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B-BBEE COMMISSION
a member of the dti group

GUIDE ON MANAGEMENT CONTROL ELEMENT OF THE B-BBEE SCORECARD

1. Who are we?

The Broad-Based Black Economic Empowerment Commission ("B-BBEE Commission") is established as an entity within the administration of the Department of Trade, Industry and Competition ("**the dtic**") by the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Broad-Based Black Economic Empowerment Act No. 46 of 2013 ("the B-BBEE Act"). The B-BBEE Commission is mandated to, inter alia, oversee, supervise and promote adherence to the B-BBEE Act. Such powers are exercised without fear, favour or prejudice and in accordance with the values and principles mentioned in section 195 of the Constitution.

2. What is Management Control?

Management Control is an element of the B-BBEE Scorecard as set out in the Amended Codes of Good Practice and seeks to increase the representation of Black people in key leadership positions. Management Control focuses on inclusion and diversity as well as genuine participation in decision-making at board, executive management and operations levels of entities, as well as control of assets by Black people. The Management Control element measures the extent to which Black people are represented at board, executive, non-executive, senior to junior management levels within organisations, it does not only evaluate the diversity of the leadership team but also ensures that Black people are equitably represented in management position taking guidance from the Economically Active Population (EAP) targets, as well as increase level of representation for Black women in management.

The empowerment indicators for Management Control largely measure the representation of Black people in the following:

- Board participation, which includes executive directors
- Other executive management
- Senior management participation
- Middle management participation
- Junior management participation
- Employees with disabilities

The table below sets out the details of the Management Control Scorecard:

Indicator	**Weighting points**	**Compliance target**
Board Participation		
Exercisable voting rights of Black board members as a percentage of all board members	2	50%
Exercisable voting rights of Black female board members as a percentage of all board members	1	25%
Black executive directors as a percentage of all executive directors	2	50%
Black female executive directors as a percentage of all executive directors	1	25%
Other Executive Management:		
Black Executive Management as a percentage	2	60%

of all Other Executive directors		
Black female Executive Management as a percentage of all Other Executive directors	1	30%
Senior Management:		
Black Employees in Senior Management as a percentage of all Senior Management	2	60%
Black female Employees in Senior Management as a percentage of all Senior Management	1	30%
Middle Management:		
Black Employees in Middle Management as a percentage of all Middle Management	2	75%
Black female Employees in Middle Management as a percentage of all Middle Management	1	38%
Junior Management:		
Black Employees in Junior Management as a percentage of all Junior Management	1	88%
Black female Employees in Junior Management as a percentage of all Junior Management	1	44%
Employees with disabilities		

Black Employees with disabilities as a percentage of all employees	2	2%

3. Key aspects in the Management Control element

3.1 Representation in top Leadership

Black Executive Directors: Recognition under the Management Control element is given in respect of Black individuals who serve as executive directors on a company's board, as this represents the highest level of strategic decision-making and leadership within an organisation. For instance, if an entity appoints a Black individual as its Chief Financial Officer (CFO) or Chief Executive Officer (CEO), this directly contributes to the company's B-BBEE score under Management Control. Black Executive Directors serve a role beyond mere compliance, but bring unique perspectives and insights, which are essential for addressing the needs of diverse customers and stakeholders. By appointing qualified Black individuals into these influential roles, companies contribute to transformation while also improving their governance and strategic alignment with national priorities.

Black Non-Executive Directors: The inclusion of Black Non-Executive Directors under the Management Control element is crucial for fostering diversity in strategic decision-making and ensuring that governance structures reflect South Africa's demographics. Non-executive directors contribute independent oversight, unbiased perspectives, and valuable expertise to board decisions without being involved in daily operations. Encouraging the appointment of Black individuals in these roles ensures diverse viewpoints in discussions about long-term strategies, risk management, and corporate social responsibility. For example, an entity that appoints a Black non-executive director with experience in sustainability and community engagement can enhance its environmental, social and governance initiatives while improving its B-BBEE score. This not only aligns the company with transformation objectives but also positions it as a socially responsible organisation that values inclusivity and innovation in its decision-making processes.

***Black Women Leadership*:** The Management Control element places enhanced weighting on the representation of Black women in leadership roles, reflecting a strong commitment to promoting both racial and gender equity. By assigning additional points to companies that prioritise the appointment of Black women at executive, non-executive, and senior management levels, the B-BBEE Act seeks to address the racial and gender dimensions or manifestations of inequality. This focus ensures that Black women, often underrepresented in leadership, have access to decision-making positions and opportunities to influence organisational strategy. For example, a company that appoints a Black woman as its Chief Operating Officer (COO) not only gains valuable leadership perspectives but also secures additional points under the Management Control element. This appointment highlights the company's commitment to transformation while serving as a practical example of how diversity in leadership can drive innovation and enhance corporate reputation.

3.2 Senior, Middle and Junior Management

Under the Management Control element, points are allocated to companies that achieve Black representation at Senior, Middle and Junior Management levels, recognising the importance of diversity in operational and tactical decision-making. This allocation incentivises organisations to actively promote Black professionals into leadership roles such as heads of departments, team leaders, and functional managers. By focusing on these levels of management, the B-BBEE Act ensures that transformation is not confined to executive positions but cascades throughout the organisational hierarchy. For instance, a company that appoints Black professionals as senior managers overseeing regional operations or middle and junior managers can improve both its operational effectiveness and its B-BBEE score. This approach helps companies develop a pipeline of diverse talent ready to progress to executive leadership, fostering inclusivity and creating management structures that better reflect South Africa's demographics.

4. Alignment of Skills Development and Management Control

The skills development element plays a pivotal role in advancing Black employees into management positions, particularly within the framework of transformation policies. This alignment ensures that organisations implement structured programs for training, up-skilling, mentorship and career development tailored to address skills gaps among Black employees.

Through effective skills training and monitoring of the progress of these initiatives, companies can both ensure compliance with equity targets and the development of a robust talent pipeline linked to their succession and retention plans. By facilitating access to high-quality training opportunities and pairing employees with experienced mentors, organisations create an enabling environment where Black employees can acquire the competencies, leadership abilities, and confidence needed to ascend to managerial roles. This not only supports individual career growth but also drives organisational diversity and inclusivity in leadership.

5. Representation of Youth and Persons with Disabilities

The Codes of Good Practice recognises youth and persons with disabilities as designated groups, and the Management Control Element is key in increasing the representation of youth and persons with disabilities through all management levels, through mentorship, leadership training, and succession planning. By so doing, companies will not only enhance their competitiveness but also contribute to meaningful economic transformation, inclusivity and employment. These initiatives help to diversify leadership teams, address historical inequalities, and build a more inclusive workforce, ultimately benefiting both the organisation and broader society.

6. Simplified compliance for businesses

The Management Control element has been refined to make compliance more effective:

- **Clear Targets:** Quantifiable goals for Black representation at each level of management.

- **Streamlined Verification:** Compliance is verified using employment equity reports of those entities required to submit them under the Employment Equity Act, and other official documentation.
- **Weighted Scoring:** Businesses can now easily identify focus areas (e.g., Black women and senior management) for maximum points.

7. How can companies/institutions achieve Management Control elements

7.1 Conduct a Gap Analysis: Assessing the management team's diversity involves evaluating the demographic and experiential makeup of the team to identify underrepresented groups. This assessment should consider factors such as gender, race, age, ethnicity, education, professional background, and even cognitive diversity (e.g. different problem-solving approaches). A diverse management team fosters innovation, improves decision-making, and better reflects the diverse clientele or community the organisation serves. For example, if a company's management team consists predominantly of older males with similar academic backgrounds, it might lack perspectives that appeal to younger employees, women, or individuals from varied cultural or socio-economic backgrounds. Addressing this imbalance could involve targeted recruitment efforts, leadership development programs for underrepresented groups, and creating inclusive policies to retain diverse talent. A practical example is an Information Technology (IT) company realising it has a lack of women in leadership roles, prompting it to establish mentorship programs for female employees and set diversity goals in hiring for senior positions.

7.2 Develop a Talent Pipeline: Investing in dedicated mentorship and leadership development programs for Black employees is a strategic initiative aimed at addressing historical barriers and promoting equitable opportunities for career advancement. These programs can help build the confidence, skills, and networks necessary for Black employees to thrive in leadership roles. Pairing Black employees with experienced mentors and providing tailored development opportunities, organisations can ensure that Black employees are prepared for future leadership positions, while also fostering a more inclusive and supportive workplace culture. For example, a large corporation could introduce a leadership program specifically

designed for Black employees, offering training in strategic leadership, management skills, and navigating organisational dynamics. This could be complemented by mentorship with senior executives who provide guidance on career progression, offer insights on overcoming challenges, and advocate for their mentees' professional growth. Such initiatives not only support individual development but also contribute to greater diversity and representation in leadership across the organisation.

8. The Importance of Management Control Element in B-BBEE

Business Growth: Diverse management teams bring fresh perspectives and innovative solutions.

Social Responsibility: Contributing to South Africa's socio-economic transformation.

B-BBEE Scoring Advantage: Achieving higher Management Control points improves the overall B-BBEE status etc.

9. What is not considered as Management Control element in terms of the B-BBEE Act

Management Control under the B-BBEE Act would not include scenarios where:

Executive roles with no real influence: if Black individuals are appointed to executive positions but have no actual decision-making powers or strategic influence, this does not constitute genuine management control.

Lack of operational involvement: if Black executives are included in leadership structures only to fulfill compliance requirements but are excluded from daily management operations and key strategic decision-making, this does not count as meaningful management control.

Appointment without delegated responsibilities: if Black managers are appointed but their roles lack clearly defined responsibilities, authority, or autonomy over their departments, it undermines the intent of meaningful transformation.

Fronting practices: If a company misrepresents the level of Black participation in management (e.g., listing Black employees in managerial roles on paper without giving them real power), this is considered fronting and is a violation of the B-BBEE Act.

Exclusion from decision-making forums: Even if Black executives hold senior positions, but are systematically excluded from key decision-making forums, their presence does not amount to genuine Management Control.

10. B-BBEE Commission's Role in Assisting Entities to Comply with Management Control

The B-BBEE Commission plays a critical role in ensuring compliance with the management control element of the B-BBEE Act. It does this by providing guidance, monitoring compliance, investigating non-compliance, and enforcing corrective actions. Below are the key ways in which the Commission assists entities:

10.1 Issuing Guidelines and Advisory Opinions

- The B-BBEE Commission provides guidelines, explanatory notes, and advisory opinions to help businesses understand how to properly implement the management control element.
- It clarifies genuine participation requirements to prevent tokenism and fronting practices in appointing Black executives.

10.2. Investigating Fronting Practices

- The B-BBEE Commission has the authority to investigate complaints related to fraudulent B-BBEE claims, fronting, and token appointments where Black executives have limited or no participation.
- If a company is found guilty of fronting or misrepresentation, the B-BBEE Commission can impose sanctions or recommend legal action.

10.3 Providing Capacity-Building Awareness and Training

- The B-BBEE Commission offers workshops, training, and stakeholder engagements to help businesses understand and implement management control correctly.
- These sessions help companies with planning how to integrate Black managers into decision-making roles effectively rather than appointing them for compliance only.

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