, 'Absorption' was claimed if Interns, Apprentices or Learners were put on further training. Verification agencies, for the most, allowed 'Absorption' claims when an Intern, Apprentice or Learner elected to pursue an entrepreneurial career path or establish a business.

However, a trend emerged where Interns, Apprentices and Learners were recycled from one programme to the next so organisations could secure their 'Absorption' targets and claim the full allocated points. The result of this was that Interns, Apprentices and Learners continuously moved from one programme to the next with the majority not securing employment. As this loophole did not achieve the objectives set out in The Act, generate job creation or meaningful participation in the economy, the DTIC had to evaluate the methodology of 'Absorption'.

In 2019 the DTIC again amended the definition of 'Absorption' in the Generic Codes by removing the option to recycle learners from one programme to another or offering temporary employment. The amendment only deems 'Absorption' has taken place if an Intern, Apprentice or Learner secures permanent employment in the organisation where they completed their programme or in an industry entity. The only other option for 'Absorption' is if an Intern, Apprentice or Learner establishes their own business. Evidence of either option is necessary for a B-BBEE Audit.

Another amendment on the Skills Development scorecard relates to two categories for Internships, Apprenticeships and Learnerships, namely programmes for 'Black' People and Unemployed 'Black' People. These two categories were collapsed into one target affording 6 Weighting Points against a target of 5% of all employees. The amendment further eliminated references to Unemployed 'Black' People from the scorecard.

The changes introduced a conundrum; how would Internships, Apprenticeships or Learnerships of Unemployed 'Black' People be incorporated into an 'Absorption' claim? Both the DTIC and SANAS provided clarity in that the target for absorption was 100% of the 5% target for Internships, Apprenticeships and Learnerships. The BEE Commission offered further guidance by stating that the Commission may not define how an organisation structures their Skills Development programmes. Therefore, it is clear that organisations have free reign to develop their strategy based on their wants and needs against their target.

Organisations must be cognizant that if they elect to place 'Black' People on an Internship, Apprenticeship or Learnership who have an existing permanent employment contract, these employees will not qualify for 'Absorption'. However, those that do not already have a current permanent contract of employment do qualify for 'Absorption'. In other words, if there is a permanent contract of employment in place with an ending date, whereby an Intern, Apprentice or Learner could enter into another contract of employment following the conclusion of the original one, 'Absorption' may be claimed. Hence, an organisation seeking to secure full points for 'Absorption' will have to plan for 'Absorption' that will ensure completion of the programme converts to permanent employment of Interns, Apprentices or Learners with a concluding date. In effect, 5% of total employees includes all employees except for those that have a concluding date on their employment contract.

These amendments have an impact on Skills Development Strategies; consequently, the Skills Development process can no longer be a transactional one. The transformational impact of these amendments is that organisations will have to analyse the gap for 'absorption' before they develop the skills of Interns, Apprentices and Learners. Mostly, to claim all allocated points, organisations will have to ensure that participants in Skills Development initiatives meet criteria that will end in 'Absorption' into either their workforce or an industry entity.

In today's economic times, 'Absorption' into one's organisation is not always possible. However, what is possible is looking deeper into the employment contracts already in place or investigate how a person upon completing their programme could be absorbed into an organisation's value chain. However, as small business development forms part of the National Development Plan, organisations should investigate how someone who completed an Internship, Apprenticeship or Learnership could establish their own business. Doing this would qualify and perhaps feed into their Enterprise Development plan in the future.

Many organisations are using the Youth Employment Service (YES) programme to enhance their scorecard. Part of the YES mandate is that it does not infiltrate Skills Development Programmes, each must be a separate claim on the scorecard. Therefore, if an organisation enrolls a YES employee on a Learnership, Apprenticeship or Internship, it will not qualify as a contribution to Skills Development. Put another way; a YES Employee's work experience programme must not be confused with a Skills Development contribution. However, any other claims for training a YES Employee under Category A, E, F or G of the Learning Programme Matrix do qualify.

The amendments to 'Absorption' have fundamentally shifted Skills Development from being a transactional part of the scorecard to a transformational one. The desired outcome of 'Absorption' will only be realised with a diligent strategy in place with a managed transformational approach.

What the various amendments to the Skills Development scorecard boil down to is that if an organisation is not able to incorporate an Intern, Apprentice or Learner into a workforce within the ambit of the requirements, they must forfeit the points on offer. The outcome, which will become apparent as the number of organisations claiming 'Absorption' comes to light, will primarily provide the DTIC with the reality of Skills Development outcomes and not an illusion of transformation.