

CURRENT TRENDS IN BEE AND ITS IMPACT ON HUMAN RESOURCES

Black Economic Empowerment and the Human Resources department

Black economic empowerment (BEE) has existed in our economy for more than a decade. Since its inception, we have seen changes in its strategy and a shift in focus from ownership to a more broad-based approach.

Due to the slow progress made in this area, government has become increasingly involved, culminating in the release of the final, detailed Codes of Good Practice in February 2007.

These Codes will be in effect for the next 10 years, with the expectation, like any new regulation, that these will be refined over time to iron out unintended consequences and close the loopholes. BEE is therefore clearly here to stay for the foreseeable future.

Human Resources practitioners should realise the important role they play in the broad-based elements of the codes, with arguably 45 of the 100 BEE scorecard points related to HR issues.

Employment Equity and Skills Development elements carry 30 points – a clear indication that real ‘on the ground’ empowerment is being encouraged. If one considers that the HR department usually have a strong influence in which individuals are capable of Senior Management, the 10 points under Management Control should also included.

Lastly, if the Socio-economic Development element is included in the HR function, a full 45 of 100 BEE points are in within the influence of the HR Department.

So what are the current trends in Black Economic Empowerment?

With the recent clarity on the ‘rules of the game’, we are now seeing strong shareholder pressure from large investors such as Public Investment Corporation (PIC) – which manages the Government Employees Pension Fund - to get black involvement at senior management level. Additionally, the recent BEE scorecard places increased emphasis on the involvement of black women through the Gender Recognition Factor.

While currently the definition of ‘black’ includes Coloured and Indian South Africans, the Department of Labour is beginning to take note of a lack of progress in the development specifically of Black Africans. We also see a lot of pressure (and much confusion) around the targets and definition of disabled staff.

In a very positive sense, the final Codes place emphasis on formal training programs offered by Employers and where these are not specific to the industry, strong encouragement to link industry with formal education institutions.

Lastly, the most positive trend in Black Economic Empowerment is the strong push for creation of entry level Learnerships which give South Africans a helpful 'bottom rung' to enter into the job market and begin developing valuable and marketable skills.

Implications for Human Resources Departments


Given the trends in BEE above, HR departments should be driving real transformation in their organisations. High demand for and historic shortage of skills – and in particular black skills - means HR practitioners and even Boards should sharpen their thinking on talent management practices.

Issues of retention, promotion, skills development and remuneration are all linked and the current scenario of paying increasingly more for scarce black talent becomes a downward spiral. Companies should be developing an oversupply of talent through giving opportunities for growth to capable staff, and supporting this with formal training. Incentive pay through Employee Share Ownership Plans is a good way to align remuneration with performance and retain capable people over the longer term.

Finally, companies should be retaining specifically black staff through addressing internal culture. Being topical – is the culture reminiscent of the Old South Africa with a hierarchical, undercutting and ego driven environment or is the culture aspiring to the New South Africa with a supportive, enabling and entrepreneurial culture which is inclusive of all South Africans irrespective of culture and colour.

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