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Kgalema, Victor; Marock, Carmel; Allais, Stephanie

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BLACK ECONOMIC EMPOWERMENT PROJECT

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The Alignment of Black Economic Empowerment and Skills Policies in South Africa

We measure what we count but … we only count what we measure!

Victor Kgalema, Carmel Marock and Stephanie Allais | *April 2021*

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

SOUTHERN CENTRE FOR INEQUALITY STUDIES

Introduction

This paper explores the relationship between the goals of broad-based black economic empowerment (BBBEE) and those of the skills development policy in South Africa. We review the relationship between the policy tools that have been developed for each of these policies.

We start from the premise that South Africa has developed a complex set of policies, many of which have not been aligned well with each other. In some instances, policies duplicate or contradict one another. The policies require multiple company reports that have tightly specified targets. Reporting requirements do not consistently support the achievement of the broader goals of the policy interventions and do not always work together. A second starting assumption is that empowerment is not just a matter of income and wealth – it is also about access to skills, resources and knowledge.

The paper is based on review of key government policy documents related to BBBEE, as well as those on skills and their contribution to macro-economic transformation. We reviewed the criteria used by two of the larger verification agencies accredited by the South African National Accreditation System (SANAS), a body set up in terms of the BBBEE act and regulations to assess the performance of companies with regards to BBBEE.

In order to understand the nuance of these policies, we also reviewed the way that these policies have been applied in eight companies, with a specific focus on the extent to which these companies have been able to realise their BBBEE targets. We then undertook a deeper analysis of four of these companies – two of these companies, are state owned enterprises and the other two are publicly listed companies – in order to ascertain what level of detail is included in their reports. We also considered a number of research studies that have been undertaken in this area.

Our key research questions were:

- Do the intentions and measurable targets pertaining to skills in the scorecard contribute to the realisation of the broader BBBEE policy and are these skills imperatives in the code aligned to the national skills development strategy?
- Is there alignment between policies and/or are they at cross purposes with each other?
- What does the relationship look like in practice?
- What are the implications for skills policy in how the BBBEE code is applied, and in how companies tend to report against it?

The paper finds that while the high-level goals of the two sets of strategy seem to be well-aligned, there are many challenges in practice. The first relates to National Skills Development Strategy (NSDS), whose key purpose is improving the effectiveness and efficiency of the country's skills development system. The strategy represents an explicit commitment by government to encourage the linking of skills development to career paths and career development as well as to promote sustainable employment and in-work progression. However, the strategy lacks a tightly defined set of priorities, making it open to manipulation in terms of the achievement of targets. The second challenge relates to a host of implementation problems with skills policy in South Africa. At the same time, the monitoring mechanisms of the BBBEE code focus on whether skills training takes place, the numbers of people who access workplace experience and levels of expenditure, rather than on the extent to which the skills development activities result in the intended outcomes of the policies (either the BBBEE policy or the NSDS). This reinforces the first problem – a focus on measurable targets, rather than fundamental policy goals in both policies.

Overview of BBE policy and codes

The broad-based black economic empowerment (BBBEE) is a government policy to advance economic transformation and enhance the economic participation of Black people (African, Coloured and Indian people who are South African citizens) in the South African economy(Norton Rose Fulbright, 2018)). Through this policy, government aims to achieve the following objectives:

- empower more black people to own and manage enterprises – enterprises are regarded as black-owned if 51% of the enterprise is owned by black people, and black people have substantial management control of the business;
- achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;
- promote access to finance for black economic empowerment;
- empower rural and local communities by enabling their access to economic activities, land, infrastructure, ownership and skills;
- promote human resource development of black people through, for example, mentorships, learnerships and internships;
- increase the extent to which communities, workers, co-operatives and other collective enterprises own and manage existing and new enterprises, and increase their access to economic activities, infrastructure and skills;
- ensure that black-owned enterprises benefit from the government's preferential procurement policies;
- assist in the development of the operational and financial capacity of BEE enterprises, especially small, medium and micro enterprises (SMMEs) and black- owned enterprises;
- increase the extent to which black women own and manage existing and new enterprises, and facilitate their access to economic activities, infrastructure and skills training (Codes of Good Practice on Broad Based Black Economic Empowerment, 2019).

The progress and success of the achievement of these broad transformation objectives are measured through the BBBEE codes. The BBBEE Codes of Good Practice are issued by the minister of Trade and Industry under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003). The codes simply provide a methodology for measuring a firm's BBBEE rating in terms of sectoral gazetted BBBEE targets.

The BBBEE codes reviewed in this section are those published in terms of Notice 303 of 2019 following Schedule 1 of the Amended Codes of Good Practice in terms of Section 9 (1) mentioned above, as amended by Act 46 of 2013.

The BBBEE codes are but one of the many instruments employed by government to achieve its stated broader economic goal/s as indicated in key government policies. One such policy is the National Development Plan (NDP), which is government's over-arching economic development plan. Another important one is the Industrial Policy Action Plan (IPAP) and a third is the Black Industrialist Programme, a government programme aimed at improving participation of Black people in the economy. These plans are all designed to facilitate the achievement and or realisation of the strategic vision of government as outlined in the Black Economic Empowerment Policy – the creation of an inclusive industrialised economy that is globally competitive (Department of Trade and Industry, 2013).

The codes contain a score card made of five elements: Ownership, Management Control, Skills Development, Enterprise Development and Socio Economic Development. Each element is allocated a score in order of importance. For example, enterprise development is scored 40, ownership 25 and skills development 20 out of total

score of 109. A more detailed indication of this weighting, in order of "importance" on the score card, is shown in Table 1 below.

Table 1: BBBEE generic score card

Element	Weighting
Ownership	25
Management	19
Skills Development	20 (plus 5 bonus points
Enterprise Development	40 (plus 4 bonus points)
Socio-Economic Development	5
TOTAL	109 (118) including bonus points

Source: Codes of Good Practice on Broad Based Black Economic Empowerment, 2019

This study focuses on the skills development dimension, which has the third highest weighting on the score card. Weighting of this element, reflects the importance government places on skills in realising the agreed upon transformation objectives. Given this weighting, it would be quite difficult for companies to achieve a higher target on the score card without significant investment in this element. In other words, the BBBEE codes, through emphasis on skills development, create a basis for the realisation of the intentions of the National Skills Development Plan (7 March 2019).

We emphasis, at the outset, a distinction between the BBBEE policy and the codes of good practice, as they are sometimes used interchangeably. On the one hand, the policy provides a broad transformation framework for black economic empowerment, while on the other hand, the codes outline measures for the successful implementation and achievement of the policy. The broad imperatives of the National Skills Development Strategy are therefore giving expression to the BBBEE policy while the actual programme implementation is assessed against the BBBEE Codes of Good Practice.

Alignment of the triple BBBEE codes with the NSDP

The paper starts by considering the role of skills in the BBEE policy and codes. The paper then outlines how skill priorities are outlined in the NSDP. It then reflects on the extent to which these reinforce each other and how these are given practical expression in a sample of companies.

The articulation of skills within the B-BBEE policy and codes

The BBBEE policy states that skills development must

- contribute to the achievement of the country's economic growth and social development goals that will enrich the creation of decent work and sustainable livelihoods;
- promote the development of an industrial skills base in critical sectors of production and value-added manufacturing, which are largely labour-intensive industries;
- support professional, vocational, technical and academic learning programmes, achieved by means of professional placements, work-integrated learning, apprenticeships, learnerships and internships, that meet the critical needs for economic growth and development;
- strengthen the skills and human resource base by encouraging the support of skills development initiatives with an emphasis on skills development and career pathing for all working people in order to support employment creation (Codes of Good Practice on Broad Based Black Economic Empowerment, 2019).

The codes map out the type of skills development programmes that are required by industry. These include seven broad skills development learning programmes that are seen as crucial for the achievement of economic

transformation objectives: bursaries or scholarships, internships, learnerships, apprenticeships, work-integrated learning, informal training (occupationally-directed) and work-based informal training programmes.

The codes indicate the importance of the role of the Sector Education and Training Authorities (SETAs) in supporting the planning and facilitation of these training programmes. The codes also articulate the different provision options that are possible, including the option of programmes being delivered through public institutions, as well as the type of programmes that can be implemented and how these will contribute to the achievement of qualifications.

Skills development learning programmes are contained in the training programme matrix, ANNEXE 300 (A) of the Codes of Good Practice. This component of the scorecard outlines broad learning programmes identified as critical in driving and guiding training interventions within economic sectors, as part of the overall transformation drive aimed at black economic empowerment (Codes of Good Practice on Broad Based Black Economic Empowerment, 2019).

The amendments that were made to the BBBEE codes in 2013, which took effect in 2015, have resulted in increased levels of specificity with respect to the skills spend target. The code now sets the value of expenditure that is required in terms of spend for training on black employees at 6% as a percentage of the leviable amount. This allows for spending on people who are not employed by a measured entity to be included; that is, the company that is submitting the skills development report for assessment against the code is now able to train unemployed young people and claim points in terms of the code. Moreover, there is an opportunity to earn up to five bonus points where a measured entity absorbs up to 100% of its trainees. Points in this regard are allocated proportionately, depending on the percentage of trainees absorbed every year.

Skills development contributions for the benefit of black people also take into account the type of training outcomes and methods of assessment in the learning programmes matrix. Measured entities (companies, as referred to in the codes) are scored for the following:

- their overall skills development contributions,
- their contributions in favour of black disabled people and the participation of black employees and unemployed black people in categories B, C and D apprenticeships (as outlined in the skills matrix included in the code),
- learnerships and internships that are registered with the relevant SETA,
- on-the-job training with a formally assessed outcome or qualification.

The code also indicates that informal training programmes will only account for a maximum of 15% of total training expenditure. In short, the codes strongly prefer credentialed or formally certified training over informal training. This emphasis on formal qualifications was agreed upon with the Department of Higher Education and Training, which has representatives who participate in this process. The emphasis, therefore, reflects the departmental focus on formal provision and also makes it easier to determine whether the training has been completed.

The following additional regulations with regard to expenditure should also be noted: overhead costs and administration expenses for training are limited to a maximum 15% of total training expenditure and a tracking tool to measure the absorption rate of learners is required to determine the proportion of employees absorbed.

Focusing on the National Skills Development Strategy (NSDS)

Government has developed a number of national policies aimed at skills development. The Human Resource Development Strategy for South Africa(HRDSSA), supposes bringing together a set of comprehensive government

policy instruments that are fashioned or designed to enable achievement of the following eight skills development commitments(DHET, 2019).

- to urgently overcome shortages in the supply of people with the priority skills needed for the successful implementation of current strategies to achieve accelerated economic growth;

- to increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities;

- to ensure improved universal access to quality basic education and schooling (up to Grade 12) that is purposefully focused on: (a) achieving a dramatic improvement in the education outcomes for the poor; (b) equipping learners with optimal capacity for good citizenship; and (3) the pursuit of post-school vocational education and training for employment;

- to urgently implement skills development programmes that are purposefully aimed at equipping recipients/citizens with requisite skills to overcome related scourges of poverty and unemployment;

- to ensure that young people have access to education and training that enhances opportunities and increases their chances of success in further vocational training and sustainable employment;

- to improve the technological and innovation capability and outcomes within the public and private sectors to enhance our competitiveness in the global economy and to meet our human development priorities;

- to ensure that the public sector has the capability to meet the strategic priorities of the South African developmental state;

- to establish effective and efficient planning capabilities in the relevant departments and entities for the successful implementation of the Human Resource Development Strategy South Africa (HRDSSA II)

The National Skills Development Strategy (NSDS) is a sub-component of the Human Resource Development Strategy (2019). The current strategy is the third iteration. The NSDS also seeks to ensure that through responsive education and training, the labour market is better able to support social development. In so doing, such development aims to reverse the challenges inherited from the past, such as poverty, inequality, disease and unemployment. This objective is well aligned to that outlined in the black economic empowerment strategy.

The NSDS has been designed as an inclusive strategy that aims to address national, provincial, sectoral and individual needs (NSDS South Africa Department of Labour, 2003: 9). It is also meant to direct how skills institutions, which include the National Skills Authority (NSA), the National Skills Fund (NSF), Sector Education and Training Authorities (SETAs), labour centres, and a fledgling Skills Development Planning Unit of the Department of Higher Education and Training (SDPU) should spend their money, allocate human resources and target their programmes to meet the aims of the BBBEE Act. It is intended to offer strategic guidance for skills development in the country and provide a framework for sector skills planning, implementation and monitoring facilitated by SETAs as well as the NSF. The NSDS III strategy places emphasis on relevance, quality and sustainability of skills training programmes to ensure that they impact positively on poverty reduction and inequality. It focuses on the following goals, each of which have attached to them outcomes and outputs that are the basis for monitoring and evaluation of NSDS implementation and impact:

- establishing a credible institutional mechanism for skills planning;
- increasing access to occupationally-directed programmes;

- promoting the growth of a public FET college system that is responsive to sector, local, regional and national skills needs and priorities;
- addressing the low level of youth and adult language and numeracy skills to enable additional training;
- encouraging better use of workplace-based skills development;
- encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives;
- increasing public sector capacity for improved service delivery and supporting the building of a developmental state;
- building career and vocational guidance.

These goals are given further expression in eight 'pillars' within the NSDS that guide implementation. These include the following:

- Sector strategies aligned to government and industry development strategies, programmes and projects developed with, and supported by, sector stakeholders: The Department of Higher Education and Training (DHET) will play a leading role in forging a closer working relationship and collective identification of skills development priorities among all the key institutional players in our education and training system.
- Relevant sector-based programmes addressing the needs of unemployed people and first-time entrants to the labour market will be developed and piloted by SETAs, with roll out being planned, managed and funded, where appropriate, in partnership with the NSF. SETA funds will primarily be used to fund the skills development needs of employers and workers in their sector. However, the use of SETA discretionary funds must be guided by the goals of NSDS III.
- Professional, vocational, technical and academic learning (PIVOTAL) programmes: These are programmes which provide a full occupationally directed qualification. Such courses would normally begin in a college or university and would include supervised practical learning in a workplace as part of their requirement. The courses especially for workers could, in some cases, start in the workplace and then move to a college or university. The courses would culminate in an occupational qualification. PIVOTAL courses will normally be offered by arrangement between a SETA, an educational institution or an employer and a learner. Fundamental to the successful implementation of PIVOTAL programmes will be a model of cooperation between a SETA, a higher or further education and training institution and an employer. This will help ensure responsive curricula and courses.
- Partnerships between public and private training providers, between providers and SETAs and between SETAs, addressing cross-sectoral and inter-sectoral needs(2019).

A review of the pillars shows that the strategy provides a comprehensive framework and guidance for what is to be done to implement the strategy, for example, what partnerships need to be forged, roles to be played by respective parties and sources of funding. This guidance is a further expansion of a framework which is outlined in the BBBEE Codes of Good Practice.

Within this, NSDS III provides a detailed outline of the role of SETAs. The strategy states that the core responsibility of SETAs is to facilitate the delivery of sector-specific skills interventions that help achieve the goals of the NSDS III, develop sector skills plans and ensure that skills needs and strategies are developed to meet the demands of industry needs, as set out in the sector skills plans (DHET, 2019).

Reflecting on the extent of the alignment

A review of these sets of policy, strategy and code suggests high levels of alignment. The BBBBE Policy and Code make extensive reference to the need for the skills development that is offered, to earn BBBEE points to be determined by the priorities outlined by the relevant skills structures and as outlined in key documents. Yet, a review

of the extent to which the NSDS is realising its intentions highlights a number of challenge. These challenges suggests that the BBBEE is not encouraging companies to support the NSDS priorities.

To understand this better there is a need to consider the nature of the NSDS itself, the way in which the NSDS is implemented and, critically, the focus of the monitoring requirements against implementation within the BBBEE process.

In terms of the NSDS itself, a number of research studies have highlighted challenges about its scope. One research study, drawing on Kraak (2010) concluded that

> Successive National Skills Development Strategies have been criticised as being focussed on targets, reflecting a wish list of national stakeholder requirements and a balancing of different interests, rather than providing a strategic focus for skills development intermediaries. The lack of clear allocation of responsibilities and the broad manner in which indicators are framed has led to confusion and delays in implementation as well as in reporting achievements (Marock, 2010, p18).

As an example, the study notes that indicators pertaining to learning programme enrolments and achievements for both employed and unemployed learners, including new entrants, are aggregated against a national target. These include learning programmes which result in the award of occupationally directed qualifications (learnerships and apprenticeships) and learning programmes which result in the award of one or more credits (skills programmes). It concludes that this enables the SETAs to achieve these targets through only supporting skills programmes – in other words, very short training programmes. This means that the actual number of learners benefiting from enrolment in learning programmes may seem large, but can be questioned in terms of relevance and appropriateness to both sectors and national skills demand. Thus, the easiest target to achieve is what is focused on, rather than a real engagement with skills needs.

Since this review, the strategy has gone through a number of iterations with a view to addressing some of these shortcomings. Having said that, the most recent evaluation of the NSDS III indicates the changes made in NSDS III highlighting the shift towards increased state intervention in skills development through integrating skills into the post-school education system and in particular through public institutions (Mzabalazo, 2018). This was coupled with a concerted attempt to align skills development to economic and development goals and to achieve greater levels of collaboration across the Post School Education and Training (PSET) system in order to increase impact. The report notes, however, that respondents interviewed as part of the NSDS III evaluation continue to make comments about the absence of a clear Theory of Change. The report states that when reviewing NSDS III the evaluators found the following (Mzabalazo, 2018: 24):

> A clear allocation of responsibility, defined policy implementation levers and the activities normally associated with a TOC were largely absent. There was no implementation plan or road map. That meant the strategy could be interpreted in any number of ways.

The absence of a tightly defined set of priorities may, in part, offer an explanation as to why it is difficult for the BBBEE codes to tightly align with these priorities.

Further**,** there are a number of challenges in the implementation of the National Skills Development Strategy. These include delays in setting up institutional infrastructure central to delivery of skills development, and companies not investing in training management layers in their workforce (Jinabhai, 2005). A research study conducted in 2018 suggests that South Africa's pool of intermediate skills, especially operators, artisans and technicians, is too low to support national and sector development and growth. The workforce is not keeping up with the skills needed to remain competitive in an increasingly knowledge-based economy (Department of monitoring and evaluation, 2018). This clearly points to serious lack of either coordination between industry stakeholders and institutions tasked with the delivery of training or capability and capacity which is highlighted as a major constraint in those studies.

A number of research studies on the performance of SETAs have indicated that performance of SETAs differs across economic sectors. While almost all SETAs experienced teething problems at the beginning, a few have since managed to improve their performance (Ward & Eurika, 2020). Despite significant improvement in the performance of these SETAs, there are still persisting skills development challenges. A parliamentary monitoring committee observed that SETAs were not as effective as they should be and were not providing the type of training and learnership opportunities that they should (DHET, 2011). The cost of training through the SETA system was often too expensive and targets were too low. The parliamentary committee, wanted "to see the eradication of short courses and urged SETAs to establish partnerships with FET colleges and universities"(DHET, 2011).

While it would be easy to conclude that poor performance of SETAs is the cause of the weaknesses of implementing the skills development strategy, evidence from research studies points to causes beyond SETAs (Allais, 2013). While poor performance of these institutions is no doubt a factor, there are other role players whose performance also contributes to the entire skills development delivery edifice. A recent research study commissioned by the (Department of Monitoring and Evaluation, 2018) concluded the following:

> Over and above the broader issues that relate to a shortage of skills, *there are also a number of factors that affect the availability of the relevant skills* such as the lack of, or absence of, foundational skills (maths and science), a lack of work- readiness and the quality of learners emerging from schools and colleges. This is compounded by inadequate linkages between institutional and workplace learning. Hence the mismatch is more about the quality of provision than the lack of qualified individuals.

In other words, weaknesses within the skills development system still persist even as the strategy is strengthened. This is consistent with several studies that point to a serious lack of capacity of the skills development delivery institutions (Allais, 2013; Allais et al., 2017). These weaknesses will, in turn, make it more difficult for the intentions of the BBBEE codes (Codes of Good Practice on Broad Based Black Economic Empowerment, 2019).

With respect to the monitoring mechanisms of the BBBEE code, the focus is on whether skills training takes place, the numbers of people that access workplace experience and levels of expenditure, rather than on the extent to which the skills development activities results in the intended outcomes of the policies (either the BBBEE policy or the NSDS).

A review of two of the larger verification agencies, accredited by the South African National Accreditation System (SANAS) and focusing on evaluation criteria of skills development, shows that the emphasis of the assessment is on financial spend by companies on the different skills development programmes and on tracking the racial composition of those participating in these skills development programmes.

Table 2 below outlines the assessment criteria used to determine company performance against the score card, employed by one of the BBBEE verification agencies that we reviewed (these are aligned with the SANAS guideline). While the two variables tracked by this assessment instrument are quite important, they do not tell us much about the quality of those training interventions or the extent to which they enable companies to improve productivity and innovation or support the progression of employees or transformation. These companies do, however, need to indicate the percentage of trainees absorbed – although this is only for bonus points – and submit workplace skills plans and an annual training report.

Table 2

B-BBEE Elements and indicators	Weights and Target	
	29	Various
Skills development spend as a percentage of leviable amount	8	6,00%
Skills development spend on disable person as a percentage of leviable amount	4	0.30%
Employed black people attending category B,C&D Learning Programmes as a percentage of total number of employees	4	2.50%
Employed black people attending category B,C&D Learning Programmes as a percentage of total number of employees	4	2.50%
Bonus- Number of black people absorbed by the measured entity at the end of the learning programme	5	100%

Source: Accreditation Company

The challenges created by this measurement framework are highlighted in a number of research studies. One research study concluded that a large section of the business sector, even among large organisations, does no management training at all or to a limited extent only (Jinabhai, 2005).

With regard to both the business sector and training institutions, the survey reflected that even where there is management training there is an over-concentration in the field of general management, while human relations and technical skills were lacking. The most significant overall finding of the survey was that 87% of the small, medium and large firms that responded did not do any management training.

This observation highlights the concern that the implementation of skills development programmes may not consistently contribute to the realisation of the broader imperatives of the BBBEE policy. As highlighted previously, the codes were amended (in 2013) in an attempt to resolve some of these internal weaknesses. However, the current measurement and monitoring framework still does not appear to assist in addressing these challenges (Werksmans, 2015).

In summary, these findings suggest that there is an alignment of intent between the BBBEE policy and the NSDS. Certainly, both are committed to supporting skills for the economy. The BBBEE code focuses on the imperative of developing the industrial skills base in critical sectors of production and value-added manufacturing. The overall vision of the NSDS is 'Skills for Productive Citizenship for All' in order to address the structural problems of the labour market inherited from the past and transform the South African labour market from one with a low skills base to one characterised by rising skills and a commitment to lifelong learning. The complementarity of these policies is demonstrated by the findings in a number of research studies on skills development globally. These studies emphasise that access to skills is key for productive employment and participation in the economy. Hence, it is an important means to private-sector development (Marock, 2018).

However, while the realisation of the objective of black economic empowerment policy is clearly dependent on the successful execution of the skills development strategy, which is recognised in both the policy and the codes, and the objectives and commitments in the NSDS III seem to be perfectly aligned to those outlined in the black economic empowerment strategy and codes, the challenges related to the scope and implementation of the NSDS strategy, and the absence of a monitoring mechanism within the BBBEE code that allows for an understanding of how the skills programmes are implemented within the BBBEE code, results in the intended outcomes. These challenges pose a serious risk to the extent to which there is likely to be alignment in practice and whether the focus on numbers that complete certain programmes within the BBBEE codes may result in a focus on numbers (that are counted) rather than on ways in which skills development supports the wider transformation objectives. The next section explores these questions in more depth and considers the extent to which the implementation of these policies does in fact allow for a meaningful level of alignment. We do this by focusing on a small sample of companies and exploring how they address the twin imperatives of BBBEE and skills development.

An analysis of implementation: a focus on companies

In this component of the study, we reviewed data that is in the public domain in order to analyse the kinds of information that companies report on in terms of the skills development component of the codes. This analysis was completed for four companies comparing the report that they published about their activities against the codes. Two of these companies are state-owned enterprises and two are publicly listed private-sector companies. The details of what each company reported are captured below:

Company A's (state-owned enterprise) BBBEE report includes the following:

- The company provides financial spend in terms of the total number of employees who attended training within the financial year under review. This number is broken down it terms of the levels of employees within the company (that is, from top management to unskilled workers).
- The report gives a racial and gender breakdown of the total number of employees who attended training.
- Report on the type of training programmes.
- The report also indicates the skills development capability and capacity within the enterprise.

Company B's (publicly listed company) BBBEE report includes the following:

- Total rand value spend on skills development programmes attended by employees for the financial year.
- An indication of the skills development programmes that were implemented. The first one is a graduate skills development programme and the second one is a leadership skills development programme. This is coupled with a percentage racial breakdown of employees who attended each of these programmes.
- The report also indicates that the company offers opportunities for learnerships for the unemployed, focusing on matriculants. It also reports on the number of individuals that have completed these learnerships since inception and reflects on the percentage of graduates that have been offered full-time employment in the company.
- The report also indicates the extent to which these skills development programmes lead to promotion and, in instances where they led to promotion, the report provides a racial breakdown of those who were promoted.

Company C's (state-owned enterprise) BBBEE report includes the following:
This company also reports that it has achieved their BBBEE certificate and the number of points achieved on skills development. Information drawn from the company's annual financial statements does not add much detail to what is provided in the certificate, although it includes the commitment statement to skills development of the company. It also indicates the level of investment in skills development.

Company D's (publicly listed enterprise) BBBEE report includes the following:
As with company C, the company report only includes the BBBEE certificate, which does not include much information about skills development within the company outside of the score that it received for skills development on the BBBEE codes.

These companies all indicated their commitment to empowerment and all have BBBEE certificates. However, as suggested in the previous section, the publically reported data focuses on what is measured (that is the number of individuals that completed certain programmes), disaggregated in terms of race, gender and disability. However, what is often not "counted" is the extent to which these programmes have assisted in transforming the workplace by, for example, enabling improved quality of work or supporting promotions – with some exceptions as we did find evidence that some companies do report on the relationship between these programmes and promotions. Similarly, with respect to ensuring a more inclusive workplace; while we found that a few companies report on the extent to which the programmes result in employment, this is not consistent nor is there an understanding of how long these individuals are retained in the company. Further, it does not talk to whether this supports the broader imperatives of the National Skills Development Strategy in terms of increased levels of productivity and growth.

These findings reveal a further challenge in realising the alignment between the policies. Our review indicates that many of these companies, as well as other companies that we reviewed as part of this study, find it difficult to meet the three most highly weighted elements in the codes: enterprise development, equity and skills development.

For example, a review of BBBEE certificates issued to three state-owned enterprises (the two state-owned companies mentioned above and a third one) found that these three companies had managed to score only 12,5%; 12,70% and 13.6% respectively on skills development against a target of 20% in their 2020-2021 score cards. These are companies that were at the centre of driving government priorities. The failure to meet targets in the codes is concerning.

In addition, a review of five publicly listed companies (including the two mentioned above as well as three additional companies) also finds that these companies were unable to meet their skills development targets. Interestingly, some of these private companies performed relatively better when compared to the three state-owned companies (reviewed above), with one scoring 17.20%, another 18.03% and a third 19.11%, while the other two only received 10.85% and 12.83%. All of these companies are large, have in-house training and command a significant budget, yet they are struggling to achieve their sectoral BBBEE targets.

While we cannot draw any conclusion from the inability of these companies to meet set targets, it does raise a concern about the extent to which the weaknesses of skills development delivery institutions are impacting on realising the different policy objectives. This is likely to be an even greater challenge for medium-sized companies within different sectors as these are entirely reliant on external skills provision and are therefore less likely to be able to meet these targets in a meaningful way.

In conclusion: towards an integrated approach to both skills development and broad-based black economic empowerment

In this paper we highlight that the alignment of the BBBEE policy and codes to the NSDS seems to be strong in that the BBBEE codes allocate appropriate weight to skills and identify different types of programmes that can be provided to enable access to employment and progression. We also highlight that all companies, in terms of the BBBEE verification regulation, are required to submit a workplace skills plan and annual training report as part of the assessment/verification.

However, what is evident from this review is that it is not clear how these different reports and submissions – the verification of the BBBEE report (reviewed by the DTI/BBBEE commission), the workplace skills plan (reviewed by SETAs/Department of Higher Education Training), and the employment equity plan (reviewed by Department of Employment and Labour) – are reconciled in a way that allows for a comprehensive understanding of the changes that have taken place. It is also not clear whether and how the skills development activities that are reported on in the B-BBEE report support the intended transformation and growth objectives of the BBBEE codes and the NSDS.

Acknowledging these limitations, we still found that there are some companies that do provide information regarding the outcome of the skills development programmes and, in particular, the extent to which these programmes enable pre-employed and unemployed individuals to access employment and existing employees to access promotions. These findings suggest at least some possibilities in terms of alignment but do not yet go far enough.

We have suggested that there is evidence that such alignment is weakened by the lack of capability and capacity within key institutions positioned to deliver education and training. Alignment is further weakened by the absence of monitoring mechanisms that go beyond the numbers reached to allow focus on the realisation of broader transformative outcomes related to inclusive growth. These factors suggest that an integrated approach to skills

development is possible only if there is strong alignment across all the key government policies, an integrated approach to reporting and a clear focus on supporting a strong implementation capacity.

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