

## **9. BROAD BASED BLACK ECONOMIC EMPOWERMENT:**

### **STATEMENT OF COMPANY STRATEGY AND POLICY**

Since its formation in 1994, FCE (Pty) Ltd., has adopted and pursued a policy which promotes the development of a culture of equal opportunity for all its employees.

Fountain Civil Engineering regards the implementation of this culture of construction as a key business strategy rather than a pure human resources exercise. This strategy is not confined purely to the company's human asset base but extends to external stakeholders of our business – e.g. external black business, small emerging sub-contractors, local sub-contractors and local communities.

This is a dynamic process, which requires ongoing monitoring, assessment and review in order that we remain focused on our objectives. The managing director has the overall responsibility to define, communicate, implement and monitor the strategy for our company, in consultation with the relevant internal and external stakeholders in this process.

The following objectives have been set:

#### **1. Empowerment and Internal Human Resource Asset**

To train and develop our employees at all levels in order to afford them opportunities for growth in our organisation whilst consciously moving our internal staff profile at all levels to one that more adequately reflects the demographics of our society.

#### **2. Empowerment of External Black Business**

- To empower small black owned and managed sub-contractors and assist individuals with the entrepreneurial skills in making the transition from operatives to the subcontractor environment by forming suitable associations whereby the transfer of managerial, administrative, tendering, contracting and technical skills can take place.
- To ensure that the company is an agent of change with regards to Black Economic Empowerment.
- To ensure that previously disadvantaged individuals play a meaningful role in the development of the South African economy.

### 3. **Empowerment of Local Communities**

To be recognised by our employees, clients and communities as a company borne in the culture of the new South Africa.

We believe that these objectives represent sound commercial and business practices and are congruent with the aims of our country's R.D.P. goals.

Our Company is committed to the development of sustainable communities and embraces Broad Based Black Economic Empowerment (BBBEE).

### **ACTION STRATEGY**

The framework of our company's affirmative action policy consists of:

- Clearly stated policies
- Targets
  1. Internal training and development
  2. External stockholders
- Action plans regarding the specific targets of this strategy
- Financial budget provisions to support specific action plans (internal and external)
  - Training
  - Development
  - Mentoring

Attached is the detailed specific progress which has made the implementation of the company's affirmative action strategy and policies.

### **PARTICIPATION TARGETS**

Under the chairmanship of the managing director three levels of joint participation structures have been established, namely:-

1. In house affairs which include representatives from all levels of our organisation including labour representatives and women.
  - Joint evaluation of internal training and development targets together with action plans designed to meet such targets.
  - Establishment of a timetable of attainment of the goals and objectives set.
  - Assistance in the identification of existing employees with potential for development.

2. Major issues addressed by this committee were:-
  - Identification of existing employment practices or other issues which act as barriers to set goals.
3. Consultation and participation in the final formation of group policies.

### **EXTERNAL SUB-CONTRACTORS EMPOWERMENT COMMITTEES**

A committee is established on each site consisting of senior management and operation managers who meet with sub-contractors and potential subcontractors or individuals who want to enter the sub-contracting environment.

Major issues addressed by this committee are:

- Tendering and contractual issues.
- General contracting experience and assessment of needs relating to the specific contract or contracts in hand.
- Agreement on our support role in mentoring/empowering individual sub-contractors.
- Provision of on site training and development of required skills and setting up of training programmes at the various institutions and/or other accredited organisations.
- Ensuring that achievement certificates are issued and recorded.

### **COMMUNITY ENHANCEMENT COMMITTEE**

These site management committee leaders meet with the communities prior and during the contract in order to discuss issues of common interest.

Major issues addressed by this committee are:

- Information sharing regarding the contractor's role in the projects.
- Employment potential in the contract.
- Recruitment policies, procedures and committee liaison officer appointment.
- General issues of common interest.

### **ACTION PLANS**

Internal development:-

- A realistic view of the pace at which development of human resources can take place has been adopted, bearing in mind that the nature of our business is essential technical. This requires a relatively longer period of training and experience than some other industries. Our main focus therefore remains in the effective development

of that group of employees with increased emphasis on the recruitment training and effective monitoring of suitable black trainees.

- A significant effort is placed in the in-house training of skilled operatives and the imparting of basic skills to locally recruited employees in order to gradually empower local communities towards self-development.

More specifically these action plans include:-

- Recruiting trainee technicians to provide them with practical experiential training towards the achievement of the National Diploma : Civil Engineering. Selecting, recruiting, training and mentoring of Technicians in their career development towards the achievement of site agent or foreman status in the medium to long term.
- Identification of in house or external candidates for the foremanship career, via structured in house skills development programmes in association with the established CETA.
- Implementation of semi-skilled training programmes for locally recruited employees in association with the federation.

### **EXTERNAL DEVELOPMENT**

The utilisation of sub-contractors is perceived as a competitive advantage in our strategic business plan. In this regard, we will actively look to the empowerment of small black owned and managed businesses active in our operational environment by, where appropriate, addressing the following areas:

- Purchasing from suppliers.
- Appointment of professional services.
- Employment of sub-contractors.
- Training and transfer of skills to the above.
- Assisting in their certificate/grade as sub-contractor.
- Referrals to other main contractors.

### **TRAINING AND DEVELOPMENT**

Fountain Civil Engineering believes that effective training, development and mentoring remain the cornerstone of meaningful empowerment of previously disadvantaged persons and, in order to address the issue, and within the financial means of our organisation, expenditure representing longer term investment has to be committed to such a programme.

This program will be used to fund training and development initiatives in the following area:-

- Bursaries for suitable technicians at Technicon.
- Training courses and modules structured to the development of employees identified as having potential for development.
- Identified of suitable mentors and providing training courses for such mentors.

The amount spent in these programmes represent a direct training expenditure and does not include managerial and administrative cost required to be spent in supporting and implementing these initiatives. The amount of money spent on training, development and empowerment of disadvantaged employees each year, represents a significant proportion of FCE's forecasted earnings.

### **EMPOWERMENT OF EXTERNAL BLACK BUSINESS**

In pursuit of FCE empowerment objectives to transfer managerial, technical and administrative skills to small sized black businesses and to individuals who wish to enter the sub-contracting entrepreneurial contracting environment the following initiatives have been entered into:

Selection:- General Foreman have been given a mandate to continually identify promising individuals who would fit the role of sub-contractors.

Training/Mentoring:- Personalised on site training.  
Training courses from within to teach basic skills of pipe laying, brick laying, concrete works etc.  
Courses on management and motivation of staff.

With BEE requirements being a non-negotiable requirement in procurement in the industry, the company has over the years established and nurtured joint venture and sub-contractor relationships with historically disadvantaged contractors, and continues to enjoy mutually beneficial relations with many of them.