

## LEGISLATION ABOUT EMPLOYMENT

30 MAY 2013

### Lesson Description

In this lesson we:

- Discuss the Employment Equity Act (EEA)
- Link the Skills Development Act to:
  - SETAs
  - Learnerships
  - Qualifications
  - National Qualifications Framework (NQF)
  - SAQA

### Key Concepts

#### Employment Equity Act (EEA)

Purpose of this Act:

- Employment Equity (EE) is another name for affirmative action.
- The EEA was introduced to tell us HOW to implement affirmative action.
- Employers are required to create opportunities for previously disadvantaged groups.
- Employers are not allowed to discriminate against any race, gender or people with disabilities.
- Businesses that employ 50 or more people need to submit an Employment Equity Plan to the Department of Labour every TWO years.
- This Act forces businesses to comply with transformation.

Challenges of this Act:

- Many businesses battle to find people with the necessary skills and experience.
- Time, effort and resources need to be spent to recruit, train and update skills of workers. This in turn leads to lower productivity and loss of profit.
- Clashes may occur due to different backgrounds, religions or cultures.

Benefits of this Act:

- Diversity in the workplace leads to creativity and innovation. People from different backgrounds, cultures and religion bring a new dynamic to the workplace.
- Government reward companies who complete their EE plans. They issue the company with a certificate and that company may then do business with the government.

What is BBBEE?

**BBBEE** = Broad Based Black Economic Empowerment - Refers to the 7 pillars of empowerment

- BBBEE is there to act as a mechanism for transformation in all South African businesses.
- The government defines the word BLACK as a generic term for Africans, Indian and Coloured people.
- By implementing BBBEE the government hopes that there will be economic growth, job creation and poverty eradication.
- Businesses should empower all BLACK people, this includes: women, youth, people with disabilities and people living in rural areas.
- Businesses are encouraged to employ BLACK South Africans so that wealth may be distributed amongst South Africans.
- Businesses should offer ownership and senior management positions to BLACK employees.

How does BBEE differ from BEE?

**BEE** = Black Economic Empowerment - Refers to inclusion of black people in a business

How companies BBEE is measured:

Companies are ranked according to a total score achieved on the seven pillars of BBEE:

PILLARS:		
1	<b>Ownership</b>	<ul style="list-style-type: none"> <li>Selling of <b>shares</b> to black employees to share in the profit of the company.</li> <li><b>Outsourcing</b> of certain business functions to black employees.</li> </ul>
2	<b>Management</b>	<ul style="list-style-type: none"> <li>The <b>number</b> of people from different race groups included in the management team, specifically in <b>executive</b> positions.</li> </ul>
3	<b>Employment Equity</b>	<ul style="list-style-type: none"> <li>Equal employment opportunities to previously disadvantage people. Principles of affirmative action.</li> </ul>
4	<b>Skill Development</b>	<ul style="list-style-type: none"> <li><b>Points</b> are awarded for the <b>number</b> of employees undergoing skill development.</li> </ul>
5	<b>Procurements</b>	<ul style="list-style-type: none"> <li>Businesses will score points if they support <b>suppliers</b> with diversity in their ownership.</li> </ul>
6	<b>Business Development</b>	<ul style="list-style-type: none"> <li>Businesses score points according to their <b>support to other</b> BBEE / BEE businesses.</li> </ul>
7	<b>Social Responsibility</b>	<ul style="list-style-type: none"> <li>Businesses will be assessed on their annual <b>social investments projects</b> amongst previously disadvantaged individuals.</li> </ul>

## Skills Development Act

Purpose:

- Skills shortages in South Africa prove to be a big problem. The government cannot pay for unskilled and uneducated workers and need the private sector to assist them with this problem.
- The Skills Development Act aims to expand the knowledge and competency of workers in South Africa.
- This act hopes to improve employability and productivity through training, learning programmes, incentives and improved employment service.

The Skills Levy:

What is a levy?

This is a portion of funds paid to or collected by the government.

- SARS collects the Skills Levy from employers on behalf of the government.
- These funds may in turn be used by employers to develop the skills of their employees by offering them SETA approved training programmes.

**What are SETAs?**

- SETA = Sector Education and Training Authority.
- They represent a group of industries in our country such as the Service SETA.
- These SETAs were established to ensure that the skills needed in every sector are identified and that training is offered to provide these skills.

**Learnerships:**

- This is a contract between a learner (the employer) and a training provider for a specific time period.
- During this time period the learner will acquire a national qualification or a credit towards a national qualification.
- Learnerships are primarily workplace learning programmes where the programmes result in a **qualification**.
- A qualification needs to be registered by SAQA (South African Qualifications Authority).

**The advantages of learnerships:**

- Workers can obtain formal, structured learning in the workplace and they get the practical experience too.
- Both of these together (the formal learning and the practical experience) leads to a qualification.

**Impact of Skills Development Act on the business:**

- Employers need to adhere to the law and make the workplace a place of learning. This costs the business money and loss of time that could be used to earn a profit.
- Funds need to be available to pay the Skills Levy and the various training programmes that the workers embark upon.
- Workers that are part of learnerships need to be guided during the process and this means that there will be lower productivity in the business which in turn leads to lower profits.

**Questions****Question 1**

*(Adapted from Business Studies for All, Grade 12, Macmillan, Page 35, Activity 2)*

- a.) List THREE negative impacts of legislation on businesses.
- b.) Are these impacts short or long term? Substantiate your answer.
- c.) Now list the positive impact on the businesses, and on the country as a whole. (Hint: Also think about our image globally.)
- d.) List the benefits of a learnership programme for the learner, the training provider, and the company concerned.

**Question 2**

*(Adapted from Business Studies for All, Grade 12, Page 37, Activity 3)*

Read the clip below and answer the questions that follow:

**Main insurance company's BEE on track**

Shareholders gave a leading insurance company the go-ahead yesterday to implement the group's R7,2 billion black economic empowerment (BEE) deal that will benefit over 500 000 people. At an extraordinary general meeting of the insurance company, the shareholders voted overwhelmingly in favour of proposals that will increase the black shareholding in the group's South African businesses.

- a.) What are the possible benefits for the leading insurance company in implementing the BEE deal?
- b.) In terms of BBBEE, who should benefit from the deal, and how will this help them?

**Question 3**

*(Adapted from Supplementary Examination 2012, NCS, Question 2.2)*

State THREE purposes of SETAs