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THE TRUMP CARD Absorption

Skills Development, a Priority Element, has the potential to have a significant impact on an organisation's B-BBEE Scorecard.

Furthermore, it can boost an organisation's overall score by claiming the Bonus Points on offer for Absorption. In 2019, Gazette #42496 introduced Absorption under statement 300 of the Codes of Good Practice (Codes) with the following definition:

"... a measure of the Measured Entity's ability to successfully secure a long-term contract of employment for the Employee, Learner, Intern or Apprentice".

The requirements of categories B, C and D according to the Skills Matrix are:

Strategising for Absorption

First and foremost, an organisation must engage with 'Black' People that qualify for Absorption when allocating skills interventions. An organisation can optimise its Skills Development Scorecard targets by directing interventions to Internships, Learnerships and Apprenticeships. However, each must accurately represent the categories according to the Skills Development Matrix, namely:

- > Category B – Internships
- > Category C – Learnerships; and
- > Category D – Apprenticeships

Category B | Internships

Narrative Description	<ul style="list-style-type: none"> > Institution-based theoretical instruction, including practical learning in employment or simulated work environment. > Must be formally assessed by the institution.
Delivery Mode	> Mixed Mode Delivery is institutional instruction as well as supervised learning in an appropriate workplace or simulated environment.
Learning Site	> Either institutions like universities, colleges, schools or ABET Providers, otherwise in the workplace.
Learning Achievement	> Recognised theoretical knowledge that results in attaining a degree, diploma or certificate. Only an accredited or registered formal institution of learning can issue such.
Scorecard Recognition	Organisations can claim the full expenditure, headcount as well as the salary or stipend of an intern. Note for B-BBEE purposes – not included in Skills Development expenditure are students or trainees working solely to gain workplace experience. The internship must form part of an institution-based theoretical instruction programme that results in a Degree, Diploma or Certificate.

Category C | Learnerships

Narrative Description	<div>> Recognised or registered structured experiential learning in the workplace after attaining a qualification.</div> <div>> Must be formally assessed by an accredited body.</div>
Delivery Mode	<div>> Structured learning in the workplace.</div> <div>> Allows for mentoring or coaching</div>
Learning Site	<div>> In the workplace only.</div>
Learning Achievement	<div>> Occupational or professional knowledge and experience.</div> <div>> An accolade that is formally recognised through registration or licensing.</div>
Scorecard Recognition	Organisations can claim the full expenditure, headcount as well as the salary or stipend of a Learner.

Category D | Learnerships or Apprenticeships

Narrative Description	<div>> Occupational directed instructional and work-based learning programmes that require a formal contract.</div> <div>> Must be formally assessed by an accredited body.</div>
Delivery Mode	<div>> Institutional instruction.</div> <div>> Structured, supervised experiential learning in the workplace.</div>
Learning Site	<div>> In the workplace or at an institution.</div>
Learning Achievement	<div>> Theoretical knowledge and workplace learning.</div> <div>> Must result in a South African Qualification Authority registered qualification. Evidence can be in the form of a certificate or similar occupational or professional accreditation from a formal learning institution.</div>
Scorecard Recognition	Organisations can claim all expenditure, headcount as well as the salary or stipend of the Learner.

Qualifying for Absorption

The indicator for Absorption allocates Bonus Points on the Skills Development Scorecard under paragraph 2.1.3. There are 5 Weighting Points available in exchange for meeting 100% of the target. The indicator measures the number of ‘Black’ People absorbed by an organisation or an industry equivalent following an Internship, Learnership or Apprenticeship. An organisation could claim the Bonus Points on offer for Absorption by securing a formal permanent or long-term Contract of Employment for an Employee, Learner, Intern or Apprentice within the organisation or an industry equivalent.

A long-term contract of employment

The gazette expands the definition of what constitutes employment in terms of Absorption. “Long-term contract of employment means a legal agreement between an individual and an entity that this individual would work for until his or her mandatory date of retirement”.

Earning Bonus Points for Absorption

When an organisation secures the employment of unemployed ‘Black’ People internally or in an industry equivalent following an Internship, Learnership or Apprenticeship, it entitles them to the Bonus Points on offer. However, if an industry equivalent secures employment, the party that facilitated the employment is then entitled to the Bonus Points on offer.

Factors when calculating Absorption

A B-BBEE Rating Agency considers two areas when evaluating an Absorption claim, namely targets and timing:

① Targets

An organisation must set its Absorption targets in line with paragraph 2.1.3 in statement 300, which measures:

- > “The number of ‘Black’ People participating in Internships, Learnerships or Apprenticeships as a percentage of total employees”. There are 6 Weighting Points available with a 5% target for this indicator.

For example, ABC Traders is a Large Enterprise. In 2020 they had 1,000 employees. Its calculation to determine its target is:

1,000 Employees x 5% Target = 50 Learners

ABC Traders engages with 50 Learners on category B, C and D learning programmes. After completing the programmes, they employ 30 learners and facilitate the remaining 20 in industry equivalents. Therefore, ABC Traders met the requirements set out in 2.1.3 and 2.1.2.1 of the Skills Development Scorecard.

② Timing

Core to claiming Bonus Points for Absorption is the time frame in which a person is absorbed into an organisation. Skills Development is an expenditure aligned element, which means that an organisation must ensure that all initiatives for this element occur within its Measurement Period.

For example, the ABC Traders Measurement Period falls between December 2020 and November 2021. The following two scenarios illustrate the difference between ABC Traders meeting the full requirements for Absorption and missing them through absorbing an employee after the Measurement Period.

Claim for Absorption Bonus Points accepted

20 were Absorbed in April 2021
10 were Absorbed in September 2021
10 were Absorbed in October 2021
10 were Absorbed in November 2021
ABC Traders meets the requirements of paragraphs 2.1.3 and 2.1.2.1 of the Skills Development Scorecard. They receive total points for meeting their Internship, Learnership and Apprenticeship targets and earn Absorption Bonus Points.

Claim for Absorption Bonus Points denied

20 were Absorbed in April 2021
10 were Absorbed in July 2021
10 were Absorbed in December 2021
10 were Absorbed in January 2022
ABC Traders meets the requirements of paragraph 2.1.2.1 of the Skills Development Scorecard, but fall short of meeting the full points for paragraph 2.1.3. Therefore they receive full points for meeting their Internship, Learnership and Apprenticeship targets. However, they lose a portion of the Bonus Points as the Absorption of 20 employees occurred after the measurement period.

Therefore, organisations must reap the reward of their investment and ensure that Skills Development spend and Absorption happens within their Measurement Periods. Although Absorption Bonus Points may seem like a bridge too far for many organisations, those that go beyond the financial contribution and invest in workable monitored strategies can come up trumps on the Skills Development Scorecard.

Source of reference
<https://tfmmagazine.co.za/wp-content/uploads/2020/05/Skill-Matrix.pdf>

Lebohang Khokhone is an Academy Facilitator at the BEE Chamber and is currently completing her BCompt degree through UNISA. Her core function is to support and guide organisations in preparing for their B-BBEE Verification through training. Lebohang's technical knowledge and attention to detail have guided many organisations across most sectors to credibly and ethically meet their strategic milestones. She is a passionate transformer and inherently believes that an organisation's meaningful strategic approach to transformation will drive job creation and economic inclusion.