

## **BBEE: IT PAYS TO COMPLY WITH LEGISLATION**

Companies that opt to pay a fine rather than comply with the Employment Equity Act (EEA) and Black Economic Empowerment (BEE) legislation do not recognise the value of transformation and the benefits it can bring, says Roxanne Da Mata Gonçalves, Director of Strata-G Labour Solutions.

Da Mata Gonçalves believes many listed companies prefer to pay penalties than comply because they are often international entities with a relatively static head-count. "In addition, the people enlisted to fulfil top management positions are often sourced from an international pool.

"When they do earmark someone for a senior role, the appointments can be slow to approve. The process usually involves considerable deliberation. However, once the decision is made, things tend to happen quickly, without much time to complete the mentorship and coaching exercise" adds Da Mata Gonçalves.

Many large and listed organisations think they have a lot of time for succession planning. "The reality is, succession planning is often left too late. In our experience, when an individual is earmarked to move from a senior role to a more strategic senior role, he or she needs to mentor his or her successor for years rather than months. And, companies should have a back-up plan if the appointment falls through," continues Da Mata Gonçalves.

These entities often view BEE measures as impractical, disruptive and expensive. "They fear that complying with BEE legislation will lead to a loss of control. So, they weigh up the risk factors and decide that they would rather pay penalties."

Failure to comply with the South Africa's EEA legislation can amount to anything between R1.5 million to 10% of the employer's turnover. With fines as hefty as these, it seems counter-productive not to comply. Organisations must therefore view the BEE process as too costly or unwieldy to choose not to comply.

What these entities don't realise is that complying with transformation legislation can have significant benefits for the organisation and people who work for it.

"While the advantages may be regarded as 'soft benefits', they are highly tangible and positive," notes Da Mata Gonçalves. "Not only do organisations avoid regular disruptive inspections and heavy fines, they create a culture of equality and fair opportunities for growth for their employees.

"Notably, they give their employees a voice because certain barriers are discussed on a regular basis. They also promote the longevity of scarce or critical skills. The BEE process helps employers to identify skills gaps and widen the pool of skilled people."

One of the greatest challenges for individuals with scarce or critical roles today is not being able to have downtime or switch off completely, even when they are on leave. This is problematic because these people can experience burn-out and then the organisation has to desperately scramble around to find the right skills.

Having a good succession plan in place helps to offset this scenario and can go a long way towards managing risk in terms of natural attrition.

Employees do not stick around for as long as they used to. "The employee lifecycle is estimated at about two and a half years. Employees want freedom to explore different avenues of opportunity. If the job life-cycle is shorter, succession plans need to be fast-tracked," notes Da Mata Gonçalves.

Commitment to the BEE process also gives employees purpose and helps them to feel that they are part of the bigger picture. Ultimately, this leads to increased productivity and a sense that they add value and are being recognised for their contributions.

"To not recognise BEE legislation in South Africa is to put one's head in the ground. To refuse to be part of a process aimed at transforming business and retaining staff through opportunities for growth and higher earning is short-sighted and counter-productive and will ultimately lead to the erosion of an organisation's economic and social capital, not to mention those unwanted hefty recruitment costs" concludes Da Mata Gonçalves.

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