

# B-BBEE and the development of sustainable employment creation

The Covid-19 lockdown has exacerbated South Africa's unprecedented unemployment crisis and its resultant impact on inequality and poverty will impede efforts to rebuild the nation's economy. The significance of Broad Based Black Economic Empowerment (B-BBEE) as an employment creation facilitator has therefore never been more important.



Rajan Naidoo

This is the opinion of Rajan Naidoo, managing director at Edupower Skills Development Academy.

Rajan believes unemployment, inequality and poverty are a legacy of the economic polarisation brought about by colonialism and apartheid. B-BBEE is one of the mechanisms chosen by government to address this, but corporates “ticking the box compliance” needs to be replaced by true transformation for B-BBEE to achieve its full potential.

“Transformation is no longer a luxury but an absolute non-negotiable. B-BBEE is a vehicle for transformation but not through redistribution as many believe, through empowerment,” Rajan explains. “Empowerment is the expansion of national wealth using pools of existing resources as a catalyst. When this is achieved through B-BBEE, empowerment benefits both the beneficiary and the benefactor.”

Rajan says that while B-BBEE is not perfect, this win-win will only be realised when all South Africans are committed to maximising the opportunities afforded by B-BBEE. These are his five reasons why B-BBEE should be a priority for businesses and civil society:

## 1. Using Skills Development to build a corporate legacy

The Skills Development element within B-BBEE has a strong learnership component for the unemployed. Learnerships are a limited duration contract of employment for a year or longer during which the learner earns an income, obtains a formal qualification and gains valuable work experience.

Learnerships are a great way to provide inexperienced, unemployed individuals access to the job market - and upon completion, the learner is three times more employable.

Companies sponsoring learnerships are incentivised through valuable points to absorb their learners into permanent employment upon completion. Skills Development on the B-BBEE scorecard is therefore as much about educational development as job creation – which is the end game.

## **2. Skills Development as a catalyst for Entrepreneurship and Enterprise Development**

Developing small business and entrepreneurship is the most important mechanism for creating the millions of jobs required. Business simply cannot grow fast enough to create these.

B-BBEE Enterprise Development is a brilliant support mechanism for talented entrepreneurs to start new businesses and through their innovation and technological advancement, create jobs for others. In fact, corporate support for small business through Enterprise Development is a form of corporate Ubuntu.

And B-BBEE takes this a step further. It encourages the migration of these small businesses to become suppliers to the very corporates that supported their development. These emerging enterprises in the supply chain of large corporates are recognised in the form of B-BBEE Supplier Development support. And as these small companies grow, they create even more employment.

## **3. Real socio-economic value from corporate citizens**

Socio-Economic Development is another element of the B-BBEE scorecard that provides a mechanism to create employment. Indeed, socio economic development that focuses on job creation rather than charity builds sustainability, dignity and self-sufficiency, though charity remains an important tool in addressing South Africa's social challenges.

## **4. B-BBEE Procurement**

The broader Procurement Element of the B-BBEE scorecard also provides for corporates to support small business through the procurement of products or services.

This element encourages our society's vulnerable groups such as people with disabilities, our youth and women. Through economic development they are empowered to contribute to building a stronger, more equitable society where more people have a sense of dignity and self-sufficiency.

## **5. B-BBEE builds brands**

Today, many corporates have expanded their definition of a return on investment beyond the narrow dividend return based on investors capital. Companies also focus on building value through social capital, through the goodwill they attract by applying the various elements and mechanisms of the B-BBEE transformational agenda. In this way, corporate altruism delivers long term interest for the future through brand recognition and loyalty.

“B-BBEE, in all its detail, should be embraced as a powerful transformative mechanism giving corporates the opportunity to be on the right side of history when being judged for their contribution toward building an empowered society with multiple equal voices all enjoying their place in the sun,” Rajan concludes.

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