IMPACT ASSESSMENT OF NATIONAL SKILLS DEVELOPMENT STRATEGY II

IMPACT OF SKILLS DEVELOPMENT SUPPORT ON SMALL, MEDIUM AND LARGE ENTERPRISES, BEE ENTERPRISES AND BEE CO-OPERATIVES

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Impact Assessment of National Skills Development Strategy II

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From May 2010 to January 2012, the Human Sciences Research Council, with its partner Development Policy Research Unit (UCT), undertook research to assess and evaluate the progress made in skills development since the implementation of National Skills Development Strategy II in March 2005. The research covered three thematic areas and produced ten research reports:

A. Impact of skills development on placement of learners upon completion of the programme. (Indicator 1.2; 3.1; 4.2)

1. Carlene van der Westhuizen (2012) Scarce Skills Information Dissemination: A Study of the SETAs in South Africa.
2. Renette Du Toit (2012) The NSF as a Mechanism to Address Skills Development of the Unemployed in South Africa.
3. Morne Oosthuizen (2012) The Impact of Work Experience Grants on Learner Placement.

B. Impact of skills development support on large, medium and small firms as well as on Government, BEE firms and BEE co-operatives. (Indicator 2.1; 2.2; 2.5)

4. Michael Cosser, Bongiwe Mncwango, Joan Roodt, Thembinkosi Twalo, Xolani Ngazimbi (2012) Impact of Skills Development support on small, medium & large firms, BEE firms and BEE co-operatives.
5. Pundy Pillay, Andrea Juan and Thembinkosi Twalo (2012) Impact assessment of skills development on service delivery in government departments.
6. Pundy Pillay, Andrea Juan and Thembinkosi Twalo (2012) Impact assessment of skills development on service delivery in government departments: Appendices.

C. Progress evaluation on support to high-level scarce and critical skills for both workers and unemployed learners.(Indicator 2.8 & 4.1)

7. Dean Janse Van Rensburg, Mariette Visser, Angelique Wildschut, Joan Roodt and Glenda Kruss (2012) A Technical Report on Learnership and Apprenticeship Population Databases in South Africa: Patterns and Shifts in Skills Formation.
8. Angelique Wildschut, Glenda Kruss, Dean Janse Van Rensburg, Genevieve Haupt & Mariette Visser (2012) Learnerships and Apprenticeships survey 2010 technical report: Identifying transitions and trajectories through the learnership and apprenticeship systems.
9. Claudia Mummenthey, Angelique Wildschut and Glenda Kruss (2012) Assessing the impact of learnerships and apprenticeships under NSDSII: Three case studies: MERSETA, FASSET & HWSETA
10. Glenda Kruss, Angelique Wildschut, Dean Janse Van Rensburg, Mariette Visser, Genevieve Haupt and Joan Roodt (2012) Developing Skills and Capabilities through the Learnership and Apprenticeship Pathway Systems. Project Synthesis Report. Assessing the Impact of Learnerships and Apprenticeships under NSDSII.

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Education and Skills Development

IMPACT ASSESSMENT OF THE NATIONAL SKILLS DEVELOPMENT STRATEGY II

THEMATIC AREA 2: IMPACT OF SKILLS DEVELOPMENT SUPPORT ON SMALL, MEDIUM AND LARGE ENTERPRISES, BEE ENTERPRISES AND BEE CO-OPERATIVES

Report prepared for the Department of Labour

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OVERVIEW

In 2009 the Department of Labour (DoL) commissioned the Human Sciences Research Council (HSRC) to conduct an assessment of the impact of skills development support on small, medium and large enterprises, Black Economic Empowerment (BEE) enterprises, and BEE co-operatives. The outcomes of the study specified in the Terms of Reference were to be a review of the literature on BEE firms and BEE co-operatives, particularly from a skills development perspective, and a National Skills Survey (NSS) of training in private enterprises in 2010.

This report is the outcome of that impact assessment.

BACKGROUND TO THE STUDY

The HSRC has conducted previous versions of the NSS. In 2000 the HSRC published a report on a baseline survey of industrial training in South Africa (Kraak, Paterson, Visser & Tustin, 2000). This was followed by a report on the first full-scale National Skills Survey (Paterson, McGrath & Badroodien, 2005) – a survey of skills development in 2002/03 – and by a report on the NSS2007 (Paterson, Visser & Du Toit, 2008) – a survey of skills development in 2006/07. The NSS2007 devoted a chapter to comparing skills development in small, medium and large enterprises in 2002/03 and 2006/07. The NSS2010 – a survey of skills development in 2009/10 – was designed to continue the trend analysis of the 2007 survey and to investigate additional aspects of skills development – as indicated above, as it pertained to BEE enterprises and BEE co-operatives.

The NSS2003 was located within the policy ambit of the first National Skills Development Strategy (NSDS; DoL, 2001). The next survey (NSS2007) was designed to measure the impact of skills development support within the context of the NSDS II (2005-2010) (DoL, 2005). The 2010 survey likewise addressed itself to the NSDS II. Like its predecessor in 2007 (Paterson, Visser and Du Toit, 2008), the NSS2010 was conceived of as providing an opportunity to assess changes in training activities in the South African workplace that might have been driven by the NSDS.

AIMS OF THE STUDY

The broad aims of the impact assessment articulated in the DoL Terms of Reference were to investigate the state of skills development in South Africa, to contribute to longitudinal analysis of trends in skills development, and to investigate the extent to which the aggregate progress towards reaching equity targets, supported by skills development programmes – especially at skilled and highly skilled levels – had been achieved. More specifically, the Terms of Reference for the study focused on Objective 2 of the NSDS II – in particular, three of its success indicators:

- Objective 2: Promoting and accelerating quality training for all in the workplace

    - Success indicator 2.1: By March 2010 at least 80 per cent of large enterprises' and at least 60 per cent of medium enterprises' employment equity targets are supported by skills development. Impact on overall equity profile assessed
    - Success indicator 2.2: By March 2010 skills development in at least 40 per cent of small levy-paying enterprises supported and the impact of the support measured
    - Success indicator 2.5: Annually increasing number of small BEE enterprises and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE enterprises and BEE co-operatives within the sector from the second year onwards. Impact of support measured (DoL, 2005).

INTERPRETATION OF THE TERMS OF REFERENCE

The Terms of Reference for the impact assessment alluded to in the opening paragraph specified two activities and associated outputs: a literature review on the state of BEE enterprises and BEE co-operatives and the potential role that skills development may play in regard to their development and sustainability; and a National Skills Survey (2010) involving small, medium and large enterprises, BEE enterprises, and BEE co-operatives. In other words, the brief was for the NSS2010 to be extended to include two sampling frames, and the samples were to be proportionately distributed across the following types of enterprise:

- Small, medium and large enterprises, to provide a comparison with the 2007 survey; and
- BEE enterprises and BEE cooperatives.

This would provide continuity between the NSS2007 and the NSS2010 on a limited range of indicators, contributing to the longitudinal tracking of the state of skills development in small, medium, large, and BEE enterprises.

Our reading of the Terms of Reference is that they appear to concatenate disparate elements, which makes it difficult to integrate the findings of these elements into a unified whole. As the literature review undertaken for the study reveals, there is virtually no research on BEE enterprises and BEE co-operatives in South Africa, let alone on skills development in such institutions. This means that any research on BEE enterprises and co-operatives is necessarily exploratory. On the other hand, there have been two previous iterations of the NSS – in 2003 and 2007. The effect of juxtaposing a literature review on BEE firms and co-operatives with a further iteration of the NSS, therefore, is to combine into one study two elements that are not only methodologically different but that are at opposite poles of the knowledge continuum: skills development in private enterprises is a known quantity; skills development in BEE enterprises and co-operatives is not.

The specification of these two outputs within the same study occurs within the ambit of the three success indicators spelled out above. The first two are notionally measurable within the NSS: by March 2010 at least 80 per cent of large enterprises' and at least 60 per cent of medium enterprises' employment equity targets would be supported by skills development; and by March 2010 skills development in at least 40 per cent of small levy-paying enterprises would be supported and the impact of the support would be measured. The third (that an annually increasing number of small BEE enterprises and BEE co-operatives would be supported by skills development and that progress would be measured through an annual survey of BEE enterprises and BEE co-operatives within the sector from the second year onwards) is notionally measurable within the NSS to the extent that a survey questionnaire might be able to distinguish skills development activity in BEE enterprises from those in BEE co-operatives and non-BEE enterprises.

But the operative word here is *notionally.* Success Indicator #1 requires assessment of SETA support to 80 per cent of large and 60 per cent of medium enterprises' equity targets not merely in 2010 but over the entire period of the NSDS II – that is, from 2005 to 2010. It presupposes, moreover, that enterprises have indeed set equity targets. At face value, Success Indicator #2 is easier to measure, since SETA support in the form of grants given to small enterprises is quantifiable. But on closer inspection, this indicator needs also to be assessed over the full period of the NSDS II.

More difficult to measure than either of these two indicators, however, is Success Indicator #3. Not only does it assume that a baseline study and subsequent trends analyses have already been conducted (progress in skills development was to have been measured through an annual survey of BEE enterprises and BEE co-operatives from the second year onwards – that is, 2006); but it assumes that co-operatives operate on a basis conducive to training and to the measurement of the impact of that training. As the literature review undertaken for this study reveals, no prior studies of BEE enterprises and co-operatives have been undertaken; nor is the functioning of co-operatives conducive to the kind of training probed by the NSS, given the high levels of illiteracy among co-operative members.[1]

IMPLEMENTATION OF THE STUDY

NSS2010

While a separate chapter is devoted to the methodology deployed in the NSS2010, briefly we report here the approach taken.

In the course of designing the study, the project team conceptualized the surveys to comprise:

1. *Survey #1:* a survey of the cohort of respondents to the 2007 survey – the respondents to the NSS2007

[1] Interview with President of South African National Apex Cooperative (SANACO), 6 October 2011.

2. *Survey #2:* A survey of a new (2010) cohort of enterprises from the South African Revenue Services (SARS) database of levy-paying private enterprises stratified by Sector Education and Training Authority (SETA) and enterprise size; and

3. *Survey #3:* A survey of BEE co-operatives contained in the Enterprises and Intellectual Property Registration Office (CIPRO) database for 2010.

Survey #1 was designed to contribute to the longitudinal tracking of the state of skills development in small, medium, and large enterprises, Survey #3 to provide a preliminary understanding of the extent to which staff in co-operatives are trained. The survey of SARS database enterprises in 2010 (Survey #2) included a question on whether enterprises were established as BEE enterprises and what their BEE ratings were, thereby satisfying in part the Terms of Reference provided by the DoL with regard to BEE enterprises and co-operatives. The literature review addresses the issue of skills development in BEE enterprises and co-operatives.

Outcomes of the implementation of the NSS2010

Across the three surveys, a total of 8,732 enterprises were reached via telephone – 1,045 enterprises from the respondents to the NSS2007 (Survey #1); 6,513 enterprises from the SARS database of enterprises in 2010 (Survey #2); and 1,174 enterprises from the CIPRO database of co-operatives for 2010 (Survey #3). The total sample for the study, then, was 8,732. A total of 220 completed questionnaires were received in response to the three surveys – yielding response rates of 2.9 per cent, 2.5 per cent, and 2.2 per cent respectively. Table 1 shows the response profile:

Table 1: Response profile for Surveys #1, 2, and 3

Survey	Valid sample	Response	Response rate
Survey #1	1,045	30	2.9
Survey#2	6,513	164	2.5
Survey #3	1,174	26	2.2
Total	**8,732**	**220**	**2.5**

Source: NSS2010

The immediate implication of this low response rate is its impact on the validity of reporting on the findings. The response to Survey #1 – the tracer study – means that there is a very small set of data from which to draw conclusions. The findings from Survey #2 (the new cohort of enterprises not part of the NSS2007 response profile) could be compared to those from the NSS2007 only if it could be demonstrated that the profile of unweighted responses in combination with the weighting of the data legitimated such comparison. The response rate for Survey #3 – the lowest of the three survey response rates – also means that it is difficult to make conclusive remarks about the co-operatives sector. The cumulative import of this is that it makes more sense to analyse and report on the findings of the three surveys together. For this reason, the responses from the three surveys were combined to produce a single data-set, off which the analysis was undertaken. Notwithstanding the fact that the combined response rate was only 2.5 per cent, the total number of responses – 220 – meant

that the findings could be treated with more confidence than if the survey results had been reported separately.

With regard to Survey #2 – the survey of enterprises in 2010 – the project team set out to investigate whether a weighting exercise of the kind alluded to above would validate a comparison of the 2006/07 and 2009/10 data. Though the statistical validity of weighting the 2010 data and comparing weighted data from the 2006/07 and 2009/10 data-sets was demonstrated, analysis involving disaggregated data proved difficult. The cell sizes of the unweighted data were too small to sustain analysis. More than half the SETAs, for example, had fewer than ten enterprises responding to the survey (the BANKSETA had one). And while weighting of the data in the way described above made it theoretically possible to report on differences between SETAs, the fact that there were fewer than 30 responses from every SETA (30 is taken to be the minimum size from which one can extrapolate) meant that weighting the data back to the total population – in this instance, 8 732 enterprises – accorded undue influence to certain enterprises at the expense of others. In other words, the smaller the number of responses, the larger the weight applied to those responses, the less reliable the inferences that can be made from any analysis involving and interpretation of those responses.

For example, a comparison of enterprise reporting of employee participation in training according to SETA between 2006/07 and 2009/10 revealed that no fewer than 9 of the 20 SETAs, according to the 2010 weighted figures, reported 100 per cent enterprise participation in training in their sectors. This outcome is highly unlikely.

A comparison of the 2009/10 profile with the training profiles of 2002/03 and 2006/07 reveals a more or less steady increase in training between 2002/03 and 2006/07 but an uneven increase from 2006/07 to 2009/10. While there was generally an increase in training levels across SETAs, there were some notable exceptions. The variance between the highest and lowest training rates, moreover, was far lower in 2002/03 and 2006/07 than in 2009/10.

The import of these analyses is that the comparison of the 2006/07 and 2009/10 findings is compromised by the skewing effect of the small cell sizes of the 2010 response profile, aggravated by the weighting of the NSS2010 data. In some instances one can compare the findings with those of the NSS2007; but where disaggregations are made, particularly by SETA, the resulting data cannot be interpreted with a high degree of confidence.

Implications of the response rate for the NSS2010 report

There are two main implications of the NSS2010 response rate for writing this report. The first, as indicated above, is that no formal comparison can be made between the NSS2007 and NSS2010 findings. The second is that the report on the NSS2010 will not satisfactorily address the key research question suggested by the NSDS II success indicators, which is:

> How has the training undertaken by SETA-affiliated enterprises contributed to meeting the specified success indicators in the NSDS II?

For this reason the project team decided to approach the research differently. We decided to undertake a further study in order to supplement and, where possible, corroborate the findings of the NSS2010, and more broadly to investigate the status quo with regard to SETAs' relationships with the enterprises registered with them and SETA support of skills development initiatives in those enterprises. This study is adumbrated in the next sub-section.

Training activity in five SETAs

This study involved an investigation of the nature and extent of the collection of data on enterprise training and its reporting in five SETAs: Financial and Accounting Services Sector Education and Training Authority (FASSET); Banking Sector Education and Training Authority (BANKSETA); Manufacturing, Engineering and Related Services Education and Training Authority (MERSETA); Wholesale and Retail Sector Education and Training Authority (W&RSETA); and Mining Qualifications Authority (MQA). The chief aim of the research was to ascertain, through a thorough examination of training data and reports, whether SETAs have been supporting the national skills development initiatives of the country as espoused in the NSDS II and in other skills development-related legislation – such as the Skills Development Act of 1998 (RSA, 1998), the Skills Development Levies Act of 1999 (RSA, 1999), the NSDS of 2001 (DoL, 2001), the Human Resources Development Strategy of 2001 (RSA, 2001), and the Human Resources Development Strategy: 2010-2030 (RSA, 2009).

Literature review on BEE enterprises and BEE co-operatives

The literature review undertaken for the study represents a first attempt at understanding the dynamics underpinning BEE enterprises and co-operatives and the extent of skills development in those institutions. The review begins by looking at the human capital development platform upon which skills development in South African is founded – itself a contested theory given its commodification of people (epitomised in the term 'human *capital*') – and proceeds to consider the literature on BEE enterprises and co-operatives from the perspective of training in those institutions.

ORGANISATION OF THE REPORT

The foregoing sub-section has shown that it is neither possible nor desirable to try to integrate the findings of the three components of the study – the NSS2010, the SETA component, and the literature review on BEE enterprises and co-operatives – as if they allowed one to trace common themes through them. For this reason, the three components are organised into a portfolio of three technical reports:

1. *Report 1:* A report on the aims, methodology and findings of the NSS2010.
2. *Report 2:* A study of five of the SETAs – FASSET, BANKSETA, MERSETA, W&RSETA, and SERVICES SETA – from the perspective of their collection of, and reporting on, data on training.

3. *Report 3:* A review of the literature on BEE enterprises and co-operatives and the potential role that skills development may play in regard to their development and sustainability.

The presentation of this portfolio of reports is preceded, in the next sub-section, by a set of observations on skills development in South Africa gleaned from a reading of the three reports and on how they contribute to measuring the extent to which the success indicators that frame the impact assessment have been realised. A set of recommendations based on key themes emerging from these observations concludes this overview.

OBSERVATIONS ON THE FINDINGS OF THE THREE TECHNICAL REPORTS

In this sub-section we make some preliminary observations about skills development in private enterprises – small, medium, large, BEE, and co-operative – in South Africa in the wake of the three component studies undertaken for the impact assessment.

Observations from the NSS2010

The NSS2010 report reveals what kind of skills development support, in the form of training, is afforded to black and female employees by the enterprises in which they work, and what percentage of skills development support comes from grant levies from SETAs.

With regard to the first success indicator (the kind of skills development support, in the form of training, afforded to black and female employees in large and medium enterprises), we see that the training rate for female employees in large enterprises in 2009/10 was 75 per cent – significantly above that for male employees (54 per cent) – but that the training rate for female employees in medium-sized enterprises is a mere 25 per cent, 8 per cent lower than the rate for their male counterparts. From a race perspective, the training rate for black employees (black here includes black Africans, coloureds, and Indians / Asians) in large enterprises in 2009/10 was 49 per cent, as against a 77 per cent training rate for white employees, while the rate in medium enterprises was 31 per cent for both blacks and whites. The discrepancy between black and white rates and the training rate across all race groups (57 per cent for large enterprises and 31 per cent for medium enterprises) signals the need for serious DoL, DHET, and even Department of Trade and Industry (DTI) intervention[2] in 'skills development for transformation' in the country.

From the perspective of levy grant claiming for training purposes, we see that 77 per cent of medium-sized enterprises and 88 per cent of large enterprises claimed grants against levy payment in 2009/10. The proportion going to the training of black and female employees would clearly be a dilution of this, however.

With regard to the second success indicator (support for training in small enterprises), the training rate among small enterprises was 46 per cent, which satisfies at least one aspect of the success indicator: more than 40 per cent of small levy-paying enterprises are training

[2] The Department of Trade and Industry (DTI) is, legislatively at any rate, the lead BEE agency in the country.

their staff. (That the impact of the support needs to be measured presupposes that small enterprises will actually have trained their staff.) The other – more important – aspect, however, is the extent of SETA support for small enterprises. The percentage of small enterprises claiming grants (41 per cent) does indeed – if only just – achieve the NSDS II Success Indicator 2.2 target.

The impact of training

The key findings of the report on the impact of training are discussed here in relation to the success indicators they notionally address.

With regard to the second success indicator (2.2) – SETA support for skills development in small enterprises – there is something of a mixed bag: while small enterprises rate the overall impact of training slightly lower (at 3.7 on a five-point scale) than do their medium-sized and large counterparts (at 3.8 and 3.9 respectively), their assessment of the impact of training on a range of listed outcomes is either equal to or higher than that of their large and medium-sized counterparts.

With regard to the third success indicator (2.5) – the impact of training support to BEE enterprises and co-operatives – there is very little difference between BEE enterprises, BEE co-operatives, and non-BEE enterprises in terms of their of the impact of training on various stated outcomes. The only noteworthy differences are on the outcomes "Training gives enterprise employees a clearer sense of a career path" and "Training keeps employees motivated", where the scores of BEE enterprises and co-operatives are markedly higher than those of non-BEE enterprises.

Notwithstanding the relatively high scores accorded by enterprises of all sizes and types to the outcomes presumed to have been impacted by skills development, we must bear in mind that the impact of training is notoriously difficult to measure in the absence of methodologies (like focused impact evaluations) that control for the effects of other variables on the outcomes measured. This should not mean, however, that concerted attempts should not be made to measure the impact of training. The human and financial costs of skills development, let alone the costs to the national fiscus, make such attempts imperative.

Observations from the report on SETA training

The main finding from the study of training within five SETAs is that the differences in the ways the SETAs collect and report data are so large as to make comparisons across the five difficult and in most cases impossible. Nevertheless, some useful findings emerge from the report.

From a SETA perspective, there are encouraging signs that levy grant claims are increasing. Medium-sized enterprises in the W&RSETA increased their contribution from R65 million to R75 million, while large enterprises increased theirs from R239 million to R261 million between 2009/10 and 2010/11. Within BANKSETA, investment in training and development even exceeds the skills development levy.

Training rates for blacks in BANKSETA were high in 2005/06: the training rate for African females was 98 per cent (the highest of all groups), that for African males 84 per cent. The rates for coloured males and females were even higher (at 95 per cent and 94 per cent respectively). By total contrast, however, training rates had dropped between 2005/06 and 2007/08 to such an extent (to 44 per cent for African males and 33 per cent for African females as against 33 per cent for white males and 37 per cent for white females) that one is tempted to believe there must be some error in the SETA's reporting of results. Failing this, the decline begs explanation.

At the same time, there are major discrepancies between blacks and whites with regard to Learnership registration. Within FASSET, while African registration in Learnerships increased, albeit erratically, between 2001 and 2008, white registration dominated over the entire period; even in 2008/09 (the last year for which FASSET has data), white registrations in Learnerships outstripped those of Africans by 1 056 to 734. In MERSETA, Learnership registrations are cleverly reported: the MERSETA 2009 SSP claims that 66 per cent of Learnerships were registered among Africans, 17 per cent among coloureds, 5 per cent among Indians, and 12 per cent among whites; but this is not even representative of the percentages of these groups in the working population within the sector.

There are, somewhat surprisingly, no data at all from any of the five SETAs on skills development in BEE enterprises and co-operatives. This is a significant gap, given the clear mandate to SETAs to support skills development in these establishment types as set out in Success Indicator 2.5 of the NSDS II: "Annually increasing number of small BEE enterprises and BEE co-operatives *supported by skills development*" (DoL, 2005; emphasis added) – support that comes directly from SETAs in the form of grants.

Training planned by SETAs

Attempts to compare the training planned by the five SETAs are bedevilled by the problem of incompatible disaggregations of the data noted in the opening paragraph of this sub-section. Four of the five SETAs (FASSET, BANKSETA, MQA, and W&RSETA) provide data on training planned for their sectors, but all of these data are disaggregated differently. Thus FASSET disaggregates the data by occupational category (in fact FASSET speaks of skills needs, which we take as a proxy for planned training, though this is not explicated), BANKSETA by race and gender, MQA by sub-sector and occupational category, and W&RSETA by race only. This does at least allow us to compare the planned training by race of BANKSETA and W&RSETA.

The BANKSETA data reveal that the planned training distribution by race is 35 per cent African, 18 per cent coloured, 11 per cent Indian, and 36 per cent white – again, disproportionate to the representation of these groups in the workforce. The gender distribution is more encouraging: 63 per cent of the 100 999 employees whom the SETA plans to train are female. W&RSETA's planned training distribution by race is 62 per cent African, 19 per cent coloured, 6 per cent Indian, and 13 per cent white – a profile closer to the representation of these groups in the workforce but still disproportionate (revealing an under-representation of Africans and an over-representation of coloureds).

Scarce and critical skills in the five sectors

A broad reading of the reports on scarce and critical skills within the selected sectors reveals that all five SETAs recognise the need to align their skills development initiatives to the national transformation agenda of achieving equity in the workplace. Given the skewed training rates observed in Report 1, however, skills development, in the spirit of redress, needs not merely to be geared *equally* to prioritising those belonging to designated groups but to be consciously and proactively *biased* towards upgrading the skills of designated groups. Stated differently, black, female and disabled employees need skills development, in the form of interventions*, over and above* that offered to their white, male and able-bodied counterparts.

Besides the need for redress, three other priorities emerge from the analysis of scarce and critical skills in the five sectors under investigation. First, there is a strong need for management training. Three of the five SETAs (MERSETA, FASSET, and W&RSETA) recognise this specifically in their target-setting. The need for management skills, both scarce and critical, endorses the same demand identified for the 2001-2005 period (Cosser, 2009). Over the course of a decade, then, management skills development remains an overriding priority.

Second, the limited supply of black matriculants with higher grade mathematics and science passes and of black graduates with mathematics and science degrees identified specifically by the BANKSETA is hardly peculiar to the sector it oversees. The ubiquity at least of mathematics in any area of endeavour involving higher-order processing means it must form part of the skills arsenal of any person wanting to attain, and succeed in, the higher occupational categories in all of the sectors investigated in this study. Nor is mathematical ability, at least of the more rudimentary arithmetical kind, restricted to the managerial and professional categories: workers in the technicians & trades, sales, and clerical & administrative categories need equally to be conversant with basic mathematical functionality.

Third, the historical pattern of black worker concentration in low-wage occupational categories and white concentration in high-wage categories requires conscious and concerted reversal, on the part both of SETAs and of the enterprises registered with them.

Observations from the literature review on BEE enterprises and co-operatives

The third success indicator against which we attempted to measure skills development for the purposes of this study was:

> Annually increasing number of small BEE enterprises and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE enterprises and BEE co-operatives within the sector from the second year onwards. Impact of support measured (DoL, 2005).

The formulation of this indicator begs the following questions:

1. Were “small” BEE enterprises selected because of their relative neglect in comparison with medium and large BEE enterprises, which might have been established as off-shoots of corporates wanting to make their (however token) gestures towards transformation?
2. Are BEE enterprises so called because of their initial establishment (as per question 1.2 in the NSS2010 questionnaire) as BEE enterprises or by virtue of their subsequent transformation into BEE enterprises? If the latter, their BEE scorecards should indicate their BEE status.
3. Were there annual surveys of BEE enterprises and BEE co-operatives between 2006 (the second year of the period of the NSDS II) and 2010? If there were, the HSRC is not aware of them – which makes the NSS2010 the first survey to distinguish BEE from non-BEE enterprises.

On the supposition that the NSS2010 does in fact make the first attempt to survey BEE enterprises and co-operatives, and given the small response to the NSS2010, we need to consider the nature and extent of skills development not only in small BEE enterprises and BEE co-operatives but in such enterprises of all sizes. With regard to the appellation “BEE enterprise”, we assume that such enterprises were so called because of their initial establishment (as per question 1.2 in the NSS2010 questionnaire), and it is therefore on this basis only that we distinguish the three enterprise types (BEE enterprises, BEE co-operatives, and non-BEE enterprises).

From the literature review we see that:

- “[H]uman resource and skills development” is one of the six pillars of Broad-Based Black Economic Empowerment (BBBEE) (DTI, 2005)
- “[The] [m]easurement of the Skills Development Element of BBBEE” is one of the nine codes for measuring BBBEE
- From the scorecard table, “Skills development spend for black staff as a proportion of training levy”, “Skills development spend for black disabled staff as a proportion of training levy”, and “Number of black staff in training as a proportion of all employees” are the three skills development indicators in the scorecard; and that
- Education, training and information together constitute one of the seven principles upon which co-operatives (internationally) are established (ILO, 2011b).

The legislative framework for BEE seems clear enough. But the key question begged by the set of principles and objectives is: *To what extent have SETAs and the enterprises registered with them been successful in realising these principles and objectives?*

The question is answered in various ways in the literature review. Both Nzimande (2007) and Acemoglu et al. (2007) maintain that despite the metamorphosis of Narrow-based Black Economic Empowerment (NBBEE) into BBBEE, Black Economic Empowerment continues to empower the elite and the politically connected at the expense of the mass of black South Africans. The Minister of Trade and Industry supports the view that the vast majority of private enterprises are not complying with BBBEE. Acemoglu et al. (2007) go further, arguing that the weights of BEE codes should be changed to increase the importance of enterprise and skills development. The findings from the NSS2010 in this regard would appear to support this argument: skills development is hardly high on the agenda of

enterprises, as the scorecard readings reveal. While enterprises generally appear to hold training in high regard, then, their commitment to the training of black employees in particular does not appear to be as highly regarded.

The situation in BEE co-operatives is even bleaker. Training benefits those with some academic and technical foundation; but it appears that most co-operatives are initiated by the unemployed, who often have poor technical skills, low capacity, and no prior business experience (Kanyane, 2011); are often illiterate; and lack marketing, organisational, administrative, and teamwork skills (NCASA, 2004). Most telling is Kanyane's observation that because most co-operatives operate in economically marginal areas, training will have little impact on their operations. The structural impediments to enterprise advancement, then, seem to outweigh any other considerations.

RECOMMENDATIONS FOR POLICY AND PLANNING

Although the three technical reports are not amenable to neat thematic linking, we are able to draw out key themes from the reports and to make some recommendations for policy and planning based upon them. These recommendations are made below.

Recommendations regarding equity in training

Recommendation 1: Monitor and evaluate the achievement of equity targets for the training of black African employees

Where numerical targets are important – for the sake of achieving redress – is in the area of equity. Gender equity appears for the most part (though not in all sectors) to have been achieved in the distribution of training opportunities, aided possibly by such initiatives as the push for female representation at the highest levels of government. But racial equity has been more elusive; and as the NSS2010 has shown, there even appears to have been a regression in the rates at which African employees are being trained. Staffing, training, and enterprise development are inextricably linked; this nexus underscores the need for the relevant departments (DoL, DHET, and DTI) to collaborate in ensuring that BBBEE comes to supplant NBBEE and that black Africans in particular are afforded training opportunities beyond their representation in the private sector working population.

Recommendation 2a: Commission and undertake qualitative, community-based research on BEE co-operatives for policy reform
Recommendation 2b: Monitor and evaluate the impact of support to BEE co-operatives

The main finding of the literature review was the paucity of information on BEE co-operatives, which suggests a much neglected area of research. Given the policy focus on equity in the NSDS II, and given the potential usefulness of co-operatives as an organising mechanism to promote black business, this omission is regrettable. Nevertheless, it is clear from the dearth of information available that primary research, in the form of case studies of enterprises and co-operatives on the ground, needs to be undertaken if we are to acquire real insight into their operation. We recommend, therefore, that the lead departments (DoL,

DHET, and DTI) jointly commission such case studies and that the findings of such studies contribute towards the reform of policy on the role of co-operatives in job creation and sustainable development.

The literature review has shown moreover that co-operatives are vulnerable, since illiteracy and the generally low levels of skill of many of their members render conventional training unviable. These factors conspire to threaten the sustainability of co-operatives, which have the potential, given their location in communities, to galvanise a proportion of the unemployed youth in the country. We propose the establishment of a three-way partnership between the departments of Higher Education and Training, Labour, and Trade and Industry to eradicate illiteracy, boost skills levels, and ensure the financial sustainability of co-operatives.

Recommendations regarding the quality and impact of training

Recommendation 3: Promote and measure the quality of training

Policy and planning in South Africa tend to be focussed on meeting numerical targets at the expense of promoting and measuring quality. While quantitative objective setting is clearly important, it should by now – eighteen years into the democratic era – have been complemented, if not superseded, by more concerted efforts to assess the quality of training in private enterprises. A shift towards the formulation of quality-oriented objectives is needed both in policy and in planning documentation.

Recommendation 4: Measure the impact of training

Neither of the two previous National Skills Surveys (2003 and 2007) broached the topic of measuring the impact of training; but the NSS2010 has done so. The difficulty of separating out what improvements in enterprise functioning are attributable to training rather than to other factors either discretely or in concert remains a major challenge. But this challenge must be faced head-on, sooner rather than later; for without a collective effort on the part of SETAs to isolate the effects of training, the entire efficacy of the SETA levy-grant system is called into question.

In practical terms, this will entail the deliberate inclusion of training activity-specific impact assessment in the overall evaluation of worker performance. A performance management system is probably the best vehicle for monitoring and evaluating the effect of training.

Recommendation regarding the development and growth of small and micro enterprises

Recommendation 5: Monitor and evaluate the impact of support to small and micro enterprises

Support for small business was rightly identified in the NSDS II as being important – presumably on the premise that small enterprises should be given the capacity both to improve operational efficiencies and to transform into medium-sized enterprises as part of the national job creation agenda. As important as support for small enterprises, however, is

support for micro enterprises – those enterprises employing fewer than eleven persons. A limitation of the NSS2010 – and by extension of the study as a whole – is that it has not addressed the question of entrepreneurship, the vehicle by which, by all accounts, real economic growth will be achieved in South Africa. By definition, entrepreneurship is driven, at least at start-up, by micro enterprises, support for skills development within which therefore assumes added significance. Nor is the setting and realisation of national targets (such as Success Indicator 2.2) a sufficient condition for achieving economic growth; a skills development plan targeted specifically at small and micro enterprises that includes the measurement of the quality and impact of training is a priority.

Our recommendation, then, is that the DHET seek, through its SETAs, to prioritise skills development for small and micro enterprises, and that the Department work in conjunction with the DoL and the DTI to monitor and evaluate not only the quality of training but its impact on the development and growth of the enterprises themselves.

Recommendation regarding information management

Recommendation 6: Devise and implement a Training Management Information System

The decision to mount a separate but related study on training in five SETAs was motivated in part by the poor response to the NSS2010. Ironically, that decision did not compensate for the deficiencies in the NSS2010 data nor add much to our understanding of training in private enterprises in South Africa, largely because of the incompatibility of data and data sources identified across the five SETAs.

Our recommendation in this regard is that the DHET devise and implement a Training Management Information System (TMIS) premised upon the development of a comprehensive set of indicators for the measurement of the impact of skills development on employee performance, employee well-being, and enterprise operation. Such a set of indicators will not only standardise the collection of data by SETAs and their reporting of findings to the DHET; it will also assist the key departments involved in overseeing skills development and employment in the country – the DoL, the DHET, the DTI, the Department of Science and Technology (DST), and the National Treasury (NT) – in streamlining their policy-making, planning, implementation, monitoring and evaluation activities to realise a more effective and efficient training system for individual employee-, enterprise-, and economic growth.

Recommendations regarding future research on private enterprise training

Recommendation 7: Conduct triennial sectoral skills surveys based upon a set of indicators common across the SETA system

Following directly from the previous recommendation for the establishment of a TMIS, we recommend, in the light of the perceived duplication of data collection by the NSS2010, that henceforth SETAs conduct skills surveys in their sectors every three years based upon the set of indicators proposed in Recommendation 6. The findings of such surveys should be submitted to the SETA forum for collation into a national report on the state of skills development in South Africa to be published triennially and submitted to the lead departments (DoL, DHET, DTI, DST, and NT) for planning purposes.

Recommendation 8: Undertake annual sectoral studies

SETAs should undertake annual qualitative sectoral studies – case studies of different sub-sectors within their sectors and case studies of selected enterprises – to gather information on the nature, extent, and impact of skills development to supplement the findings of the triennial, quantitatively-oriented, skills survey outlined in Recommendation 7.

Recommendation 9: Compute non-compliance-driven training by enterprises

The DHET, as the new custodian of skills development, should undertake further research into the effect of skills development legislation on enterprise training. Any skills development activity that occurs purely in response to legal requirements runs the risk of being counterproductive, as the time enterprises grudgingly devote to compliance with imposed strictures might be spent more productively in other pursuits. A brief set of calculations from the NSS2010 response profile shows that, of the 220 enterprises that responded to the survey, 183 trained their employees. Of these, 145 were registered with a SETA, of whom 111 claimed the levy grant. One fifth of enterprises (21 per cent), therefore, were registered with a SETA, did not claim the levy grant, but did train their staff.

On the other hand, 33 of the 183 enterprises (18 per cent) were not registered with a SETA (and could therefore not claim the levy grant) but did train their staff.

It is important for the DHET and SETAs to keep careful track of such information on a regular basis and to measure trends in this regard.

The conclusion of the NSS2010 report summarises the findings of that report according to two categories: training undertaken by enterprises; and SETA support for enterprise training. This formulation leads us to pose a key question for further research, one upon which the very sustainability of training (and the productivity in which it issues) rests: are private enterprises training their staff for compliance, or from conviction of the usefulness of training for their business and the importance of training for national economic growth?

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TECHNICAL REPORT 1:
NATIONAL SKILLS SURVEY 2010

INTRODUCTION

Background to the study

The National Skills Survey (NSS) 2010 is the third survey of skills development in South African private enterprises to have been conducted by the Human Sciences Research Council (HSRC). In 2000 the HSRC published a report on a baseline survey of industrial training in South Africa (Kraak, Paterson, Visser & Tustin, 2000). This was followed by a report on the first full-scale National Skills Survey (Paterson, McGrath & Badroodien, 2005) – a survey of skills development in 2002/03 – and by a report on the NSS2007 (Paterson, Visser & Du Toit, 2008) – a survey of skills development in 2006/07. The NSS2007 devoted a chapter to comparing skills development in small, medium and large enterprises in 2002/03 and 2006/07. The NSS2010 – a survey of skills development in 2009/10 – was designed to continue the trend analysis of the 2007 survey and to investigate additional aspects of skills development – as indicated above, as it pertained to BEE enterprises and BEE co-operatives.

The NSS2003 was located within the policy ambit of the first National Skills Development Strategy (NSDS; DoL, 2001). The next survey (NSS2007) was designed to measure the impact of skills development support within the context of the NSDS II (2005-2010) (DoL, 2005). The 2010 survey likewise addressed itself to the NSDS II. Like its predecessor in 2007 (Paterson, Visser and Du Toit, 2008), the NSS2010 was conceived of as providing an opportunity to assess changes in training activities in the South African workplace that might have been driven by the NSDS.

Aims of the study

The broad aims of the impact are to investigate the state of skills development in South Africa, to contribute to longitudinal analysis of trends in skills development, and to investigate the extent to which the aggregate progress towards reaching equity targets, supported by skills development programmes – especially at skilled and highly skilled levels – has been achieved. More specifically, the Terms of Reference for the study focused on Objective 2 of the NSDS II – in particular, three of its success indicators:

- Objective 2: Promoting and accelerating quality training for all in the workplace
    - Success indicator 2.1: By March 2010 at least 80 per cent of large enterprises' and at least 60 per cent of medium enterprises' employment equity targets are supported by skills development. Impact on overall equity profile assessed

- Success indicator 2.2: By March 2010 skills development in at least 40 per cent of small levy-paying enterprises supported and the impact of the support measured
- Success indicator 2.5: Annually increasing number of small BEE enterprises and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE enterprises and BEE co-operatives within the sector from the second year onwards. Impact of support measured (DoL, 2005).

Organisation of the report

This report is organised as follows. Chapter 1 outlines the research design of and methodology followed in the study. In Chapter 2 we report on training rates and training expenditure in private enterprises in 2009/10, in Chapter 3 on training activities, needs, and infrastructure, and in Chapter 4 we report on the impact of training. The Conclusion summarises the key findings of the NSS2010.

CHAPTER 1: RESEARCH DESIGN AND METHODOLOGY OF THE NSS2010

Type of design

The aim of this research project was to determine the key features of skills development in South African workplaces as manifested in small, medium and large enterprises across the SETA system and in BEE co-operatives. The project team conceptualized the research to comprise:

1. Survey #1: A survey, or 'tracer study', of enterprises that had responded to the NSS2007

2. Survey #2: A survey of a new (2010) cohort of enterprises from the South African Revenue Services (SARS) database of levy-paying private enterprises stratified by Sector Education and Training Authority (SETA) and enterprise size (the sampling methodology entailed a random selection of these enterprises); and

3. Survey #3: A survey of BEE co-operatives contained in the Enterprises and Intellectual Property Registration Office (CIPRO) database for 2010.

All three surveys made use of the same questionnaire, the inclusion of a question on establishment status (whether enterprises were BEE enterprises, BEE co-operatives, or non-BEE enterprises) allowing for cross-tabulations showing the distinctions between and among the three target populations: respondents to the NSS2007 (Survey #1); a sample of levy-paying enterprises in the SARS database not surveyed in the NSS2007; and the co-operatives listed in the CIPRO database.

From a survey design perspective, the project team sought to retain the majority of questions from the NSS2007 questionnaire in the NSS2010 questionnaire to enable ready comparison of findings between the two surveys. A number of additional questions were included in the 2010 survey, the most important ones concerning the impact of training on enterprise performance. (The questionnaire is reproduced in Appendix A.) Given the brief to the project team to measure the impact of skills development support to small enterprises (success indicator 2.2) and BEE enterprises and co-operatives (success indicator 2.5), and given the absence of attempts in any of the earlier National Skills Surveys to measure impact, the questionnaire devoted an entire section to measuring the impact of training in an endeavour to answer the question:

> How does one measure the quality of training provided by enterprises and SETAs to enable evaluation of the real impact of training in the workplace?

Target population

The study focused on private sector enterprises from the entire spectrum of economic activity. Therefore the sample for Survey #2 included small, medium and large enterprises in

all Sector Education and Training Authorities (SETAs) with significant private sector activity (Table 1.1). The Public Services SETA is not associated with private-sector activities and was therefore excluded from the survey.

Table 1.1: Sector Education and Training Authorities (SETAs) in 2010

Acronym	#	SETA
FASSET	1	Financial and Accounting Services Sector Education and Training Authority
BANKSETA	2	Banking Sector Education and Training Authority
CHIETA	3	Chemical Industries Education and Training Authority
CTFL	4	Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
CETA	5	Construction Education and Training Authority
ETDP SETA	7	Education, Training and Development Practices Sector Education and Training Authority
ESETA	8	Energy Sector Education and Training Authority
FOODBEV	9	Food and Beverages Manufacturing Industry Sector Education and Training Authority
FIETA	10	Forest Industries Sector Education and Training Authority
HWSETA	11	Health and Welfare Sector Education and Training Authority
ISETT	12	Information Systems, Electronics and Telecommunications Technologies
INSETA	13	Insurance Sector Education and Training Authority
LGSETA	14	Local Government Sector Education and Training Authority
MAPPP	15	Advertising, Publishing, Printing and Packaging
MQA	16	Mining Qualifications Authority
MERSETA	17	Manufacturing, Engineering and Related Services Education and Training Authority
SASSETA	19	Safety and Security Sector Education and Training Authority
AGRISETA	20	Agricultural Sector Education and Training Authority
PSETA	21	Public Services Sector Education and Training Authority
SERVICES	23	Services Sector Education and Training Authority
THETA	25	Tourism and Hospitality Education and Training Authority
TETA	26	Transport Education and Training Authority
W&RSETA	27	Wholesale and Retail Sector Education and Training Authority

NOTES:

1 The data refer only to private sector providers of goods and services. In SETAs with public and private sector activity, the data would therefore refer to private schools (ETDP), private hospitals (HWSETA), private security enterprises (SASSETA), etc.

2 The SARS survey included 22 SETAs. Although there are 23 SETAs listed in the table, PSETA, as indicated above, was excluded. There are no SETAs numbered 6, 18, 22 and 24. The numbers in the column marked '#' therefore refer to the official SETA number.

Enterprises that had responded to the NSS2007 (Survey #1) and co-operatives listed in the CIPRO database (Survey # 3) were of course also small, medium or large enterprises and could equally have been affiliated to SETAs – which contributed to the decision, discussed in the 'Response rates' sub-section below, to treat the data collected from the three surveys as part of a single data-set.

Sample frame

The SARS database of skills levy-paying enterprises as at April 2010 was used as a sample frame for Survey #2. It was unlikely that the SARS database would include 100 per cent accurate records of all enterprises. Nevertheless, it was the most comprehensive and accurate sample frame of private enterprises available.

The SARS database numbered 120,683 enterprises. However, the vast majority of the enterprises on the SARS database were inactive and were only kept for reference and record keeping purposes. The database was therefore refined by removing the records of all enterprises that were estates, had been de-registered, could not be traced, or had closed down. The small number of enterprises in the government PSETA (SETA 21) was also removed. This yielded 19,960 enterprises. Table 1.2 shows them stratified by employment size and SETA.

Table 1.2: Sample frame of enterprises disaggregated by enterprise size and SETA

SETA	#	Small (11 - 49)	Medium (50 - 149)	Large (150 +)	Total
FASSET	1	412	74	40	**526**
BANKSETA	2	58	18	13	**89**
CHIETA	3	183	33	17	**233**
CTFL	4	180	68	26	**274**
CETA	5	1911	298	104	**2313**
ETDP SETA	7	249	28	15	**292**
ESETA	8	95	9	7	**111**
FOODBEV	9	432	79	35	**546**
FIETA	10	228	98	43	**369**
HWSETA	11	302	38	19	**359**
ISETT	12	269	44	21	**334**
INSETA	13	72	35	7	**114**
LGSETA	14	30	5	3	**38**
MAPPP	15	245	97	51	**393**
MQA	16	212	80	50	**342**
MERSETA	17	1277	239	136	**1652**
SASSETA	19	289	97	41	**427**
AGRISETA	20	679	266	104	**1049**
SERVICES	23	5048	833	347	**6228**
THETA	25	1269	151	45	**1465**
TETA	26	414	74	57	**545**
W&RSETA	27	1661	398	92	**2151**
Total		**15522**	**3064**	**1374**	**19960**

Based on their employee numbers and the average amount (Rand value) of skills levies paid over a 12 month period, the 19,960 enterprises in the SARS database were divided into different size groups (Table 1.2). Size categories included small (11 to 49 employees), medium (50-149 employees), and large (150+ employees). Where data on SETA affiliation and employee numbers were not available, enterprises were eliminated from the sample.

The sample frame for Survey #1 was the database of respondents to the NSS2007, while the sample frame for Survey #3 was the list of co-operatives in the CIPRO database.

Sampling technique

The sample frame for Survey #2 was stratified by 22 SETAs and three employment size categories. This yielded 66 cells of stratification (see Table 1.2). A minimum return rate of 30 responses from enterprises for each cell was desired for the application of certain inferential statistical tests. Thus the survey aimed to obtain a sample of about 1 980 responses (30 responses by 66 cells). A stratified systematic random sampling procedure was used, where SETA and enterprise size were used as the strata. A computer software package, Statistical Analysis System (SAS Version 9.1), was used for sampling. A randomly selected list of enterprises was provided to the call centre to contact enterprises and to invite them to participate in the study.

A scan of Table 1.2 shows that certain cells had relatively low numbers of enterprises that could be contacted. During the survey the numbers of completed questionnaires returned were in most cases lower than the targeted minimum response rates of 30 per cell. Numerous efforts were made to improve response rates through telephonic follow-ups to ensure an optimum response rate across SETAs and size categories.

No sampling technique was needed for Survey #1 and Survey #3.

Questionnaire design and pilot testing

A questionnaire design workshop with the Department of Labour offered extensive opportunity to discuss items for the questionnaire and the format of different questions so as to ensure construct validity. In addition, the design, layout, coding and wording of the questionnaire were carefully considered to accommodate a diverse target group.

Three enterprises from each of the three enterprise size categories were randomly selected from within the Tshwane and Joburg metropolitan areas for piloting purposes. Feedback from this exercise allowed for a detailed item by item analysis to determine whether items were not completed or completed incorrectly. There were very few instances of omitted or incomplete responses to questionnaire items.

The questionnaire was not piloted amongst BEE co-operatives.

Call centre and e-mail strategy

The HSRC contracted an independent call centre to initiate telephonic contact with potential respondents prior to the administration of the e-mail survey. The call centre task involved:

- contacting enterprises and identifying an appropriate contact person, such as a skills training facilitator or human resource manager, to respond to the survey;
- briefing the respondent about the survey;
- determining the willingness of the respondent to participate in the survey;
- updating the contact details of the respondent; and
- keeping a statistical record of the outcome of calls.

This procedure alerted potential respondents to the survey; established a ‘relationship’ with the respondent; ensured higher levels of accuracy in targeting the e-mail questionnaire to the correct person; and reduced the number of non-responses on account of incorrect address details. The use of a call centre entailed a highly structured approach according to a ‘call flow chart’ (which provided for contingency actions for unforeseen cases, for example, the closure of, or changes to, enterprises) and the construction of a database for capturing and updating contact information. Operators were briefed by the HSRC and trained by the call centre service provider.

The call centre successfully contacted 8,732 enterprises from the randomly sorted datasets provided by the HSRC for Survey #2 and from the databases provided by the HSRC for Survey # 1 and by CIPRO for Survey #3. The call centre completed this phase over a period of 16 weeks, from 16 May to 16 September 2011. The 8,732 enterprises therefore constituted the sample for the three e-mail surveys, which were conducted by the call centre itself: once an enterprise had agreed to receive a questionnaire, a questionnaire was immediately e-mailed to that enterprise. The results of the enterprise contacting exercise and the resulting sample frame are shown in Table 1.3.

Table 1.3: Results of enterprise contacting and resulting sample frame for NSS2010

SETA NAME	SETA No.	Agreed to receive e-mailed questionnaire	Wrong number	Refused to participate	Enterprise closed	No telephone number	Questionnaire faxed	Duplicate enterprise	Total no. of enterprises in sample	Valid sample[3]
Survey #1										
N/A	N/A	837	487	201	17	7	7	0	1556	1045
Survey#3										
N/A	N/A	327	489	672	49	31	175	7	1750	1174
Survey #2										
FASSET	1	154	101	27	13	4	7	6	312	188
BANKSETA	2	24	14	3	2	3	1	1	48	28
CHIETA	3	95	24	17	4	0	1	3	144	113
CTFLSETA	4	71	71	10	13	0	2	1	168	83
CETA	5	526	597	128	84	4	41	12	1392	695
ETDPSETA	7	69	75	18	4	5	5	3	179	92
ESETA	8	33	24	12	4	0	0	0	73	45
FOODBEV	9	159	94	31	23	4	4	9	324	194
FIETA	10	95	69	15	14	1	6	14	214	116
HWSETA	11	118	55	21	6	8	5	3	216	144
ISETT	12	78	101	9	8	0	5	3	204	92
INSETA	13	27	30	6	0	1	2	5	71	35
LGSETTA	14	13	7	1	0	1	1	1	24	15
MAPP	15	119	62	23	5	0	1	30	240	143

[3] Valid sample = (Total no. of enterprises in sample) minus (Wrong number) minus (Enterprise closed) minus (No telephone number) minus (Duplicate enterprise).

SETA NAME	SETA No.	Agreed to receive e-mailed questionnaire	Wrong number	Refused to participate	Enterprise closed	No telephone number	Questionnaire faxed	Duplicate enterprise	Total no. of enterprises in sample	Valid sample[3]
MQA	16	88	72	20	17	0	0	7	204	108
MERSETA	17	511	263	87	41	41	10	43	996	608
SASSETA	19	114	95	19	7	1	9	7	252	142
AGRISETA	20	260	233	99	12	3	6	23	636	365
SERVICES	23	1595	1552	297	149	2	57	90	3742	1949
THETA	25	382	320	80	59	0	10	25	876	472
TETA	26	131	118	28	22	0	7	19	325	166
W&RSETA	27	456	556	256	18	1	8	1	1296	720
TOTAL FOR SURVEY #2	N/A	5118	4533	1207	505	79	188	306	11936	6513
TOTAL FOR ALL THREE SURVEYS	N/A	6282	5509	2080	571	117	370	313	15242	8732

Inaccuracy of telephone numbers constituted the biggest problem in terms of getting through to enterprises: 31.3 per cent of telephone numbers in the NSS2007 census database, 27.9 per cent of numbers in the Cooperatives database, and 38 per cent of numbers in the SARS database were incorrect. These figures illustrate the extent of the problem of inadequate data maintenance in South African databases.

The number of refusals was also a concern. But while in 2007 the proportion of refusals was 34 per cent, here we see that the percentage is 24 per cent in total – 19 per cent for Survey #1, a massive 57 per cent for Survey #3, and 19 per cent for Survey #2. The main reasons for refusals given by the enterprises include questionnaire fatigue, lack of time or staff to complete the questionnaire, and (in the case of cooperatives in particular) inapplicability of the survey to their situations.

Response rates

A total of 220 questionnaires were received by the final return date, after two follow-up calls to every enterprise that had agreed to receive the e-mailed questionnaire in the first place – yielding an overall response rate of 3 per cent. The response profile by survey is indicated in Table 1.4.

Table 1.4: Response rate on NSS2010

Valid sample	Number of valid returns	Responses as a percentage of e-mailed questionnaires
Survey #1		
1,045	25	2
Survey #3		
1,174	26	2
Survey #2		
6,513	169	3
8732	**220**	**3**

As we see from Table 1.4, the highest response rate (2.9 per cent) was on Survey #2 (3 per cent), followed by Survey #1 and Survey #3 (both 2 per cent).

The response to Survey #2 (Table 1.5) reveals that the second largest number of enterprises responding (19, or 11 per cent) did not indicate which SETA they belonged to. Of those that did, the SERVICES SETA had the highest response rate (12 per cent), followed by the W&RSETA (9 per cent), and the MERSETA, FASSET, and CETA, all of which had a 7 per cent response rate. Three SETAs (BANKSETA, ESETA and LGSETA) had none of their enterprises responding.

Table 1.5: Response rate for Surveys #1, #2 and #3, by SETA

SETA	#	Valid sample	Number of valid returns	Returns as a percentage of e-mailed questionnaires
NSS2007 census				
N/A		**1045**	**25**	**2**
Cooperatives census				
N/A		**1174**	**26**	**2**
SARS survey				
FASSET	1	188	11	7
BANKSETA	2	28	0	0
CHIETA	3	113	4	2
CTFL	4	83	6	4
CETA	5	695	11	7
ETDP	7	92	10	6
ESETA	8	45	0	0
FOODBEV	9	194	5	3
FIETA	10	116	9	5
HWSETA	11	144	3	2
ISETT	12	92	3	2
INSETA	13	35	6	4
LGSETA	14	15	0	0
MAPPP	15	143	5	3
MQA	16	108	3	2
MERSETA	17	608	11	7
SASSETA	19	142	6	4
AGRISETA	20	365	8	5
SERVICES	23	1949	20	12
THETA	25	472	3	2
TETA	26	166	11	7
W&RSETA	27	720	15	9
NO SETA INDICATED	N/A	N/A	19	11
Sub-total: SETAs		**6513**	**169**	**3**
Total		**8732**	**220**	**3**

Source: NSS2010 data-set

Response rates in 2010 compared with 2007

In order to ascertain the statistical feasibility of comparing the NSS2007 and NSS2010 data, the project team undertook a two-stage data comparison process:

1. A comparison of the unweighted responses to the NSS2007 and NSS2010 surveys; followed by

2. A comparison of the unweighted and weighted responses to the NSS2010.

A comparison of the unweighted response profiles for NSS2007 and NSS2010 is made in Tables 1.6 and 1.7, first by SETA response rate (Table 1.6), then by enterprise size (Table 1.7). These two disaggregations are made because SETA and enterprise size were the two stratifying variables used in the sampling process.

Table 1.6: Unweighted response profiles of NSS2007 and NSS2010, by SETA

SETA	NSS2007		NSS2010	
	n	%	n	%
FASSET	67	4	13	7
BANKSETA	24	2	1	1
CHIETA	61	4	5	3
CTFL	55	4	6	3
CETA	89	6	15	8
ESETA	25	2	0	0
ETDP	85	5	11	6
FOODBEV	62	4	8	4
FIETA	50	3	13	7
HWSETA	93	6	7	4
ISETT	45	3	5	3
INSETA	43	3	7	4
LGSETA	29	2	0	0
MAPPP	62	4	9	5
MQA	39	3	3	2
MERSETA	174	11	17	9
SAS SETA	69	4	7	4
AGRISETA	147	9	10	5
SERVICES SETA	102	7	23	12
THETA	63	4	5	3
TETA	66	4	11	6
W&RSETA	107	7	18	9
Total	**1557**	**100**	**194**	**100**

NOTES:
1. The number and percentage distribution of SETAs differs from that in Table 6 because, for the purposes of analysing the data from the NSS2010, all enterprises that responded and that indicated their SETAs are included in the calculation, whether they were co-operatives or had originally been part of the NSS2007 or SARS database survey samples.
2. The cell sizes for the 2010 survey (the third column) are so small that any interpretation of the data based on disaggregation by SETA in the tables that follow should be treated with extreme caution.

The statistical requirement is that there should be no more than a 5 per cent difference between any two percentages compared across the two survey years for the 2010 data to

be weighted. As we see from Table 1.6, the largest difference in response rate (5 per cent) is within the Services SETA, where the response rate for 2007 was 7 per cent, for 2010, 12 per cent.

Similarly, a comparison of response profiles by enterprise size (Table 1.7) reveals that the greatest difference between 2007 and 2010 findings is on large enterprise responses, where the percentage was 14 per cent for NSS2007 and 19 per cent for NSS2010 – still within the stricture that the difference not exceed 5 per cent.

Table 1.7: Response profiles for NSS2007 and NSS2010, by enterprise size

Enterprise size	NSS2007		NSS2010	
	n	%	n	%
Large (150+)	222	14	36	19
Medium (50-149)	446	29	53	28
Small (11-49)	867	56	98	52
Total	**1535**	**100**	**187**	**100**
NOTE: The 2007 total excludes the outliers – those very large enterprises the NSS2007 project team purposively included in the sample. The 2010 total excludes those enterprises that did not indicate their number of employees.				

Tables 1.6 and 1.7 indicated that the next comparison was feasible: comparing the weighted responses to the NSS2010 survey with the unweighted responses to the same survey. Table 1.8 juxtaposes the unweighted with the weighted responses to the 2007 and 2010 surveys.

Table 1.8: Comparison of NSS2010 and NSS2007 weights (%)

SETA	Size	Unweighted		Weighted	
		2010	2007	2010	2007
AGRISETA	**Small (11-49)**	1.1	4.1	3.5	3.3
BANKSETA	**Small (11-49)**	0.0	0.7	0.0	0.6
CETA	**Small (11-49)**	4.2	3.0	9.9	5.0
CHIETA	**Small (11-49)**	1.1	1.2	1.0	0.8
CTFL	**Small (11-49)**	1.1	1.0	0.9	1.0
ESETA	**Small (11-49)**	0.0	0.8	0.0	0.9
ETDP	**Small (11-49)**	4.2	2.1	1.3	2.0
FASSET	**Small (11-49)**	4.7	2.8	2.1	2.1
FIETA	**Small (11-49)**	2.6	1.0	1.2	0.8
FOODBEV	**Small (11-49)**	2.6	1.9	2.2	2.0
HWSETA	**Small (11-49)**	1.6	3.0	1.6	2.6
INSETA	**Small (11-49)**	2.1	1.2	0.4	0.5
ISETT	**Small (11-49)**	0.5	1.4	1.4	1.6
LGSETA	**Small (11-49)**	0.0	0.3	0.0	0.2
MAPPP	**Small (11-49)**	3.2	1.7	1.3	1.8

SETA	Size	Unweighted		Weighted	
		2010	2007	2010	2007
MERSETA	**Small (11-49)**	6.3	5.8	6.6	10.4
MQA	**Small (11-49)**	1.1	0.6	1.1	0.4
SAS SETA	**Small (11-49)**	0.5	1.7	1.5	1.6
SERVICES SETA	**Small (11-49)**	9.5	2.7	26.1	5.8
TETA	**Small (11-49)**	1.1	1.7	2.1	2.0
THETA	**Small (11-49)**	1.6	2.1	6.6	3.2
W&RSETA	**Small (11-49)**	6.8	3.9	8.6	7.4
AGRISETA	**Medium (50-149)**	1.6	2.9	1.4	2.3
BANKSETA	**Medium (50-149)**	0.0	0.5	0.0	0.2
CETA	**Medium (50-149)**	2.6	1.2	1.6	1.8
CHIETA	**Medium (50-149)**	1.1	1.7	0.2	0.5
CTFL	**Medium (50-149)**	1.1	1.3	0.4	1.0
ESETA	**Medium (50-149)**	0.0	0.5	0.0	0.2
ETDP	**Medium (50-149)**	1.1	2.4	0.1	1.3
FASSET	**Medium (50-149)**	2.1	1.0	0.4	0.5
FIETA	**Medium (50-149)**	2.1	1.3	0.5	0.7
FOODBEV	**Medium (50-149)**	0.0	1.2	0.0	0.8
HWSETA	**Medium (50-149)**	1.6	1.7	0.2	0.6
INSETA	**Medium (50-149)**	0.5	0.7	0.2	0.4
ISETT	**Medium (50-149)**	1.6	1.2	0.2	0.9
LGSETA	**Medium (50-149)**	0.0	0.3	0.0	0.1
MAPPP	**Medium (50-149)**	1.1	1.7	0.5	1.2
MERSETA	**Medium (50-149)**	2.1	3.7	1.2	6.2
MQA	**Medium (50-149)**	0.5	1.2	0.4	0.8
SAS SETA	**Medium (50-149)**	2.1	1.0	0.5	0.6
SERVICES SETA	**Medium (50-149)**	1.6	1.6	4.3	2.6
TETA	**Medium (50-149)**	2.1	0.9	0.4	0.8
THETA	**Medium (50-149)**	0.5	0.9	0.8	1.0
W&RSETA	**Medium (50-149)**	1.1	2.1	2.1	4.0
AGRISETA	**Large (150+)**	2.1	2.6	0.5	1.5
BANKSETA	**Large (150+)**	0.5	0.4	0.1	0.3
CETA	**Large (150+)**	0.5	1.8	0.5	1.6
CHIETA	**Large (150+)**	0.5	1.1	0.1	0.3
CTFL	**Large (150+)**	1.1	1.5	0.1	0.6
ESETA	**Large (150+)**	0.0	0.3	0.0	0.1
ETDP	**Large (150+)**	0.5	1.1	0.1	0.2
FASSET	**Large (150+)**	0.0	0.3	0.0	0.1
FIETA	**Large (150+)**	2.1	1.0	0.2	0.3
FOODBEV	**Large (150+)**	1.6	1.0	0.2	0.6
HWSETA	**Large (150+)**	0.5	0.8	0.1	0.2
INSETA	**Large (150+)**	1.1	0.6	0.0	0.2

SETA	Size	Unweighted		Weighted	
		2010	2007	2010	2007
ISETT	**Large (150+)**	0.5	0.5	0.1	0.4
LGSETA	**Large (150+)**	0.0	1.3	0.0	0.5
MAPPP	**Large (150+)**	0.5	0.5	0.3	0.3
MERSETA	**Large (150+)**	0.0	1.9	0.0	2.3
MQA	**Large (150+)**	0.0	0.9	0.0	0.5
SAS SETA	**Large (150+)**	1.1	1.9	0.2	0.9
SERVICES SETA	**Large (150+)**	1.1	1.6	1.8	2.3
TETA	**Large (150+)**	2.1	1.6	0.3	0.8
THETA	**Large (150+)**	0.5	0.8	0.2	0.7
W&RSETA	**Large (150+)**	1.6	0.8	0.5	0.8
TOTAL		**100**	**100**	**100**	**100**

As we see from the table, all comparisons between NSS2010 and NSS2007 but one (Services SETA, small enterprises) are within the required 5 per cent range of difference. This should mean that the comparisons made between the NSS2007 and NSS2010 in the tables that follow in the subsequent chapters of this report can all, except for small enterprises in the Services SETA, be treated with confidence.

Though the statistical validity of weighting the 2010 data and comparing weighted data from the 2006/07 and 2009/10 data-sets has been established, however, analysis involving disaggregated data proves to be unsupportable. As we saw in Table 1.6 – the relevant part of which is reproduced below, in Table 1.9 – the cell sizes of the unweighted data are in themselves cause for concern.

Table 1.9: Unweighted responses to the NSS2010

SETA	Number of enterprises responding
FASSET	13
BANKSETA	1
CHIETA	5
CTFL	6
CETA	15
ETDP	11
ESETA	0
FOODBEV	8
FIETA	13
HWSETA	7
ISETT	5
INSETA	7
LGSETA	0
MAPPP	9

SETA	Number of enterprises responding
MQA	3
MERSETA	17
SASSETA	7
AGRISETA	10
SERVICES SETA	23
THETA	5
TETA	11
W&RSETA	18
Total	**220**

Source: NSS2010 data-set

Not only was there no response from any enterprise in two SETAs (ESETA and LGSETA), but there were very few responses from many others. Indeed, more than half the SETAs had fewer than ten enterprises responding to the survey; BANKSETA had one, and MQA had three. And while weighting of the data in the way described above made it theoretically possible to report on differences between SETAs, the fact that there are fewer than 30 responses from every SETA (30 is taken to be the minimum size from which one can extrapolate) means that weighting the data back to the total population – in this instance, 8 732 enterprises – accords undue influence to certain enterprises at the expense of others. In other words, the smaller the number of responses, the larger the weight applied to those responses, the less reliable the inferences that can be made from any analysis involving and interpretation of those responses.[4]

For example, a comparison of the 2009/10 profile with the training profiles of 2002/03 and 2006/07 (Table 1.10) reveals the difficulty.

Table 1.10: Enterprises reporting employee participation in training, by SETA, 2002/03, 2006/07 and 2009/10

SETA	Year		
	2002/03	2006/07	2009/10
FASSET	69	85	100
BANKSETA	85	87	100
CHIETA	68	92	93
CTFL	58	66	34
CETA	43	82	90
ETDP	71	79	76
ESETA	50	75	*
FOODBEV	69	80	100

[4] Even the use of 'smoothed weights', involving the collapsing of certain cells that would theoretically fit together and the subsequent computing of new weights based on larger numbers, would not obviate the difficulty. That certain SETAs have too few enterprises responding, that there is too large a variation in responses amongst SETAs, and that there is a need to report on findings *by SETA* and not by some arbitrary constellation of SETAs make the deployment of smoothed weights impracticable.

SETA	Year		
	2002/03	2006/07	2009/10
FIETA	74	71	100
HWSETA	69	84	72
ISETT	78	89	100
INSETA	58	95	100
LGSETA	-	50	*
MAPPP	67	67	79
MQA	77	87	100
MERSETA	57	83	86
POSLEC	75	-	-
PAETA	57	-	-
SETASA	65	-	-
SASSETA	-	91	100
AGRISETA	-	75	100
SERVICES	62	79	82
THETA	60	71	61
TETA	63	62	60
W&RSETA	52	92	88
Total	**60**	**81**	**84**

Source: 2002/03 and 2006/07 data: Paterson, Visser & Du Toit (2008); 2010 data: NSS2010 data-set

NOTE: The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.

No fewer than 9 of the 20 SETAs, according to the 2010 weighted figures, reported 100 per cent enterprise participation in training in their sectors. Moreover, we see from Table 1.10 a more or less steady increase in training between 2002/03 and 2006/07. Only two SETAs – TETA and FIETA – register a slight decline in training, while the MAPPP rate remains unchanged. Between 2006/07 and 2009/10, however, we see an uneven shift: while there is generally an increase in training levels across SETAs, there are some notable trend-breakers. The CTFL registers a decline from 66 per cent to 34 per cent against an upward trend from 2002/03 to 2006/07; and the HWSETA and THETA break the trend in the same direction. Six SETAs register a decline in training between 2006/07 and 2009/10 – as against two in the previous period. The variance between the highest and lowest training rates, moreover, is far lower (42) in 2002/03 and 2006/07 (33) than in 2009/10 (66), the 2009/10 figure again reversing the downward variation trend suggested by the comparison of the 2002/03 and 2006/07 figures. While we might speculate that the global economic downturn of 2008 to 2010 influenced enterprise propensity to train, particularly in the clothing and textile sector, this explains neither the large number of SETAs reporting 100 per cent training nor the counter-intuitive fluctuations to which we have drawn attention.

The import of this discussion is that the comparison of the 2006/07 and 2009/10 findings is invalidated by a small response rate, which weighting of the NSS2010 data does

nothing to improve. Unfortunate as this may be, it means that we are unable to ascertain the continuation of or disruptions to any trends in training that might have developed between 2002/03 and March 2010, the end date of the financial year for which the NSS2010 sought to collect data.

The main implication of the above findings for writing this report is that no comparison can be made between the NSS2007 and NSS2010 findings.

Lessons learned

The main lesson learned from conducting the NSS2010 was how to deal with the difference between the response rate achieved in the NSS2010 and the expected response rate. The response rate on the NSS2007 was 16.4 per cent, or 1,557 responses – 1,337 more than the response rate on the NSS2010 (the three surveys combined). There is a bitter irony for the project team in this response rate: because the response rate on the NSS2007 had been only 16.4 per cent – a rate in response to a postal survey – the project team had expected an e-mail survey to attract a far larger percentage of respondents by simplifying the survey participation process. The very opposite of what was expected, therefore, occurred.

Part of the 2003 and the 2007 survey methodology had involved contacting enterprises to establish their willingness to participate in the survey before distributing the questionnaire. In 2003, 2.9 per cent of unsuccessful calls were due to refusal on the part of enterprises to participate in the NSS. Four years later, in 2007, the refusal rate had risen to 27.1 per cent of unsuccessful calls, yet the same methodology was followed in both years. For the NSS2010, enterprises were again contacted to establish their willingness to participate in the survey; 6,282 enterprises agreed to receive an e-mailed questionnaire, as Table 1.3 revealed, while the refusal rate was in fact *lower* (23.8 per cent) than that in 2007. On the basis of these figures, it was thought that the NSS2010 would attract at least 2,000 responses.

We have to consider what factors in the enterprise environment could have caused this very sizeable swing. The phenomenon of ‘respondent fatigue’ has been suggested as a contributory factor, but this is a difficult factor to take account of, and to the knowledge of the NSS2010 project team, there has been no empirical investigation of the causes and characteristics of so-called respondent fatigue in South Africa. What this means is that future survey planning in this field must factor in signs of increased resistance among enterprises to respond to a survey even though it has the mandate of the South African Department of Higher Education and Training.

Since no empirical research has been done into other possible reasons for the poor response rate on the NSS2010 either, one can only speculate. Three possible causes may have been:

- the onset of the global economic downturn and the concomitant recommitment of enterprises to achieving their financial objectives (and, by implication, not ‘having the time’ to devote to a survey)

- the length of the NSS2010 questionnaire, which proved a disincentive to certain enterprises participating in the survey, as a small but clearly significant number of (unsolicited) e-mails from enterprises demonstrated; and
- the use of an e-mail survey, which, in the context of the large number of e-mails received daily by all who use e-mail, means that 'urgent' e-mails are likely to be addressed ahead of apparently unimportant ones.

The second lesson learned is a lesson for future NSS surveys – how one proceeds with further surveys of training in private enterprises: whether to return to a postal survey (given the fairly healthy 16.4 per cent response rate on the NSS2007); to conduct a Computer Assisted Telephonic Interview (CATI) survey (where enterprises are more or less compelled to respond to a very small number of key questions in real time over the telephone); or to make training surveys of this kind the responsibility of SETAs, which in any event are mandated to collect data on training in enterprises in their sectors. This last option has in fact already been operationalised in pilot fashion as part of the NSS2010: the project team, as intimated in the Introduction to this report, decided to approach five SETAs to scan their Workplace and Sector Skills Plans for data on training that could supplement the findings of the NSS2010 surveys. The findings of that exercise are reported in the third section of this report.

CHAPTER 2: TRAINING RATES AND TRAINING EXPENDITURE IN PRIVATE ENTERPRISES

Introduction

This chapter focuses specifically on what the NSS2010 findings reveal about enterprise training in the year between 1 April 2009 and 31 March 2010. The analysis is based on the enterprise size categories of small (11-49 employees), medium (50-149 employees) and large (more than 150 employees). Because enterprise size and SETA were the two stratifying variables in the sampling process, all analyses are as far as possible disaggregated by these two variables. In addition, because one of the foci of the NSS2010 is BEE enterprises and BEE co-operatives, certain disaggregations involve comparisons between BEE enterprises, non-BEE enterprises, and BEE co-operatives.

The chapter is structured into three sub-sections. The first sub-section provides an overview of some key characteristics of the private enterprises that responded to the survey with respect to geographical distribution, set-up status (BEE versus non-BEE versus co-operative) at registration, and international ownership and the number of years of operation, while the shape of employment is described with reference to the balance of permanent and non-permanent employees, the proportion of personnel leaving enterprise employ, and the distribution of disabled personnel.

The second sub-section addresses the core indicator of training access – namely, training rate. Training rates are discussed with reference to occupation, race, gender, SETA, and enterprise size.

The third sub-section considers another core indicator of training distribution and intensity, namely training expenditure. Investment in training is analysed in relation to the skills levy.

Profile of enterprises

Given the low response rate on the NSS2010, it becomes all the more important to describe carefully the characteristics of the realised sample – those enterprises that responded to the NSS2010. This section begins with such a description.

Province

Enterprises in the NSS2010 were asked to indicate not simply the provinces in which their head offices were located but their branch office locations as well.

From a head office perspective, the Gauteng, Western Cape and KwaZulu-Natal provinces accounted for 72 per cent of all responses (Table 2.1). It should be noted that the enterprises were randomly selected for participation from a national database – i.e., the sample was not stratified by location. Analysis was not undertaken according to provincial distribution.

The largest percentage of branches (Table 1.11) is in the Eastern Cape (29 per cent), followed by KwaZulu-Natal (12 per cent), Mpumalanga (12 per cent), and Gauteng (11 per cent). Two of the provinces with the most head offices, then, are also amongst those with the highest number of branches.

The combined distribution of head and branch offices reveals that economic activity is concentrated in three provinces.

Table 1.11: Distribution of enterprise head offices and branches by province (%)

Province	Head office	Branch offices
Eastern Cape	8	29
Free State	2	8
Gauteng	32	11
KwaZulu-Natal	16	12
Limpopo	3	9
Mpumalanga	7	12
Northern Cape	2	8
North West	4	2
Western Cape	24	9
Total	**100.0**	**100.0**

Source: NSS2010 data-set

Set-up of enterprise at registration

At registration (Table 1.12), the majority of enterprises (67 per cent) were set up as non-BEE enterprises, though more than a fifth (21 per cent) were set up as BEE enterprises, 12 per cent as co-operatives.

Table 1.12: Set-up of establishment at registration

Set-up of establishment	% distribution
BEE enterprise	21
BEE co-operative	12
Non-BEE enterprise	67
Total	**100**

Source: NSS2010 data-set

BEE scorecard ratings

Enterprises were asked to indicate their BEE scorecard ratings in terms of equity ownership, management, employment equity, skills development, preferential procurement, enterprise development, and socio-economic development. The following results obtain.

- *Equity ownership:* For the 25 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 1.61 and 100.00, the highest percentage of scores (27 per cent) being at 100.0, followed by 11 per cent at 50.00 and 10 per cent at 25.00.

- *Management:* For the 21 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 0.75 and 100.00, the highest percentage of scores (13 per cent) being at 100.00, followed by 9 per cent at 10.00.

- *Employment equity:* For the 31 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 0.80 and 100.00, the highest percentage of scores (13 per cent) being at 20.00, with 9 per cent at 100.00.

- *Skills development:* For the 21 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 0.09 and 100.00, the highest percentage of scores (13 per cent) being at 10.00, with 12 per cent at 100.00.

- *Preferential procurement:* For the 26 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 2.80 and 100.00, the highest percentage of scores (25 per cent) being at 25.00, followed by 8 per cent at 10.00.

- *Enterprise development:* For the 15 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 0.86 and 100.00, the highest percentage of scores (29 per cent) being at 15.00, with 19 per cent at 10.00.

- *Socio-economic development:* For the 22 per cent of enterprises which either answered the question or for which BEE scorecard ratings were relevant, percentages ranged between 0.75 and 100.00, the highest percentage of scores (35 per cent) being at 5.00, followed closely by 34 per cent at 25.00.

As this breakdown indicates, employment equity is the category that attracted the largest percentage of responses (31 per cent), enterprise development (at 15 per cent) the smallest. Skills development (at 21 per cent) falls mid-way between the two. The highest percentage of scores at 100 per cent (100.0) is for equity ownership (27 per cent). Without a more detailed analysis of these figures – which is in any event beyond the scope of this report – it is difficult to make pronouncements about enterprises' BEE status. But what the figures do suggest, if we correlate set-up of enterprise at registration with BEE scorecard ratings on the elements reported on here, is that skills development is not high on the priority list of enterprise BEE indicators, employment equity (having attracted 31 per cent of responses) and equity ownership (having the highest percentage of scores at 100 per cent) being the key criteria in terms of BEE status.

Size of enterprise and workforce

The numbers and percentages of enterprises and their employees referred to in this analysis are unweighted: while enterprises paid skills development levies to the South African Revenue Service (SARS) in 2009, they do not necessarily represent the total population of levy-paying enterprises in South Africa.

Enterprise participation in the NSS2010 and the employees those enterprises represent are indicated in Table 1.13. While small enterprises have the largest share of the total (three out of five enterprises that responded were small), large enterprises by definition represent the largest share of employees (47 747, or 87 per cent).

Table 1.13: Number of enterprises and number of employees (permanent and non-permanent) in 2009/10

Enterprise size	Total number of enterprises	% share of total number of enterprises	Total number of employees	% share of total number of employees
Small (11-49)	123	58.9	2 637	4.8
Medium (50-149)	53	25.4	4 795	8.7
Large (150+)	33	15.8	47 747	86.5
Total	**209**	**100.0**	**55 179**	**100.0**

Source: NSS2010 data-set

The distribution of enterprises by BEE status and size (Table 1.14) reveals that larger percentages of BEE enterprises and BEE co-operatives than of non-BEE enterprises are small.

Table 1.14: Enterprises by BEE status and size in 2009/10 (%)

Enterprise size	BEE enterprises	BEE co-operatives	Non-BEE enterprises
Small (11-49)	63	67	57
Medium (50-149)	30	21	24
Large (150+)	7	12	19
Total	**100**	**100**	**100**

Source: NSS2010 data-set

Distribution of enterprises and employment

The distribution of enterprises and employment across SETAs is shown in Table 1.15. What is immediately apparent is the disproportionately large percentage of enterprises in Services (half of all enterprises are in this SETA) and the far less disproportionate share of total employment (12 per cent) in this SETA (W&RSETA has 8 per cent of employment

but 10 per cent of employees). In a few cases there is a correlation between percentage share of enterprises and percentage share of employment (FIETA, ISETT, INSETA, and AGRISETA), but in most instances there is a negative correlation skewed, by virtue of the greater distribution of employees across the system, to a larger percentage share of employees than of enterprises.

The point made by Paterson, Visser & Du Toit (2008) in their analysis of percentage share of enterprises and employment obtains here also: SETAs responsible for a heterogeneous membership base and large numbers of small enterprises face a greater challenge in facilitating training than SETAs with a relatively homogenous membership/client base comprising mostly medium and large enterprises.

Table 1.15: SETA share of total employment and of total number of enterprises in the sample (%) in 2009/10

SETA	Code	% share of total employment	% share of total number of enterprises
FASSET	1	0.8	7
BANKSETA	2	4.1	1
CHIETA	3	0.8	3
CTFL	4	1.1	3
CETA	5	1.6	7
ETDP	7	1.5	4
ESETA	8	*	*
FOODBEV	9	2.3	4
FIETA	10	7.8	7
HWSETA	11	0.9	4
ISETT	12	4.3	3
INSETA	13	4.5	4
LGSETA	14	*	*
MAPPP	15	1.2	5
MQA	16	0.3	2
MERSETA	17	1.2	9
SASSETA	19	1.1	4
AGRISETA	20	6.6	5
SERVICES	23	49.3	12
THETA	25	0.8	3
TETA	26	2.0	5
W&RSETA	27	8.0	10
Total		**100.0**	**100.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Ownership

The vast majority of enterprises (93 per cent) across all enterprise sizes were South African (Table 1.16). Foreign involvement was more evident through joint venture (3.8 per cent) than through full ownership (3.3). Joint ventures are particularly prevalent in the medium-sized category.

Table 1.16: Ownership by enterprise size (%) in 2009/10

Enterprise size	South African	Joint venture	Foreign	Total
Small (11-49)	93.5	3.3	3.3	100.0
Medium (50-149)	90.7	7.4	1.9	100.0
Large (150+)	94.3	0.0	5.7	100.0
Total	**92.9**	**3.8**	**3.3**	**100.0**

Source: NSS2010 data-set

Table 1.17 shows the distribution of enterprises by ownership and SETA. In twelve SETAs there is 100 per cent South African ownership. Joint ventures were particularly prevalent in the media, manufacturing, and clothing and textiles sectors, while foreign ownership was strongly evident in the ICT and insurance sectors.

Table 1.17: Ownership by SETA (%) in 2009/10

SETA	SETA code	South African	Joint venture	Foreign	Group total
FASSET	1	100.0	0.0	0.0	100.0
BANKSETA	2	100.0	0.0	0.0	100.0
CHIETA	3	100.0	0.0	0.0	100.0
CTFL	4	83.3	16.7	0.0	100.0
CETA	5	100.0	0.0	0.0	100.0
ETDP	7	100.0	0.0	0.0	100.0
ESETA	8	*	*	*	*
FOODBEV	9	100.0	0.0	0.0	100.0
FIETA	10	100.0	0.0	0.0	100.0
HWSETA	11	100.0	0.0	0.0	100.0
ISETT	12	80.0	0.0	20.0	100.0
INSETA	13	85.7	0.0	14.3	100.0
LGSETA	14	*	*	*	*
MAPPP	15	77.8	22.2	0.0	100.0
MQA	16	100.0	0.0	0.0	100.0
MERSETA	17	75.0	18.8	6.3	100.0
SASSETA	19	100.0	0.0	0.0	100.0
AGRISETA	20	100.0	0.0	0.0	100.0
SERVICES	23	95.5	0.0	4.5	100.0
THETA	25	100.0	0.0	0.0	100.0
TETA	26	90.9	9.1	0.0	100.0
W&RSETA	27	94.4	0.0	5.6	100.0
Total		92.7	3.7	3.7	**100.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Profile of employees

Distribution of permanent and non-permanent employees

Table 1.18 shows a breakdown of employees by permanent, non-permanent and disabled employees by enterprise size. Non-permanent employees comprised 4.5 per cent of employment in the 2009/10 year. The proportion of permanent to non-permanent employees differs fairly substantially between small and medium enterprises (10 to 1 for small, 6 to 1 for medium). The proportion of non-permanent employees in large enterprises was much smaller than in small and medium enterprises.

Table 1.18: Employee status by enterprise size in 2009/10 (%)

Enterprise size	Permanent employees (including disabled)	Non-permanent employees (including disabled)	Disabled employees (permanent and non-permanent)	Total number of employees
Small (11-49)	89.5	9.0	1.5	100.0
Medium (50-149)	85.0	14.4	0.6	100.0
Large (150+)	96.3	3.4	0.3	100.0
Total	95.1	4.5	0.4	100.0

Source: NSS2010 data-set

Table 1.19 shows a breakdown of employee numbers and percentages according to their employment status by SETA. The distribution of employment at the SETA level shows that the 2 491 non-permanent employees were unevenly distributed among the SETAs. The agriculture, food and beverages, ICT, and education sectors had relatively high numbers of non-permanent employees in their employ.

From a percentage point of view, we see that the proportion of non-permanent employees varied considerably between sectors. There were three sectors where the proportion of non-permanent employees exceeded 20 per cent: education; food and beverages; and wholesale and agriculture. Sectors with the lowest proportion of non-permanent employees – besides those that had no non-permanent employees – were transport and tourism & hospitality.

Table 1.19: Employee status by SETA in 2009/10

SETA		Permanent employees (including disabled)	Non-permanent employees (including disabled)	Disabled employees (permanent and non-permanent)	Total number of employees

SETA		Permanent employees (including disabled)		Non-permanent employees (including disabled)		Disabled employees (permanent and non-permanent)		Total number of employees	
		n	%	n	%	n	%	n	%
FASSET	1	400	91.1	38	8.7	1	0.2	**439**	**100.0**
BANKSETA	2	2 103	93.4	114	5.1	34	1.5	**2 251**	**100.0**
CHIETA	3	357	86.0	58	14.0	0	0.0	**415**	**100.0**
CTFL	4	594	95.0	26	4.2	5	0.8	**625**	**100.0**
CETA	5	776	87.2	99	11.1	15	1.7	**890**	**100.0**
ETDP	7	603	73.3	217	26.4	3	0.4	**823**	**100.0**
ESETA	8	*	*	*	*	*	*	*	
FOODBEV	9	961	77.8	268	21.7	6	0.5	**1 235**	**100.0**
FIETA	10	4 261	99.9	2	0.0	3	0.1	**4 266**	**100.0**
HWSETA	11	445	95.3	19	4.1	3	0.6	**467**	**100.0**
ISETT	12	2 102	89.9	226	9.7	11	0.5	**2 339**	**100.0**
INSETA	13	2 311	93.0	135	5.4	38	1.5	**2 484**	**100.0**
LGSETA	15	*	*	*	*	*	*	*	
MAPPP	16	603	90.1	48	7.2	18	2.7	**669**	**100.0**
MQA	17	147	100.0	0	0.0	0	0.0	**147**	**100.0**
MERSETA	19	578	87.6	76	11.5	6	0.9	**660**	**100.0**
SASSETA	20	570	96.0	23	3.9	1	0.2	**594**	**100.0**
AGRISETA	22	2 721	75.3	887	24.5	6	0.2	**3 614**	**100.0**
SERVICES	23	26 662	99.3	165	0.6	26	0.1	**26 853**	**100.0**
THETA	25	414	99.3	0	0.0	3	0.7	**417**	**100.0**
TETA	26	1 065	97.3	12	1.1	18	1.6	**1 095**	**100.0**
W&RSETA	27	4 272	98.1	78	1.8	4	0.1	**4 354**	**100.0**
Total		**51 945**	**95.1**	**2 491**	**4.6**	**201**	**0.4**	**54 637**	**100.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Disabled employees

Data on disabled workers is reported on a consolidated basis (i.e., inclusive of permanent and non-permanent disabled employees) to maximise accuracy of returns. The proportion of disabled employees was about 0.4 per cent of the total number of employees, fewer than one in every one hundred workers (Table 1.20). The data suggest that proportionately more disabled people were employed in small than in medium-sized and large enterprises, which, given the resources for disabled persons which large enterprises in particular would be expected to have at their disposal, is a counter-intuitive finding.

More generally, it would have been useful to know what targets for employing disabled persons are set by enterprises of different sizes. Again, one would expect large enterprises to be more proactive in the regard.

Table 1.20: Disabled employees by enterprise size in 2009/10

Enterprise size	Disabled employees (permanent and non-permanent)	Total number of employees	Disabled employees (permanent and non-permanent)
Small (11-49)	40	2 637	1.5
Medium (50-149)	27	4 795	0.6
Large (150+)	140	47 747	0.3
Total	**207**	**55 179**	**0.4**

Source: NSS2010 data-set

At the SETA level (Table 1.21), there was some variation in the employment of disabled workers. There were small proportions of disabled workers in all sectors except banking (1.5 per cent), construction (1.7 per cent), insurance (1.6 per cent), media and publishing (2.8 per cent), and transport (1.7 per cent).

Table 1.21: Employee status by SETA in 2009/10

SETA		Disabled employees (permanent and non-permanent)	Total number of employees	Disabled employees (permanent and non-permanent)
FASSET	1	1	438	0.2
BANKSETA	2	34	2 217	1.5
CHIETA	3	0	415	0.0
CTFL	4	5	620	0.8
CETA	5	15	875	1.7
ETDP	7	3	820	0.4
ESETA	8	*	*	*
FOODBEV	9	6	1 229	0.5
FIETA	10	3	4 263	0.1
HWSETA	11	3	464	0.6
ISETT	12	11	2 328	0.5
INSETA	13	38	2 446	1.6
LGSETA	15	*	*	*
MAPPP	16	18	651	2.8
MQA	17	0	147	0.0
MERSETA	19	6	654	0.9
SASSETA	20	1	593	0.2
AGRISETA	22	6	3 608	0.2
SERVICES	23	26	26 827	0.1
THETA	25	3	414	0.7
TETA	26	18	1 077	1.7
W&RSETA	27	4	4 350	0.1
Total		**201**	**54 436**	**0.4**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Employees who left employment in 2009/10

The attrition rate of employees is a potentially important driver of training activities. Table 1.22 reveals the number and percentage of permanent employees leaving employment in 2009/10 by enterprise size. There was a 5 per cent difference in the proportion of employees leaving small enterprises and those leaving medium enterprises in the year in question. This was a relatively large difference, the causes of which would need to be pursued. Though not by any means a major driver of employee movement, access to skills development within a planned career path is a favourable factor that enhances employee loyalty to an enterprise.

Employees who left the labour market permanently (such as through illness) or who were still in circulation and moving to new work or into unemployment could not be distinguished from one another.

Table 1.22: Number of permanent employees leaving employment by enterprise size in 2009/10

Enterprise size	Number of permanent employees	Number leaving	Number leaving as a % of permanent employees only
Small (11-49)	2 389	359	15.0
Medium (50-149)	4 090	816	20.0
Large (150+)	46 089	5 986	13.0
Total	52 568	7 161	13.6

Source: NSS2010 data-set
NOTES: The data in this table exclude enterprises that reported staff turnover of ≥100 per cent

Table 1.23 shows the distribution of permanent employees leaving employment in 2009/10 by SETA. There were eleven economic sectors where the proportion of employees leaving was higher than the average of 13.2 per cent. Worst affected were tourism & hospitality (62 per cent), ICT (40 per cent), wholesale and retail (34 per cent), and safety & security (33 per cent).

If these figures were representative of the total population, high staff turnover could be ascribed to a shortage of skills in a sector and rising competition between enterprises, which enables skilled employees to be mobile – such as in the information and communications technology sector. Also, high turnover may be experienced in occupations where conditions of service are less favourable and where the nature of the work is stressful, as may be the case in the safety and security sector.

Table 1.23: Number of permanent employees leaving employment, by SETA, in 2009/10

SETA		Number of permanent employees	Number leaving	Number leaving as a % of permanent employees only
FASSET	1	400	67	16.8
BANKSETA	2	2 103	96	4.6
CHIETA	3	357	84	23.5
CTFL	4	594	42	7.1
CETA	5	776	132	17.0
ETDP	7	603	99	16.4
ESETA	8	*	*	*
FOODBEV	9	961	98	10.2
FIETA	10	4 261	643	15.1
HWSETA	11	445	75	16.9
ISETT	12	2 102	837	39.8
INSETA	13	2 311	145	6.3
LGSETA	14	*	*	*
MAPPP	15	603	48	8.0
MQA	16	147	20	13.6
MERSETA	17	578	71	12.3
SASSETA	19	570	187	32.8
AGRISETA	20	2 721	211	7.8
SERVICES	23	26 662	2 089	7.8
THETA	25	414	258	62.3
TETA	26	1065	208	19.5
W&RSETA	27	4272	1 461	34.2
Total		**51 945**	**6 871**	**13.2**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
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Training rates in private enterprises in 2009/10

A 'training ratio' or a 'training rate' can be calculated by dividing the number of employees who receive training by the total number of employees, and serves as a simple and useful measure of training access. The definition of training used in the NSS surveys – both in 2010 and in previous years – covers a broad range of activities and seeks not to prejudice any form of training exposure in the process of 'measuring' training activities (see the research design and methodology chapter for discussion). The OECD uses a similarly broad measure (e.g., O'Connell 1999: 6). The aim is to apply the same definition on a recurring basis over time, so that change can be observed.

The NSS2010 questionnaire elicited data for the calculation of a training rate through questions that were aimed to obtain:

A. aggregated data providing a summary of the total number of personnel that were trained in the *permanent, non-permanent* and *disabled* employee categories (question 3.2); and
B. disaggregated data on training by occupation, gender and race within the *permanent* employee group only (questions 3.3 and 3.4).

In (A) the intention was to compare training rates *between* the different employee categories. For (B) the aim was to consider training rates *within* the permanent employee category in greater detail. The dataset obtained for (B) was derived from the detailed responses to questions 3.3 and 3.4, which made it possible to analyse rates of training among permanent employees on the basis of equity in terms of race and gender, and by occupational category, SETA and enterprise size.

An advantage of this procedure is that the two different datasets provide an opportunity to cross-check results on training rates among permanent employees that were produced from two different questions. The training rates are summarized in Table 1.24.

Table 1.24: Training rates for permanent personnel in comparison with rates for non-permanent and disabled personnel in NSS2010

Question as in the NSS:		Type of question	Employee training measured	Training ratio calculated (%)
A 3.2	**Number of employees who participated in training** during the 2006/07 financial year, by: permanent, non-permanent, and disabled	Aggregated	Permanent, non-permanent and disabled employees	75
B	**Breakdown of numbers of permanent employees** who participated in training during the 2006/07 financial year by: • occupation group and gender	Disaggregated by occupation and gender	Permanent employees only	55
3.3 and 3.4	**Breakdown of numbers of permanent employees** who participated in training during the 2006/07 financial year by: • occupation group and population group	Disaggregated by occupation and race		53

Source: NSS2010 data-set

Training rate for permanent, non-permanent and disabled personnel: Training rate A

The aggregate training rate of all employees (A) (based on data from question 3.2) was 75 per cent. This can be disaggregated into a 56 per cent training ratio for disabled

employees, a 50 per cent training ratio for non-permanent employees, and a 77 per cent training ratio for permanent employees (see Table 1.25). Given that the training rate of permanent employees in 2007 was 53 per cent, this jump to 77 per cent means either that the data are erroneous or that enterprises have labelled every kind of staff activity, however small, 'training'.

Table 1.25: Training ratio of permanent, non-permanent and disabled employees by enterprise size (%) (Training Rate A) in 2009/10

Enterprise size	Training ratio of permanent employees (including disabled)	Training ratio of non-permanent employees (including disabled)	Training ratio of disabled employees (permanent and non-permanent)	Training ratio of all employees
Small (11-	43	34	38	42
Medium (50-	41	42	30	41
Large (150+)	82	56	66	81
Total	**77**	**50**	**56**	**75**

Source: NSS2010 data-set

Given that the number of permanent employees was much larger than that of non-permanent and disabled employees, the relatively higher training rate among permanent employees raised the training rate for all employees to 75 per cent.

Employers evidently discriminate in favour of permanent employees, probably in response to pressure from trade unions and the legislative environment. Overall, the training rate of non-permanent employees was 27 per cent lower than that of permanent employees (Table 1.25). Medium and large enterprises provide progressively higher proportions of training to non-permanent staff than do small enterprises.

Disabled employees had relatively high access to training in proportion to their share of total employment. Medium-sized enterprises overall provided the lowest levels of training to disabled employees.

Training rate calculated for permanent employees: Training rate B

Training rate (B) was calculated from disaggregated information elicited from responses to questions 3.3 and 3.4, producing a training rate of 57 per cent (Table 1.26).

Table 1.26: Training rate of permanent employees (Training Rate B) in 2009/10

Enterprise size	Training rate
Small (11-49)	38
Medium (50-149)	31
Large (150+)	62
Total	**57**

Source: NSS2010 data-set

Training rate by ownership category

The discussion now turns to training rates of permanent employees by enterprise ownership status and size. Overall, greater access to training was reported in South African enterprises (77 per cent) than in foreign enterprises (72 per cent) than in joint venture enterprises (46 per cent) (Table 1.27).

Training rates are highest in large, South African-owned enterprises – where they are twice as high as for small and medium-sized enterprises.

Table 1.27: Training rate of permanent employees by ownership status and enterprise size (%) in 2009/10

Enterprise size	South African	Joint venture	Foreign	Total
Small (11-49)	42	65	49	43
Medium (50-149)	41	43	0	41
Large (150+)	82	0	75	82
Total	77	46	72	77

Source: NSS2010 data-set

Among South African enterprises (Table 1.28), training rates are highest (above 70 per cent) for permanent employees in the services (99 per cent), insurance (77 per cent), mining (76 per cent), and chemical (75 per cent) sectors, lowest in the transport (32 per cent), media (31 per cent), ICT (30 per cent), and tourism & hospitality sectors (where only one in five employees was trained in 2009/10).

It is not possible to comment on training in foreign and joint venture enterprises given the very narrow distribution of rates occasioned by size of the response profile.

Table 1.28: Training rate of permanent employees by ownership status and SETA in 2009/10

SETA		South African	Joint venture	Foreign	Total
FASSET	1	57	0	0	57
BANKSETA	2	54	0	0	54
CHIETA	3	75	0	0	75
CTFL	4	52	0	0	50
CETA	5	49	0	0	49
ETDP	7	53	0	0	53
ESETA	8	*	*	*	*
FOODBEV	9	20	0	55	29
FIETA	10	63	0	0	63
HWSETA	11	44	0	0	44
ISETT	12	30	0	78	72
INSETA	13	77	0	0	75
LGSETA	14	*	*	*	*
MAPPP	15	31	45	0	31
MQA	16	76	0	0	76

SETA		South African	Joint venture	Foreign	Total
MERSETA	17	26	24	44	25
SASSETA	19	60	0	0	60
AGRISETA	20	60	0	0	60
SERVICES	23	99	0	61	99
THETA	25	21	0	0	21
TETA	26	32	17	0	31
W&RSETA	27	39	0	45	39
Total		**78**	**22**	**72**	**77**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Training rate by establishment type

Since skills development in BEE enterprises and BEE co-operatives is one of the main foci of this study, it is important to know the respective training rates of BEE enterprises, BEE co-operatives, and non-BEE enterprises. Table 1.29 shows the distribution. The training rate among non-BEE enterprises (76 per cent) is far higher than among BEE enterprises (59 per cent), which in turn is higher than the rate among BEE co-operatives (50 per cent). Nevertheless, the figures reveal that while three-quarters of employees in non-BEE enterprises were trained in 2009/10, three-fifths of employees in BEE enterprises and half the employees in BEE co-operatives were trained. The figures for BEE enterprises and BEE co-operatives represent healthy training rates.

Table 1.29: Training rates in BEE enterprises, BEE co-operatives, and non-BEE enterprises in 2009/10

Establishment type	Total employees (N)	Total employees trained (N)	Training rate (%)
BEE enterprises	2 598	1 535	59.1
BEE co-operatives	1 799	905	50.3
Non-BEE	48 851	37 083	75.9
Total	**53 248**	**39 523**	**74.2**

Source: NSS2010 data-set

Training by occupation

Analysis of training by occupational category is integral to our understanding of how upgrading of the workforce is taking place. The empirical base of such work rests on

systems of classifying classes and sub-classes of occupations. For the National Skills Survey of 2003, a South African sub-variant of the International Standard Occupational Code (ISOC) classification system was used as required by the South African Department of Labour. In 2008, the Department adopted a new occupational classification system – the Organising Framework for Occupations (OFO) – which was applied in the NSS2007 (Paterson, Visser & Du Toit, 2008). The NSS2010 also used the OFO system.

Table 1.30 shows training rates of permanent employees by occupational group expressed in percentages. Training ratios ranged over twenty percentage points from just over three-in-ten trained among 'labourers' to well over eight-in-ten for 'professionals'. The exceptionally high training rate for professionals in comparison with that for managers and technicians & trade workers (both 42 per cent) is suspiciously anomalous, possibly testimony to the skewing of the data-set by the number or profile of professionals in the enterprises participating in the survey. If the data were correct, however, that only three of the eight occupational category training rates are above the average would be testimony to the high training rates among professionals and community & personal service workers.

Table 1.30: Training rate of permanent employees by occupational group in 2009/10 (%)

Occupational category	Training rate
Managers	42
Professionals	86
Technicians and trade workers	42
Community & personal service workers	76
Clerical and administrative workers	60
Sales workers	41
Machinery operators and drivers	43
Labourers	33
Total	**55**

Source: NSS2010 data-set

The very low training rate among labourers, were the findings to be generalisable to the total population, would clearly be undesirable. Even though such a pattern is replicated in many national training and skills development systems internationally, we must be mindful that historical policies of racial discrimination in education and in occupational access have produced a persistent pattern of association between race and low skill occupations. This legacy presents a standing challenge to policy dealing with racial equity in the conjunct fields of training and occupational opportunities.

Training rate by enterprise size and SETA

The analysis now proceeds to address training rates of permanent employees by enterprise size and SETA.

Training rate by enterprise size

The training rate of large enterprises (81 per cent) was almost double the rate of small enterprises (46 per cent), which means that in the year in question, a worker employed in

a large enterprise was twice as likely to receive training as a worker in a small enterprise (Table 1.31). Nevertheless, this does mean that more than 40 per cent of small enterprises, in relation to Success Indicator 2.2 of the NSDS II, are training their staff – whether with levy grant support or not.

Given that four out of five permanent employees in 2009/10 were employed in large enterprises, this is a positive outcome, because this majority had the benefit of a relatively high probability of receiving training. On the other hand, in small enterprises, where training is most difficult to mobilise – for both enterprise and SETA – 2 389 workers had a one-in-two chance of some exposure to training.

Table 1.31: Training rate of permanent employees by enterprise size and SETA (%) in 2009/10

SETA		Small (11-49)	Medium (50-149)	Large (150+)	Total
FASSET	1	60	53	0	57
BANKSETA	2	0	0	54	54
CHIETA	3	81	16	100	75
CTFL	4	0	45	57	50
CETA	5	34	52	63	49
ETDP	7	124[5]	102	40	53
ESETA	8	*	*	*	*
FOODBEV	9	82	0	23	29
FIETA	10	86	67	62	63
HWSETA	11	21	36	61	44
ISETT	12	96	23	78	72
INSETA	13	66	0	78	75
LGSETA	14	*	*	*	*
MAPPP	15	24	27	36	31
MQA	16	33	93	0	76
MERSETA	17	31	14	0	24
SASSETA	19	0	29	84	60
AGRISETA	20	8	42	62	60
SERVICES	23	36	54	100	99
THETA	25	24	0	29	21
TETA	26	81	36	25	31
W&RSETA	27	46	3	40	39
Total		46	39	81	77

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

[5] The training rate of employees in small and medium-sized enterprises in the ETDP SETA indicates that enterprises claimed more employees trained than are actually employed.

Training rate at SETA level

There was a massive range in training rates between SETAs (Table 1.31). Training rates ranged between a low of 21 per cent for THETA and 99 per cent for SERVICES, generating a difference of close to 80 per cent. SETAs with training ratios of 35 per cent or less included MAPPP, TETA, FOODBEV, MERSETA, and THETA.

Training rate by gender

Training rate of permanent employees by gender and enterprise size is an integral dimension to assess for equity purposes. The data (Table 1.32) show that there was a massive 18 per cent difference between the aggregate male and female training ratios (50 and 68 per cent respectively). It is clear that even on the first-level indicator of training rate, the enterprises in the realised sample showed some transformation in favour of gender equity in access to training.

The tendency for females to receive more training than males is visible only in large enterprises, however, where there was a 21 per cent differential.

Table 1.32: Training rate of permanent employees by gender and enterprise size (%) in 2009/10

SETA	Small (11-49)	Medium (50-149)	Large (150+)	Total
Male	37	33	54	50
Female	36	25	75	68
Total	37	30	66	60

Source: NSS2010 data-set

Table 1.33 shows training rates of permanent employees by gender and SETA expressed as percentages. It can be seen that the overall training rate across the different SETAs varies considerably. This variation sets the parameters within which access to training by gender is experienced. There was greater variation in training rate between SETAs than between male and female workers within SETAs.

Table 1.33: Training rate of permanent employees by gender and SETA in 2009/10 (%)

SETA		Male (A)	Female (B)	Total	Difference (A) – (B)
FASSET	1	54	31	42	23
BANKSETA	2	54	54	54	0
CHIETA	3	71	83	75	-13
CTFL	4	29	35	32	-6
CETA	5	33	49	37	-16
ETDP	7	40	42	41	-3
ESETA	8	*	*	*	*
FOODBEV	9	45	31	41	14
FIETA	10	64	37	57	27
HWSETA	11	33	42	40	-9

SETA		Male (A)	Female (B)	Total	Difference (A) – (B)
ISETT	12	64	56	62	8
INSETA	13	72	73	72	-1
LGSETA	15	*	*	*	*
MAPPP	16	16	11	13	5
MQA	17	77	89	78	-13
MERSETA	19	31	14	26	17
SASSETA	20	62	43	55	19
AGRISETA	22	19	38	26	-19
SERVICES	23	85	93	92	-8
THETA	25	25	20	22	5
TETA	26	23	12	20	11
W&RSETA	27	41	38	40	3
Total		**51**	**70**	**61**	**-19**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Training rate by enterprise size and race

Table 1.34 shows training rates of permanent employees by race and enterprise size expressed as percentages. Overall, training exposure by race exemplifies the classic apartheid sliding scale, between a low of 43 per cent for African workers and a high of 70 per cent for white workers, with coloured and Indian/Asian workers' rates falling between the two. There was a massive 27 per cent difference between the highest and lowest training rates between race groups in 2009/10. Were this to be representative of the total population, it would be a warning sign that the human capital potential and the redress needs of African workers are not being addressed sufficiently. It would also signify a major failure for the NSDS II and a reversal of the 2007 picture, where the training of black Africans (58 per cent) far outstripped that of whites (25 per cent).

The largest intra-race group differences in training rate were among whites (a difference of 46 per cent between the training rate of permanent employees in medium-sized enterprises and those in large enterprises), the smallest among black Africans (11 per cent).

Table 1.34: Training rate of permanent employees by race and enterprise size in 2009/10 (%)

Race	Small (11-49)	Medium (50-149)	Large (150+)	Total
Black (total)	*37*	*31*	*49*	*46*
Black African	37	33	44	43
Coloured	34	25	56	51

Race	Small (11-49)	Medium (50-149)	Large (150+)	Total
Indian/Asian	46	44	64	61
White	39	31	77	70
Total	38	31	57	53

Source: NSS2010 data-set

Training rate by occupational category and race

Table 1.35 shows training rates of permanent employees by race and occupational category expressed as percentages.

In 2009/10, Africans – in perfect keeping with the fact that they were exposed to the lowest level of training overall (43 per cent) – were exposed to the lowest levels of training in five of the eight occupational categories. And while whites were exposed to the highest levels of training in four categories, Africans did not have the highest level of training in any category.

The other critical dimension in variance of training rate between race groups occurred within occupational categories. The occupation within which there was the highest variation between the training rates of race groups was 'community & personal service workers' (62 per cent), while the lowest variation was in the manager category (12 per cent). African technicians and trade workers experienced the lowest training rate by race and by occupation, which, were the results generalisable to the total population, would have dire consequences for the future of this occupational category in South Africa, given that the average training across this category is only 29 per cent.

Table 1.35: Training rate of permanent employees by occupational category and race in 2009/10 (%)

Occupational category	African	Coloured	Indian	White	Total
Managers	62	51	63	54	56
Professionals	84	92	77	87	86
Technicians and trade workers	16	20	54	42	29
Community & personal service workers	42	53	104	98	60
Clerical and administrative workers	55	61	48	64	59
Sales workers	37	39	48	57	40
Machinery operators and drivers	47	27	62	30	44
Labourers	33	38	44	46	34
Total	43	51	61	70	53

Source: NSS2010 data-set

Training rate by occupational code and enterprise size

Within certain occupational groups, there were clear differences in the propensity to train across enterprise size (Table 1.36). Across all occupational categories except 'sales workers', large enterprises showed a greater tendency to train than did small enterprises; but

across all categories except 'managers', training rates in medium-sized enterprises were lower than those in small enterprises.

The occupational category with the highest training rate was 'community & personal service workers' (88 per cent), that with the lowest, labourers (33 per cent).

Table 1.36: Training ratio by SOC code (according to the OFO) and enterprise size in 2009/10(%)

Occupational category	Small (11-49)	Medium (50-149)	Large (150+)	Total
Managers	35	38	63	57
Professionals	54	30	92	86
Technicians and trade workers	32	25	62	54
Community & personal service workers	73	40	91	88
Clerical and administrative workers	32	24	67	61
Sales workers	59	53	39	41
Machinery operators and drivers	33	30	47	42
Labourers	30	28	35	33
Total	**40**	**30**	**64**	**59**

Source: NSS2010 data-set

NOTES:

1. *SOC = Standard Occupational Classification*
2. *OFO = Organising Framework for Occupations*

Expenditure on training

This section examines the dynamics of expenditure on training by enterprises. The distribution of expenditure and its magnitude are analysed first by enterprise size, then by SETA, and finally by establishment type.

Expenditure and enterprise size

We see (Table 1.37) that training expenditure as a percentage of payroll was highest among small enterprises, followed by large and then medium enterprises. Medium-sized enterprise expenditure is proportionally much lower than that of small and large enterprises.

Average training expenditure per trained employee, however, does not correlate with training expenditure as a percentage of payroll. Large enterprises in the realised sample spent 7 times more on training per trained employee than did small enterprises (column c) and 24 times more than did medium-sized enterprises. However, training expenditure is seldom distributed to all staff in a particular year. Training may be more or less centralised or dispersed among workers in an enterprise.

To obtain a measure of the spread of training across all employees, the total training expenditure is divided by all employees in a given year. Averaging expenditure across all employees reveals a similar large gap between large and small enterprises, the former spending roughly 14 times more than the latter in crude expenditure terms (column d).

The average training expenditure per trained employee can be compared with the training expenditure averaged over all employees in the following way:

$$\frac{\text{Average training expenditure per employee}}{\text{Training expenditure averaged over trained employees}} \times \frac{100}{1} = \text{per cent}$$

The results of this calculation indicate to what extent training expenditure is concentrated in a small group of employees or is allocated over a wider base of employees. The calculation of percentages based on this formula for small, medium and large enterprises were 43 per cent, 41 per cent and 81 per cent respectively. This means that large enterprises were more successful in spreading training benefits to a larger group of employees than were small and medium enterprises. Put differently, on account of design or default, training expenditure among small and medium enterprises was focused more exclusively on certain employee groups.

Table 1.37: Expenditure on training by enterprise size, 2009/10

Enterprise size	a	b	c	d	e
	Total payroll	Total training expenditure	Average training expenditure per trained employee	Average training expenditure per employee	Training expenditure as a % of payroll
	(000 000)	(000 000)			
	R	R	R	R	
Small (11-49)	315	11	10 646	4 461	3.7
Medium (50-	381	6	3 220	1 318	1.7
Large (150+)	85 336	2 968	76 979	62 166	3.5
Total	**86 033**	**2 986**	**71 740**	**54 121**	**3.5**

Source: NSS2010 data-set

Expenditure by SETA

Table 1.38 shows training expenditure by SETA.

In 2009/10, average training expenditure per trained employee ranged from high levels in SETAs such as MERSETA (R6 213), FASSET (R5 675) and MQA (R4 183) to very low levels in other SETAs, such as AGRISETA (R226) and CHIETA (R102). In other words, in certain SETAs enterprises were spending exponentially more on training than in other SETAs. Thus MERSETA spent, on average, 61 times more training each trained employee than did CHIETA. These results are highly unlikely to be representative of the entire population, however.

Table 1.38: Expenditure on training by SETA, 2009/10

SETA		a	b	c	d	e
		Total payroll	Total training expenditure	Average training expenditure per trained employee	Average training expenditure per employee	Training expenditure as a percentage of payroll
		(000)	(000)			

		R	R	R	R	
FASSET	1	48 000	1000	5 675	3413	3.1
BANKSETA	2	*	*	*	*	*
CHIETA	3	4 000	29	102	71	0.7
CTFL	4	26 000	424	1 426	680	1.6
CETA	5	63 000	877	2 177	986	1.4
ETDP	7	153 000	1 000	3 458	1 630	0.9
ESETA	8	*	*	*	*	*
FOODBEV	9	432 000	107	366	87	0.0
FIETA	10	415 000	1 000	705	445	0.5
HWSETA	11	54 000	767	3 282	1644	1.4
ISETT	12	*	*	*	*	*
INSETA	13	53 000	2 000	1 431	1 018	4.7
LGSETA	14	*	*	*	*	*
MAPPP	15	20 000	393	1 710	588	2.0
MQA	16	5 000	501	4 183	3 414	9.0
MERSETA	17	47 000	869	6 213	1 318	1.8
SASSETA	19	56 000	438	1 238	738	0.8
AGRISETA	20	49 000	535	226	148	1.1
SERVICES	23	1 962 000	162	6	6	0.0
THETA	25	2000	301	3 507	723	14.0
TETA	26	156 000	474	1 431	434	0.3
W&RSETA	27	184 000	3 000	2 072	800	1.9
Total		**3 787 000**	**2 879 000**	**69 900**	**52 701**	**76.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Expenditure by establishment type

A third cross-tabulation that needs to be made if we are to understand the training expenditure dynamic from the perspective of one of the foci of this study is expenditure by establishment type (BEE enterprise, BEE co-operative, or non-BEE enterprise). The results of such an analysis are presented in Table 1.39. We see that BEE and non-BEE enterprises spent roughly similar percentages of their payroll on training, but that co-operatives spent considerably less (1 per cent). This is likely to be a function of the disparate nature of co-operative functioning; but further research is needed to verify this.

Table 1.39: Expenditure on training in BEE enterprises, BEE co-operatives, and non-BEE enterprises in 2009/10 (R)

Establishment type	Payroll / Remuneration	Total expenditure on training	% spend on training
BEE enterprises	318 841 412	11 604 145	3.6

Establishment type	Payroll / Remuneration	Total expenditure on training	% spend on training
BEE co-operatives	113 235 166	883 400	0.8
Non-BEE	84 858 549 364	2 970 684 069	3.5
Total	**85 290 625 942**	**2 983 171 614**	**3.5**

Source: NSS2010 data-set

CHAPTER 3: TRAINING ACTIVITIES, NEEDS AND INFRASTRUCTURE

Introduction

The NSS2010 yielded data that sheds light on contextual features of training in the workplace including delivery methods, human resource development practices, and skills gaps. They are discussed under the following themes:

- Employee turnover
- Skills that are underdeveloped or lacking in the workforce
- The need for skills upgrading across occupational categories
- Human resources development practices that emphasise high performance work places
- Strategies or activities used to fill posts
- Training infrastructure at the enterprise level; and
- Factors that could encourage enterprises to increase training in the short term.

The performance of the levy-grant system is scrutinised with particular reference to the participation of enterprises and enterprise rating of SETA services. The core units of analysis are enterprise size, SETA affiliation, and, where appropriate, establishment status (BEE enterprise, BEE co-operative, or non-BEE enterprise).

Skills needs

Factors causing employee turnover

The enterprises in the realised sample reported that, in 2009/10, 12.6 per cent of workers terminated their employment.[6] The discussion below explores how enterprises attributed importance to the causes of this employee turnover.

The NSS2010 questionnaire used rating scales to obtain information on the views of respondents about various matters related to training. Throughout the questionnaire a standardised approach to asking for ratings from respondents was adopted, using a 5-point scale with '1' being 'not important at all' and '5' being 'very important'. For example, an item in the questionnaire dealt with factors that cause employee turnover. Respondents were asked to rate the importance of a set factors in causing employee turnover. Table 1.40 shows how respondents rated the importance of each factor. The rating numbers in the table represent the average rating allocated by enterprises for each factor.

'Resignation' was rated the most important factor. This signals that, in the view of respondents, resignation was the largest contributor to employee turnover.

[6] By sheer coincidence, exactly the same percentage of employees left the employ of their enterprises in 2006/07.

In the view of respondents, 'dismissals', presumably on the basis of disciplinary reasons, was a stronger factor in employee turnover than 'retirement' or 'retrenchment'. This suggests a relatively combative labour relations environment in the year in question. The third highest ranked factor was 'conclusion/end of contract'.

In most items, an 'Other' category was included to capture factors not included in the actual questionnaire. A high rating given to the 'other' category is a signal that respondents consider that factors additional to those mentioned in the question are important. Space in the questionnaire was provided for respondents to write an additional/other factor on the questionnaire form, and to rate it.

The 'other' category produced the highest mean value of all factors causing employee turnover – unsurprisingly, as far lower percentages of enterprises indicated the influence of an additional variable on employee turnover. Consequently, the 'other' category was disaggregated, analysed and also listed in Table 1.40. 'Absconding' was rated as the most important 'other' contributor to staff turnover, although only 2 per cent (of 220 enterprises) rated this factor as important.

Table 1.40: Factors causing employee turnover, by enterprise size

Factor	Mean[7]				% of enterprises that responded
	Small (11-49)	Medium (50-149)	Large (150+)	Total	
Dismissal	1.9	2.5	2.7	2.3	67
Emigration	1.1	1.1	1.1	1.1	50
Medical boarding	1.1	1.2	1.9	1.3	54
Resignation	2.7	3.1	3.6	3.0	72
Retirement	1.5	1.4	2.3	1.6	55
Retrenchment	1.5	1.7	1.8	1.6	55
Conclusion/end of contract	1.8	2.5	2.3	2.1	60
Other	4.0	2.5	3.0	3.4	4
Absconding	5.0	2.0	0.0	4.3	2
Death	3.0	3.0	2.0	2.8	2
Poaching	0.0	0.0	4.0	4.0	1

Source: NSS2010 data-set

Table 1.41 shows how the relative importance of factors causing employee turnover was rated by SETAs. 'Resignation' was considered to affect employee turnover in almost all SETAs, and was rated above the mean (3.0) by ten of the SETAs. The only other scores above 3 were for 'dismissal' in AGRISETA, 'retirement' in BANKSETA, and 'conclusion of contract' in ISETT (unsurprisingly, perhaps, given the temporary contract nature of much ICT work).

'Emigration' was accorded the lowest average rating across all SETAs, as compared with other factors. Thus emigration was not perceived as an important factor on an aggregate

[7] In this and subsequent tables, all figures reported, unless otherwise indicated, are means.

basis. Analysis would probably reveal that emigration impacts differently by occupational category.

Table 1.41: Factors causing employee turnover, by SETA

SETA acronym	SETA Code	Dismissal	Emigration	Medical boarding	Resignation	Retirement	Retrenchment	Conclusion / end of contract	Other
FASSET	1	1.4	1.0	1.0	4.0	1.3	1.0	2.4	-
BANKSETA	2	2.0	1.0	3.0	5.0	4.0	1.0	1.0	2.0
CHIETA	3	2.8	1.0	1.0	2.8	2.4	1.0	1.3	5.0
CTFL	4	1.8	1.0	2.3	2.5	2.0	2.0	1.8	-
CETA	5	2.3	1.0	1.5	2.1	1.2	1.6	2.9	-
ETDP	7	1.7	1.2	1.0	2.4	1.3	1.0	2.1	-
ESETA	8	*	*	*	*	*	*	*	*
FOODBEV	9	2.3	1.0	1.0	3.3	1.3	1.6	2.0	-
FIETA	10	2.5	1.1	1.6	2.9	2.0	2.4	1.8	-
HWSETA	11	1.7	1.0	1.0	3.3	1.0	1.7	2.4	-
ISETT	12	2.5	2.3	1.5	2.2	1.8	1.5	3.4	-
INSETA	13	1.3	1.4	1.2	3.2	2.8	2.0	1.7	5.0
LGSETA	14	*	*	*	*	*	*	*	*
MAPPP	15	1.8	1.0	1.5	2.9	1.7	1.4	2.5	1.0
MQA	16	2.0	1.0	1.0	3.0	1.0	1.0	1.0	-
MERSETA	17	2.2	1.0	1.0	3.1	1.9	1.8	1.3	5.0
SASSETA	19	2.7	1.0	1.2	3.1	1.2	1.2	1.8	-
AGRISETA	20	3.1	1.0	2.5	3.4	2.3	1.8	2.5	-
SERVICES	23	2.2	1.0	1.1	3.0	1.4	1.6	2.7	-
THETA	25	2.5	1.0	2.3	3.5	2.0	1.5	1.0	2.0
TETA	26	2.5	1.1	1.4	3.4	2.0	2.1	1.9	3.5
W&RSETA	27	2.9	1.2	1.1	3.0	1.2	2.0	2.0	-
Total		2.3	1.1	1.4	3.0	1.7	1.7	2.1	3.4

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Meeting skills needs

In this section the strategic responses of enterprises to the loss of productive human capacity are analysed. Table 1.42 reveals how enterprises rated the importance of actions they undertook to meet skills needs, or to fill posts, in 2009/10.

The most striking finding from the data was that enterprises would resort to 'skills upgrade' (3.1) and to 'improved retention of employees' (3.3) over and above all the other possible options. Even though recruitment patterns probably differ by occupational category, the overall positive response in terms of retention and training can be read as encouraging in the light of the high unemployment rates in South Africa.

Table 1.42: Actions undertaken to meet skills needs by enterprises in 2009/10, by size of enterprise

Activities	Small (11-50)	Medium (51-100)	Large (100+)	Total
Improved retention of employees	3.1	2.8	3.4	3.1
Head hunting	1.9	1.6	2.8	2.0
Outsourcing	2.0	1.8	2.3	2.0
Recruiting from abroad	1.4	1.2	1.7	1.4
Short term contracts / consultants	2.1	2.2	2.6	2.3
Up skilling / skills upgrade	3.0	2.9	3.6	3.1
Other	1.3	1.0	1.0	1.2

Source: NSS2010 data-set

Table 1.43 shows how the different strategies undertaken to meet skills needs – fill vacant posts – were rated by SETA membership. Encouragingly, from the perspective of the NSS2010, there was almost ubiquitous support across SETAs for skills upgrade as a strategy for meeting skills needs – a strategy particularly favoured by FASSET, BANKSETA, CETA, ETDP SETA, INSETA, MQA and SASSETA.

Table 1.43: Actions undertaken to meet skills needs by enterprises in 2009/10, by SETA

SETA		Improved retention of employees	Headhunting	Outsourcing	Recruitment from abroad	Short term contracts / consultants	Up skilling / skills upgrade	Other
FASSET	1	2.6	1.3	2.9	1.0	1.9	3.5	1.0
BANKSETA	2	4.0	3.0	2.0	1.0	3.0	4.0	_
CHIETA	3	2.2	2.2	2.2	1.4	2.4	2.8	1.0
CTFL	4	3.5	1.0	1.5	1.0	2.0	3.0	_
CETA	5	3.0	1.0	2.2	1.0	3.3	3.6	_
ETDP	7	2.9	2.7	2.4	1.8	3.3	3.6	_
ESETA	8	*	*	*	*	*	*	*
FOODBEV	9	3.0	1.4	1.8	1.4	2.2	3.3	_
FIETA	10	2.8	2.0	1.3	1.2	1.6	3.1	2.5
HWSETA	11	2.8	1.8	2.0	1.6	2.7	2.4	_
ISETT	12	2.6	2.0	2.5	2.0	3.5	3.2	1.0

SETA		Improved retention of employees	Headhunting	Outsourcing	Recruitment from abroad	Short term contracts / consultants	Up skilling / skills upgrade	Other
INSETA	13	4.0	2.7	1.8	1.3	2.7	4.2	1.0
LGSETA	14	*	*	*	*	*	*	*
MAPPP	15	3.3	1.6	2.0	1.0	2.2	3.4	_
MQA	16	4.0	3.5	1.5	1.5	2.5	4.3	_
MERSETA	17	2.6	1.5	1.4	1.3	1.6	3.1	1.0
SASSETA	19	4.0	2.5	2.0	1.0	2.2	4.0	4.0
AGRISETA	20	2.9	2.0	1.8	1.7	2.3	2.6	1.0
SERVICES	23	3.5	1.9	1.9	1.2	2.0	2.4	1.0
THETA	25	2.7	2.0	1.7	3.0	2.0	2.8	1.0
TETA	26	3.6	2.0	2.0	1.3	2.3	2.6	1.0
W&RSETA	27	3.0	2.6	2.1	1.9	1.9	2.8	1.0
Total		3.1	2.0	2.0	1.4	2.3	3.1	1.3

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Skills developed or underdeveloped in enterprises

The following discussion presents a perspective on the skills that were considered to be developed or underdeveloped in enterprises in 2009/10. In this case, the 'skills' referred to are mainly 'soft skills' that are desirable across the workforce because they are generic and form the platform for other behaviour desired among employees, namely capacity to learn. The only exception in the list presented to respondents was "IT professional skills."

The profile of skills considered developed is outlined in Table 1.44. Across enterprise size, IT professional skills are considered least developed, management skills most developed. This profile obtains across enterprises of all sizes, except that technical and practical skills are most developed in large enterprises.

Table 1.44: Skills considered developed in enterprises in 2009/10, by enterprise size

Enterprise size	Communication skills	Customer handling skills	General IT user skills	IT professional skills	Literacy skills	Management skills	Numeracy skills	Problem solving skills	Team working skills	Technical and practical skills
Small (11-49)	3.2	3.3	3.0	2.6	3.2	3.4	3.2	3.2	3.3	3.4
Medium (50-149)	3.2	3.4	2.8	2.2	3.0	3.5	2.9	3.1	3.1	3.3

Enterprise size	Communication skills	Customer handling skills	General IT user skills	IT professional skills	Literacy skills	Management skills	Numeracy skills	Problem solving skills	Team working skills	Technical and practical skills
Large (150+)	3.1	3.3	3.3	2.8	3.2	3.4	3.1	3.0	3.3	3.7
Total	3.2	3.4	3.0	2.6	3.2	3.5	3.1	3.2	3.2	3.4

Source: NSS2010 data-set

CTFL and FOODBEV (Table 1.45) had, respectively, the least and second-least developed skills on average (2.5 and 2.8), THETA, FASSET, and ISETT the most developed skills (3.6, 3.5 and 3.5 respectively). IT professional skills were particularly underdeveloped in CTFL and W&RSETA (1.8 and 1.9 respectively).

Table 1.45: Skills considered developed in enterprises in 2009/10, by SETA

SETA		Communication skills	Customer handling skills	General IT user skills	IT professional skills	Literacy skills	Management skills	Numeracy skills	Problem solving skills	Team working skills	Technical and practical skills
FASSET	1	3.5	3.5	3.2	3.0	3.6	3.4	4.0	3.8	3.2	3.6
BANKSETA	2	3.0	3.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	5.0
CHIETA	3	3.2	3.8	3.5	3.0	3.0	2.8	2.8	2.5	2.3	3.0
CTFL	4	2.6	2.8	2.6	1.8	2.4	2.8	2.3	2.2	2.8	2.8
CETA	5	3.1	3.4	3.0	2.2	2.9	3.8	3.2	3.3	3.8	3.7
ETDP	7	3.5	3.4	3.0	3.2	3.6	3.5	3.2	2.8	3.6	4.0
ESETA	8	*	*	*	*	*	*	*	*	*	*
FOODBEV	9	2.5	3.3	2.6	2.4	2.4	2.6	2.4	3.1	3.1	3.3
FIETA	10	3.0	3.0	2.9	2.4	2.9	3.1	2.7	2.5	2.8	3.3
HWSETA	11	3.4	3.3	3.2	2.4	3.5	3.6	3.0	3.0	3.0	3.7
ISETT	12	3.3	3.8	4.3	4.0	3.3	3.5	3.3	3.0	3.0	4.0
INSETA	13	3.2	3.6	3.7	2.0	4.0	3.6	3.9	3.3	3.2	3.7
LGSETA	14	*	*	*	*	*	*	*	*	*	*
MAPPP	15	2.9	3.2	2.8	2.7	3.1	3.5	3.0	3.0	3.0	3.4
MQA	16	3.3	3.0	3.5	2.0	4.5	4.0	3.7	4.0	3.3	4.0
MERSETA	17	2.8	3.1	2.9	2.5	2.9	3.3	2.8	3.1	2.9	3.5
SASSETA	19	3.4	3.4	2.6	2.3	3.3	4.2	3.3	3.3	3.3	2.7
AGRISETA	20	3.4	3.3	3.0	2.4	2.7	3.6	3.0	3.3	3.2	3.6
SERVICES	23	3.4	3.4	3.2	3.3	3.3	3.7	3.4	3.6	3.6	3.3
THETA	25	3.4	3.6	3.4	2.8	4.0	4.0	3.8	3.8	3.8	3.8
TETA	26	3.3	3.3	2.9	2.5	3.4	3.2	3.2	3.2	3.4	3.3
W&RSETA	27	3.1	3.3	2.5	1.9	3.1	3.6	2.8	3.1	3.4	3.3
Total		**3.2**	**3.3**	**3.0**	**2.6**	**3.2**	**3.5**	**3.1**	**3.2**	**3.2**	**3.4**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*

2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

From an establishment type perspective (Table 1.46), the most developed skills on average are reported by co-operatives (3.5), the least developed by BEE enterprises (3.0), with non-BEE enterprises between the two (3.2). IT professional skills are particular underdeveloped in BEE enterprises (2.1), customer handling and management skills particularly well developed in co-operatives (both 3.9).

Table 1.46: Skills considered developed in enterprises in 2009/10, by establishment type

Establishment type	Communication skills	Customer handling skills	General IT user skills	IT professional skills	Literacy skills	Management skills	Numeracy skills	Problem solving skills	Team working skills	Technical and practical skills
BEE enterprises	3.2	3.4	2.6	2.1	2.9	3.4	2.9	2.9	3.2	3.2
BEE co-operatives	3.4	3.9	3.3	2.6	3.4	3.9	3.4	3.6	3.6	3.4
Non-BEE	3.1	3.3	3.0	2.6	3.2	3.4	3.1	3.2	3.2	3.4
Total	3.2	3.3	3.0	2.5	3.1	3.5	3.1	3.2	3.2	3.4

Source: NSS2010 data-set

Occupations in which skills upgrading was required

The focus now shifts to occupations that were deemed to require skills upgrading during 2010/11. The reference to 'skills upgrading' was deliberately non-specific and therefore could refer to generic or to technical skills. The question refers to skills upgrading that may be driven by technology change for instance. The main concern was to explore inter-occupational differences in the need for skills upgrading.

The key occupations requiring skills upgrading (Table 1.47) were technicians & trade workers and machinery operators & drivers – largely by virtue of large enterprise demand for upgrading in these occupations. Indeed, large enterprises required skills upgrading at higher levels than did small and medium-sized enterprises across all occupational categories. In the top three categories the differential between small and large enterprises is large: 0.6.

Sales workers, labourers, and community and personal service workers were considered to have the least need for skills upgrading.

Table 1.47: Occupations requiring skills upgrading during 2009/10, by enterprise size

Occupations	Small (11-49)	Medium (50-149)	Large (150+)	Total
Technicians and trade workers	3.3	3.0	3.9	3.4
Machinery operators and drivers	3.1	3.1	3.7	3.3
Managers	3.0	3.1	3.6	3.2
Professionals	3.1	3.2	3.3	3.2
Clerical and administrative workers	3.3	3.0	3.3	3.2
Sales workers	3.0	3.0	3.2	3.1
Labourers	3.0	2.9	3.4	3.1
Community and personal service workers	2.1	2.0	2.6	2.2

Source: NSS2010 data-set

When the data on skills upgrading needs are compared to the training rate reported per occupational category (Chapter 2), it is evident that there is a gap between perceived need and training supply. For example, technicians and trade workers have the highest need for skills upgrading (3.4) but train at a rate (42 per cent) well below the average training rate of 55 per cent. The issue of increasing responsiveness to skills needs is clearly complex, and there is evidence that perceived 'need' and training provision do not necessarily occur in synchrony with each other.

We turn now to a SETA view on occupations that should be targeted for skills upgrading (Table 1.48). There appears to be an association between the occupational categories requiring skills upgrading and economic sectors which feature such occupations in their occupational structure. For instance, a clear need was expressed for skills upgrading of professionals in the finance-related SETAs – FASSET (4.1, BANKSETA (4.0), and INSETA (4.1) – and those requiring qualified teachers (ETDP – 3.7), doctors (HWSETA – 3.8), ICT professionals (ISETT – 3.8), and mining engineers (MQA – 4.3).

Table 1.48 shows occupations requiring skills upgrading during 2009/10 by SETA.

Table 1.48: Occupations requiring skills upgrading during 2009/10, by SETA

SETA		Managers	Professionals	Technicians and trade workers	Community and personal service workers	Clerical and administrative workers	Sales workers	Machinery operators and drivers	Labourers
FASSET	1	3.5	4.1	3.5	1.0	2.8	3.0	2.5	2.0
BANKSETA	2	3.0	4.0	5.0	3.0	3.0	0.0	3.0	4.0
CHIETA	3	4.5	2.3	3.0	1.0	3.3	2.0	2.8	1.8
CTFL	4	2.3	2.2	3.0	2.0	2.8	2.8	3.5	3.2
CETA	5	3.1	3.5	3.8	2.0	3.3	3.3	4.0	3.5
ETDP	7	3.5	3.7	3.0	2.3	4.0	2.8	2.0	2.2
ESETA	8	*	*	*	*	*	*	*	*
FOODBEV	9	2.1	1.5	2.3	1.3	3.3	2.4	4.1	3.9
FIETA	10	2.7	3.0	3.4	1.9	3.6	2.9	4.2	3.6

SETA		Managers	Professionals	Technicians and trade workers	Community and personal service workers	Clerical and administrative workers	Sales workers	Machinery operators and drivers	Labourers
HWSETA	11	3.2	3.8	4.3	3.5	3.8	3.7	3.0	3.5
ISETT	12	3.2	3.8	3.8	2.0	2.3	3.8	2.5	2.3
INSETA	13	3.8	4.1	2.8	1.4	3.7	2.4	1.0	1.0
LGSETA	14	*	*	*	*	*	*	*	*
MAPPP	15	2.4	3.0	3.7	2.5	3.4	3.2	3.8	2.6
MQA	16	3.5	4.3	4.0	2.0	2.5	1.0	4.5	4.5
MERSETA	17	2.6	2.5	3.5	1.2	2.3	2.7	2.8	3.3
SASSETA	19	3.7	2.3	3.0	3.3	2.6	1.0	1.7	1.5
AGRISETA	20	3.3	2.6	3.2	3.3	2.7	2.8	3.8	3.6
SERVICES	23	3.3	3.4	3.5	3.1	3.7	3.5	3.2	3.2
THETA	25	2.5	2.8	3.3	2.7	3.5	3.0	3.0	3.5
TETA	26	3.1	2.6	2.6	1.2	3.3	4.0	2.8	2.6
W&RSETA	27	3.1	2.6	3.0	2.2	3.2	3.7	3.1	3.5
Total		3.1	3.1	3.3	2.1	3.2	3.1	3.2	3.0

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Factors causing enterprises to increase training in the 2009/10 financial year

Respondents were asked to what extent listed factors caused them to increase enterprise training during the 2009/10 financial year (Table 1.49).

The disaggregation by enterprise size suggests that several factors drove increased training. By far the strongest influence was the need to improve ‘quality standards and consumer service objectives’ (3.5) – a factor influential across enterprise size.

The second most important factor was ‘productivity targets’ (3.0), while ‘Increase in demand for products / services’ (2.9) and ‘Increased competition’ (2.9) were rated third and fourth most important factors causing increased training. (Coincidentally, the same four factors were most influential in the 2007 survey.) The combination of these three factors suggests that enterprises were increasing training in response to buoyant but also competitively demanding market conditions. Furthermore, the fifth most influential factor, ‘technology change’, also implies that enterprises were taking up new technologies into their value chains in order to be more competitive both in terms of quality and price. Innovative enterprises must improve the skills of their workforce so that they can exploit the complementarities between technology and skills.

Table 1.49: Factors causing enterprises to increase training in the 2009/10 year, by enterprise size

Factors	Small (11-49)	Medium (50-149)	Large (150+)	Aggregate
Delays in developing new products / services	1.8	1.5	2.0	**1.8**
Employee expectation	2.3	2.5	3.0	**2.5**
Employee turn-over	2.2	2.4	2.7	**2.3**
Increase in demand for products / services	2.8	2.9	3.0	**2.9**
Increased competition	2.8	3.1	3.2	**2.9**
Levels of employee illness	1.7	1.9	2.1	**1.8**
New national government initiatives	1.5	1.5	2.2	**1.7**
Organisational restructuring	2.2	2.4	2.3	**2.3**
Productivity targets	2.8	3.0	3.2	**3.0**
Quality standards and customer service objectives	3.3	3.7	3.6	**3.5**
SETA initiatives	2.1	2.1	2.6	**2.2**
Technology change	2.8	2.9	3.0	**2.8**
Trade union initiatives	1.3	1.3	1.6	**1.4**
Waste reduction	2.0	1.9	2.5	**2.1**
Other:	5.0	0	4.0	**4.5**
Legislation	0	0	4.0	**4.0**
Financial advisory and information services	5.0	0	0	**5.0**

Source: NSS2010 data-set

The means for most factors increased in importance with increase in enterprise size.

Table 1.50 shows the ratings of factors causing enterprises to increase training grouped by SETA. The single most important factor across 13 of the 20 SETAs was 'Quality standards and customer service objectives'. For ISETT, the highest influence was 'technology change' (4.8), which reflects the rate of technology development in the sector. For MQA, the highest influence was 'productivity targets' (at 5.0), which possibly reflects the pressure of international competition in commodity markets.

Table 1.50: Factors causing enterprises to increase training in the 2009/10 year by SETA

SETA		Delays in developing new products / services	Employee expectations	Employee turn-over	Increase in demand for products / services	Increased competition	Levels of employee illness	New national government initiatives	Organisational restructuring	Productivity targets	Quality standards and customer service objectives	SETA initiatives	Technology change	Trade Union initiatives	Waste reduction	Other factors
FASSET	1	1.6	2.1	2.1	2.3	1.8	1.3	1.1	1.4	2.9	3.5	2.3	2.4	1.1	1.3	_
BANKSETA	2	4.0	2.0	2.0	3.0	2.0	2.0	1.0	1.0	4.0	1.0	3.0	4.0	1.0	1.0	_
CHIETA	3	2.0	2.4	1.7	3.2	2.4	1.0	1.8	2.4	2.6	3.3	2.0	3.0	1.3	2.0	_
CTFL	4	2.0	2.0	2.0	2.3	2.5	2.5	2.0	2.3	3.0	3.0	3.0	2.8	1.7	3.3	_
CETA	5	2.2	2.9	2.3	3.3	3.6	2.5	2.0	2.8	3.5	3.8	2.3	3.5	1.8	2.1	_
ETDP	7	1.7	3.1	2.2	3.4	3.2	1.8	2.3	3.0	2.7	2.8	2.5	2.0	1.4	1.2	_
ESETA	8	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
FOODBEV	9	2.5	2.4	2.3	3.3	3.2	2.5	1.8	2.0	2.3	4.0	2.5	3.0	1.3	2.3	_
FIETA	10	1.6	2.5	2.3	2.9	2.4	1.9	1.5	2.0	3.0	3.4	1.9	1.9	1.3	2.4	_
HWSETA	11	1.5	3.0	2.5	3.0	3.5	1.0	2.5	1.0	3.5	4.0	3.3	3.3	1.0	2.5	_
ISETT	12	2.8	3.0	2.6	4.0	4.2	1.8	1.8	3.4	3.0	4.4	2.0	4.8	1.4	2.0	_
INSETA	13	3.7	4.2	2.8	3.0	2.8	1.0	2.2	2.8	3.8	4.4	4.5	3.8	1.0	1.8	5.0
LGSETA	14	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
MAPPP	15	2.0	2.3	2.5	2.8	2.6	2.3	1.8	2.5	2.4	2.7	2.4	3.5	1.7	2.3	_
MQA	16	1.0	3.5	2.5	3.5	2.0	2.0	2.0	3.0	5.0	4.0	3.0	3.0	2.5	2.0	_
MERSETA	17	1.3	2.0	2.0	2.3	2.8	1.6	1.3	1.6	2.3	3.0	1.8	2.7	1.2	1.8	_
SASSETA	19	1.3	2.3	2.2	3.0	3.3	1.0	2.0	2.7	2.0	1.3	2.5	2.3	1.0	1.0	_
AGRISETA	20	1.8	2.8	2.6	3.0	3.0	2.6	2.3	3.0	3.6	3.7	2.8	2.5	2.3	3.2	_
SERVICES	23	2.0	2.8	2.5	3.1	3.1	1.9	1.7	2.4	3.2	3.3	1.9	2.6	1.5	2.2	_
THETA	25	1.0	1.0	2.0	1.0	2.3	1.0	2.0	1.3	1.0	3.0	1.0	2.3	1.0	1.0	_
TETA	26	1.0	2.6	2.1	2.6	2.9	2.0	1.6	2.0	2.6	3.5	2.0	3.4	1.2	2.4	4.0
W&RSETA	27	1.4	2.5	3.1	3.1	3.7	2.0	1.3	2.6	3.8	4.3	1.5	2.8	1.4	2.4	_
Total		1.8	2.6	2.3	2.9	2.9	1.8	1.7	2.3	2.9	3.5	2.2	2.8	1.4	2.1	4.5

Source: NSS2010 data-set. NOTES: 1. The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution. 2. The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.

Impact of the 2009/10 global economic recession on training levels

One of the key external factors that may have affected enterprise propensity to train in the 2009/10 year is the global economic recession, which coincided with the survey period. Table 1.51 shows enterprise rating of the question 'What impact has the recent global economic recession had on training levels in your establishment? cross-tabulated with enterprise size.

The table reveals that there was a moderate effect on training levels across all enterprise sizes (3.1), but that medium-sized enterprises were most affected by the economic downturn. Large enterprises were possibly more cushioned by virtue of their size from the effects of exposure to global markets, while small enterprises were probably not exposed at all.

Table 1.51: Impact of 2009/10 global economic recession on enterprise training levels, by enterprise size

Enterprise size	Total
Small (11-49)	2.9
Medium (50-149)	3.3
Large (150+)	3.1
Total	3.1

Source: NSS2010 data-set

Factors influencing the demand for training

Besides the global economic downturn, there may have been other factors influencing the demand for training. Responses to this question are portrayed in Table 1.52.

Competition emerges as the most influential factor (3.8), followed by staff retention (3.6) and technological developments (3.5). In an employment environment constrained by a global economic downturn and strong competition for employment (the function in large measure of a high unemployment rate) it is not surprising that competition and staff retention should prove to exert the strongest influence on the demand for training – though paradoxically, as alluded to earlier, training may actually be contra-indicated in a context of staff poaching.

Table 1.52: Factors influencing the demand for training in 2009/10, by enterprise size

Trends	Small (11-49)	Medium (50-149)	Large (150+)	Total
Globalisation	3.1	2.9	3.2	**3.1**
Ageing workforce	3.2	3.3	3.2	**3.2**
Immigration	1.9	1.8	1.8	**1.9**
Emigration	2.0	2.2	1.9	**2.0**
Technological developments	3.5	3.6	3.5	**3.5**

Trends	Small (11-49)	Medium (50-149)	Large (150+)	Total
Staff retention	3.5	3.9	3.7	**3.6**
Staff turnover	3.1	3.5	3.4	**3.3**
Competition	3.8	4.0	3.8	**3.8**

Source: NSS2010 data-set

There are few variations by enterprise size. Two notable exceptions are that both top-ranking influences – competition and staff turnover – affected medium-sized enterprises more than large counterparts.

The profile by SETA (Table 1.53) shows that while competition and staff retention are strong influences on the demand for training among all SETAs except CTFL, technological developments exerted a particularly strong influence on ISETT (as one would expect, given the pace of technological change), THETA (both of these scored 4.8), INSETA and MQA (both scored 4.3).

Table 1.53: Factors influencing the demand for training in 2009/10, by SETA

SETA	Globalisation	Ageing workforce	Immigration	Emigration	Technological developments	Staff retention	Staff turnover	Competition
FASSET	3.2	3.0	1.8	2.1	3.6	3.3	2.9	4.1
BANKSETA	5.0	5.0	1.0	1.0	4.0	4.0	3.0	3.0
CHIETA	3.2	3.4	1.2	1.2	3.6	3.2	1.6	3.4
CTFL	2.8	3.3	1.8	2.0	3.0	2.8	2.8	2.8
CETA	2.3	3.6	1.4	1.4	4.0	3.7	2.8	4.1
ETDP	4.1	3.5	3.1	3.3	3.7	3.9	3.3	4.3
FOODBEV	2.0	2.3	1.4	1.8	2.4	3.3	2.9	3.3
FIETA	2.8	3.3	1.8	2.0	3.3	3.8	3.3	3.4
HWSETA	3.0	3.2	3.0	2.5	3.3	4.0	4.5	4.3
ISETT	3.8	3.8	1.7	3.0	4.8	3.5	3.0	4.0
INSETA	4.3	3.3	1.6	2.5	4.3	4.3	4.4	4.3
MAPPP	3.3	3.7	1.3	1.3	4.0	3.4	3.0	4.4
MQA	2.5	2.3	2.0	2.0	4.3	3.3	3.0	3.7
MERSETA	2.7	3.1	1.6	1.8	3.5	3.0	2.3	3.5
SAS SETA	2.4	2.4	1.6	1.9	3.0	3.3	3.3	3.9
AGRISETA	2.6	3.0	1.3	1.3	2.6	4.4	3.7	3.0
SERVICES	3.1	3.3	2.8	2.6	3.5	3.7	3.6	3.8

SETA	Globalisation	Ageing workforce	Immigration	Emigration	Technological developments	Staff retention	Staff turnover	Competition
THETA	3.5	3.0	2.3	1.6	4.8	3.8	4.0	4.3
TETA	3.3	3.9	2.0	2.0	4.0	3.7	3.6	3.8
W&RSETA	3.3	2.9	2.4	2.3	2.9	3.7	3.5	3.9
Total	3.0	3.2	1.9	2.0	3.5	3.6	3.2	3.8

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Learnerships

Enterprises implementing Learnerships

There are two types of grant to support Learnerships. The first grant offsets the costs of implementing Learnerships for current employees (18.1 Learnership). The second is a grant for subsidising learners who as new employees were unemployed immediately before starting the Learnership (18.2 Learnership). The NSS2010 elicited data on enterprises that initiated Learnerships for 'current' and 'new' employees.

Table 1.54 shows the number of enterprises with employees registered in Learnerships by enterprise size in 2009/10. (Percentages are not indicated as the numbers are too small to warrant this.) A higher number of enterprises registered Learnerships for current employees (51) than for new employees (44). In both Learnership types, larger enterprises were significantly more likely to register their employees in Learnerships. One in five, one in four and two in five small, medium and large enterprises, respectively, registered current employees for 18.1 Learnerships. The proportion of enterprises registering 18.2 Learnerships was much lower among small (12 per cent) than large enterprises (46 per cent).

One in five large enterprises had registered employees in both types of Learnership.

Table 1.54: Number of enterprises with employees registered in Learnerships by enterprise size in 2009/10 (n)

Enterprise size	Number of enterprises with Learnerships: Current employees (18.1)			Number of enterprises with Learnerships: New employees (18.2)			Number of enterprises with both types of Learnerships		
	Yes	No	Total	Yes	No	Total	Yes	No	Total
Small (11-49)	23	103	126	15	111	126	3	123	126
Medium (50-	13	41	54	13	41	54	1	53	54
Large (150+)	15	20	35	16	19	35	7	28	35
Total	**51**	**164**	**215**	**44**	**171**	**215**	**11**	**204**	**215**

Source: NSS2010 data-set

Table 1.55 shows the number of enterprises with employees registered in Learnerships by SETA. (The small cell sizes make it impossible to report on percentages.) The highest number of 18.1 *and 18.2* Learnerships was registered by three SETAs: FASSET; CETA; and W&RSETA.

Table 1.55: Enterprises with employees registered in Learnerships by SETA in 2009/10 (n)

SETA		Number of enterprises with Learnerships: Current employees (18.1)			Number of enterprises with Learnerships: New employees (18.2)			Number of enterprises with both types of Learnerships		
		Yes	No	Total	Yes	No	Total	Yes	No	Total
FASSET	1	8	5	13	7	6	13	2	11	13
BANKSETA	2	1	0	1	1	0	1	1	0	1
CHIETA	3	1	4	5	1	4	5	1	4	5
CTFL	4	0	6	6	0	6	6	0	6	6
CETA	5	5	10	15	4	11	15	0	15	15
ETDP	7	0	11	11	0	11	11	0	11	11
ESETA	8	*	*	*	*	*	*	*	*	*
FOODBEV	9	3	5	8	3	5	8	0	8	8
FIETA	10	4	9	13	3	10	13	1	12	13
HWSETA	11	2	5	7	2	5	7	2	5	7
ISETT	12	2	3	5	3	2	5	0	5	5
INSETA	13	2	5	7	2	5	7	0	7	7
LGSETA	14	*	*	*	*	*	*	*	*	*
MAPPP	15	3	6	9	2	7	9	0	9	9
MQA	16	1	2	3	0	3	3	0	3	3
MERSETA	17	2	15	17	0	17	17	0	17	17
SASSETA	19	2	5	7	3	4	7	0	7	7
AGRISETA	20	3	7	10	2	8	10	1	9	10
SERVICES	23	3	20	23	3	20	23	1	22	23
THETA	25	1	4	5	1	4	5	0	5	5
TETA	26	2	9	11	3	8	11	1	10	11
W&RSETA	27	5	13	18	4	14	18	1	17	18

SETA		Number of enterprises with Learnerships: Current employees (18.1)			Number of enterprises with Learnerships: New employees (18.2)			Number of enterprises with both types of Learnerships		
		Yes	No	Total	Yes	No	Total	Yes	No	Total
Total		**50**	**144**	**194**	**44**	**150**	**194**	**11**	**183**	**194**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

What our reporting in Tables 1.54 and 1.55 of the *numbers* of employees participating in Learnerships does not reveal is the relatively low participation in percentage terms – about 40 per cent overall, with low levels of in-house training of own employees. Training of 18.2 Learnership employees is 'coerced' to some extent by the Skills Development Act and NSDS legislation, while the 18.1 Learnership data show enterprises' true commitment to training their own employees.

Employees registered for Learnerships

Table 1.56 and 1.57 refer to the number and percentage of *employees* registered in Learnerships, first according to enterprise size and then according to SETA. Three per cent of all permanent employees were registered on a Learnership in 2009/10.

Even though large enterprises registered the most learners, small and medium-sized enterprises had slightly larger percentages of learners as a proportion of all employees registered on Learnerships. Roughly two in every one hundred permanent employees in large enterprises were registered in Learnerships, whereas roughly five in every one hundred employees were registered for Learnerships in medium enterprises, three in every hundred employees in medium enterprises.

Table 1.56: Number of employees registered in Learnerships, by enterprise size, in 2009/10

Enterprise size	Employees on Current employee (18.1) Learnership		Employees on New employee (18.2) Learnership		Employees on 18.1 and 18.2 Learnerships		Total number of permanent employees	Employees on Learnerships as % of total employed
	Number	%	Number	%	Number	%	Number	%
Small (11-49)	80	92	7	8	87	100	2 637	3.3
Medium (50-149)	59	27	159	73	218	100	4 795	4.5
Large (150+)	744	69	329	31	1 073	100	47 747	2.2

Total	883	64	495	36	1 378	100	55 179	2.5

Source: NSS2010 data-set

Nine SETAs registered proportionately more employees in 18.1 than in 18.2 Learnerships, seven more employees in 18.2 than in 18.1 Learnerships. Three SETAs (CTFL, ETDP, and THETA) registered no learnerships at all.

In certain SETAs (Table 1.57) very large proportions of all employees are registered in Learnerships, such as FASSET (28 per cent), CETA (14 per cent), and HWSETA (12 per cent).

Table 1.57: Number of employees registered in Learnerships by SETA in 2009/10

SETA		Number of Learnerships: Current employees (18.1)		Number of Learnerships: New employees (18.2)		Number of Learnerships: Both current and new employees		Number of permanent employees	
		Number	%	Number	%	Number	%	Number	%
FASSET	1	72	64	40	36	112	100	400	28.0
BANKSETA	2	23	59	16	41	39	100	2103	1.9
CHIETA	3	2	40	3	60	5	100	357	1.4
CTFL	4	0	0	0	0	0	0	594	0.0
CETA	5	17	15	95	85	112	100	776	14.4
ETDP	7	0	0	0	0	0	0	603	0.0
ESETA	8	*	*	*	*	*	*	*	*
FOODBEV	9	11	100	0	0	11	100	961	1.1
FIETA	10	13	10	115	90	128	100	4261	3.0
HWSETA	11	25	45	30	55	55	100	445	12.4
ISETT	12	52	90	6	10	58	100	2102	2.8
INSETA	13	2	50	2	50	4	100	2311	0.2
LGSETA	14	*	*	*	*	*	*	*	*
MAPPP	15	13	100	0	0	13	100	603	2.2
MQA	16	1	100	0	0	1	100	147	0.7
MERSETA	17	8	100	0	0	8	100	578	1.4
SASSETA	19	0	0	6	100	6	100	570	1.1
AGRISETA	20	20	47	23	53	43	100	2721	1.6
SERVICES	23	615	80	151	20	766	100	26662	2.9
THETA	25	0	0	0	0	0	0	414	0.0
TETA	26	2	25	6	75	8	100	1065	0.8
W&RSETA	27	11	85	2	15	13	100	4272	0.3
Total		**887**	**64**	**495**	**36**	**1382**	**100**	**51945**	**2.7**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*

2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

When we consider the distribution of Learnerships among the different establishment types (Table 1.58), we see that even though non-BEE enterprises registered the most learners by far, small enterprises had the same percentage of learners (2 per cent) as a proportion of all employees registered on Learnerships. Both establishment types are totally outstripped by BEE co-operatives, however, in which eight out of every hundred permanent employees (as opposed to two each in BEE enterprises and non-BEE enterprises) was on a learnership in 2009/10. The reasons for this high registration rate bear further investigation.

Table 1.58: Number of employees registered in Learnerships, by establishment type, in 2009/10

Establishment type	Employees on Current employee (18.1) Learnership		Employees on New employee (18.2) Learnership		Employees on 18.1 and 18.2 Learnerships		Total number of permanent employees	Employees on Learnerships as % of total employed
	N	%	N	%	N	%	N	%
BEE enterprise	6	19	25	81	31	100	2 333	1.3
BEE co-operative	15	13	103	87	118	100	1 444	8.2
Non-BEE enterprise	216	37	364	63	580	100	45 834	1.3
Total	**237**	**32**	**492**	**68**	**729**	**100**	**49 611**	**1.5**

Source: NSS2010 data-set

Human resources development practices

The notion of what constitutes training has evolved in recent years to encompass a range of activities that are part of a broader assemblage of what may be termed 'human resources development' practices. The extent to which these human resource development practices are applied in South African workplaces was tested.

Table 1.59 shows the extent of participation of permanent employees in types of human resource development practise by enterprise size. A grouping of five techniques received relatively high usage ratings. 'Team working' yielded the highest average (3.2), closely followed by 'Mentoring / coaching' (3.1), 'Multi-skilling' (3.0), 'Total quality management' (3.0), and 'Annual performance reviews' (2.9).

Table 1.59: Participation of permanent employees in types of human resources development practices, by enterprise size

Practice	Small (11-49)	Medium (50-149)	Large (150+)	Total
Annual performance reviews	2.9	2.5	2.3	**2.9**
Group or team compensation	2.2	2.3	2.9	**2.4**

Practice	Small (11-49)	Medium (50-149)	Large (150+)	Total
Job rotation	2.3	2.3	2.8	**2.4**
Mentoring / coaching	2.9	3.1	3.2	**3.1**
Multi-skilling	3.0	2.9	3.2	**3.0**
Peer review	2.1	2.1	2.3	**2.2**
Personnel development plan	2.5	2.5	3.3	**2.7**
Profit sharing	1.8	1.9	2.3	**2.0**
Quality circles	1.9	1.6	2.3	**1.9**
Self directed teams	2.0	2.5	2.7	**2.3**
Team working	3.1	3.2	3.4	**3.2**
Total quality management	2.8	3.3	3.2	**3.0**
Training for trainers	2.4	2.4	2.9	**2.5**
Other	1.7	2.3	2.6	**1.9**

Source: NSS2010 data-set

Enterprises engaged cautiously with some practices. Those practices showing the lowest levels of implementation, such as ‘quality circles’, ‘self-directed teams’ and ‘peer review’, were those presupposing the existence of acceptable levels of trust between co-workers and between employees and management. ‘Self directed teams’ and ‘quality circles’ are explicitly non-hierarchical and the reason for low levels of use could be because many South African workplaces remain strongly hierarchical. Two cornerstones of the high performance workplace model are to accord employees greater levels of discretionary decision making and to rotate employees across a range of tasks, yet ‘self directed teams’ and ‘job rotation’ scored low means. Incentive-based practices, such as ‘group compensation’ and ‘profit sharing’, were also used to a lesser extent.

Large enterprises were more likely than were small or medium enterprises to use all practices, except for ‘Annual performance reviews’, which small enterprises were more likely to use.

Table 1.60 shows the extent of permanent employee participation by SETA in types of human resource development practices. THETA emphasised these practices most strongly, followed very closely by SERVICES. It may be that their strong customer service orientation has a bearing on their willingness to experiment with alternative HRD practices.

Table 1.60: Human Resource Development practices used in enterprises, by SETA

SETA	Annual performance reviews	Group or team compensation	Job rotation	Mentoring / coaching	Multi-skilling	Peer review	Personnel development plan	Profit sharing	Quality circles	Self directed teams	Team working	Total quality management	Training for trainers	Other
FASSET	2.9	2.5	2.0	3.3	3.0	3.0	2.9	2.8	1.8	2.6	3.5	3.2	2.7	2.0
BANKSETA	4.0	2.0	3.0	3.0	3.0	4.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	_
CHIETA	2.6	1.5	1.5	2.4	2.6	2.5	2.5	2.0	1.8	1.5	2.0	2.0	1.8	1.0
CTFL	2.0	2.3	1.7	2.0	2.5	1.7	2.0	1.5	3.0	2.0	3.3	2.7	1.5	_
CETA	3.2	2.8	2.5	3.3	2.7	1.7	3.0	3.3	1.0	2.5	3.8	3.2	2.7	_
ETDP	2.9	2.2	2.0	2.4	3.3	2.3	2.7	1.8	2.2	2.6	3.6	3.0	2.6	_
ESETA	*	*	*	*	*	*	*	*	*	*	*	*	*	*
FOODBEV	3.2	2.3	2.5	2.8	2.6	1.8	2.8	1.3	1.5	2.0	2.8	2.5	2.5	3.0
FIETA	2.6	2.2	2.3	3.0	3.2	2.1	2.6	1.8	1.9	2.4	2.8	2.9	2.3	2.3
HWSETA	3.2	2.8	3.2	3.0	3.0	2.4	3.0	1.2	1.8	2.3	3.0	2.8	2.5	_
ISETT	3.8	3.3	2.5	3.5	2.7	2.7	2.8	2.3	2.7	2.7	3.5	3.8	2.0	1.0
INSETA	3.4	1.8	1.8	2.7	3.2	2.2	3.0	1.8	1.2	1.8	2.4	2.3	1.7	1.0
LGSETA	*	*	*	*	*	*	*	*	*	*	*	*	*	*
MAPPP	2.6	2.3	2.4	2.8	3.8	2.0	2.4	1.8	2.0	1.8	2.9	3.0	2.0	_
MQA	2.0	1.3	2.7	4.0	2.0	2.7	2.3	2.7	2.0	2.0	3.5	3.0	2.3	_
MERSETA	2.0	1.3	1.7	3.0	2.9	1.3	1.7	1.0	1.1	1.1	2.5	2.7	2.3	1.0
SASSETA	3.0	1.7	3.4	4.0	3.0	1.5	3.0	2.0	1.8	2.7	4.2	4.2	3.3	5.0
AGRISETA	2.7	3.4	2.8	2.9	3.0	2.0	2.3	2.8	2.3	2.5	3.1	2.8	2.4	2.0
SERVICES	3.8	3.2	2.9	3.7	3.8	2.9	3.7	3.0	2.9	3.7	3.8	4.2	3.8	2.3
THETA	3.7	4.0	3.0	4.0	3.7	3.0	4.0	2.0	4.0	2.5	4.0	3.5	4.0	1.0
TETA	2.0	2.4	2.7	2.5	3.0	1.7	2.6	1.4	2.0	2.0	3.0	2.6	2.6	1.8
W&RSETA	2.8	2.5	2.2	3.0	2.9	2.0	2.6	2.0	2.1	2.4	3.5	2.9	2.4	2.5
Total	**2.9**	**2.4**	**2.4**	**3.1**	**3.0**	**2.2**	**2.7**	**2.0**	**2.0**	**2.3**	**3.2**	**3.0**	**2.5**	**2.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
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Training infrastructure and processes

Strategic enterprise training and related documents

Strategic planning of human capital is of fundamental importance in sustaining the viability and development of most enterprises. It could reasonably be expected that enterprises should

possess the necessary information inputs into (e.g., training records, HR records) and documentary outputs from such planning activity (e.g., training plan, training budget, etc.).

The most striking feature of these data is that the proportion of enterprises claiming to possess such documentation increased with increasing enterprise size (Table 1.61), across the board (i.e., for every document type). In other words, larger enterprises were more likely to possess documents related to the management of training activities. This may be a direct function of the evolution and growth of the enterprise: meaning that as an enterprise becomes larger, a systematic approach to management and formal record keeping becomes a necessity.

Greater emphasis on formal training policy and policy implementation may also be a factor influenced by enterprise size. For instance, as enterprises become larger it may be easier for government to enforce compliance with policy prescripts such as the Skills Development Levies and Employment Equity Acts. Alternatively, there may be gaps or weaknesses in policy implementation, such as when SETAs are not able to cope with the administrative and service burden of obtaining buy-in from small enterprises into policy requirements. These conditions will strengthen the pattern observed: that far higher proportions of large enterprises than small enterprises develop formal records, plans, policies and budgets related to training.

Table 1.61: Proportion of enterprises in possession of strategic enterprise training related documents, by enterprise size (%)

Documents	Small (11-49)	Medium (50-149)	Large (150+)	Total
A policy on training and development	51.3	68.0	84.4	**60.9**
A policy on bursaries	18.4	30.4	51.6	**26.7**
A specific budget for training	33.3	66.0	93.5	**50.8**
Training records	59.8	90.2	100.0	**74.3**
Employment Equity Plan	41.2	70.4	94.1	**57.9**
A Workplace Skills Plan	44.0	76.0	97.0	**60.8**
A formal business plan	53.4	66.7	89.7	**62.2**

Source: NSS2010 data-set

Large and medium sized enterprises were more likely to possess a WSP than a formal business plan. Thus legislative enactments drive enterprises to possess a WSP in higher proportions than formal business plans. Furthermore, the influence of the Skills Development Levies Act may explain the existence of training records in greater frequencies than formal business plans in medium and large enterprises. This is because claims for disbursements of grants are only made on the basis of approved training records.

There were greater proportions of small enterprises that possessed formal business plans and training records than WSPs. It seems that some small enterprises were doing strategic business and training planning independent of the influence of the Skills Development Levies Act. The scheme therefore seems to have a much weaker purchase on the training related behaviour of small enterprises than medium and large enterprises.

The proportions of enterprises with specific budgets for training increased dramatically with enterprise size – from 33 per cent for small enterprises to 66 percent and 94 per cent for medium and large enterprises respectively. The existence of specific training budgets was at least 10 per cent lower than indicators of training records and of the existence of WSPs among small and medium-sized enterprises, 6 per cent lower among large enterprises. This may be because enterprise management bundle training expenditure under another function, such as HR. In other instances, enterprises may group training across different functions: where IT training would be accounted for in the IT department, induction and first aid training in the HR department and work-related training in line-function departments.

The survey also tested the extent to which enterprises link their formal business plans and WSPs. In linking the business plan and the WSP, the managers of an enterprise would be demonstrating an appreciation of the need to align training strategy with overall business strategy. In the NSS2010, fairly low percentages of enterprises at all three levels – small (33 per cent), medium (26 per cent) and large (24 per cent) – reported that they linked their WSP with their business plans.

Table 1.62 shows the proportion of enterprises in possession of strategic enterprise training related documents, by SETA. Training records are the documents in possession of the highest proportion of enterprises across SETAs (77 per cent), followed by WSPs, formal business plans, and policies on training and development. Four SETAs showed relatively high proportions of involvement in developing frameworks for monitoring and driving training: ISETT (with an average of 89 per cent across all document types); INSETA (74 per cent); FIETA (66 per cent); and HWSETA (65 per cent). On the other hand, enterprises associated with MERSETA (49 per cent), THETA (40 per cent), and CHIETA (29 per cent) tended to have fewer documents related to the planning, management and financing of training activities.

Table 1.62: Proportion of enterprises in possession of strategic enterprise training related documentation in 2009/10, by SETA (%)

SETA	Policy on training and development	Policy on bursaries	Specific budget for training	Training records	Employment Equity Plan	Workplace Skills Plan	Formal business plan
FASSET	69.2	30.8	46.2	84.6	46.2	61.5	45.5
BANKSETA	100.0	100.0	100.0	100.0	100.0	100.0	100.0
CHIETA	25.0	0.0	0.0	50.0	25.0	50.0	50.0
CTFL	60.0	25.0	50.0	60.0	66.7	66.7	60.0
CETA	73.3	21.4	50.0	85.7	80.0	71.4	66.7
ETDP	77.8	50.0	66.7	77.8	44.4	66.7	66.7
ESETA	*	*	*	*	*	*	*
FOODBEV	85.7	16.7	66.7	100.0	50.0	57.1	33.3
FIETA	75.0	36.4	54.5	84.6	61.5	75.0	75.0

SETA	Policy on training and development	Policy on bursaries	Specific budget for training	Training records	Employment Equity Plan	Workplace Skills Plan	Formal business plan
HWSETA	71.4	42.9	71.4	85.7	42.9	85.7	57.1
ISETT	100.0	40.0	100.0	100.0	80.0	100.0	100.0
INSETA	66.7	50.0	66.7	85.7	80.0	85.7	85.7
LGSETA	*	*	*	*	*	*	*
MAPPP	50.0	37.5	62.5	37.5	75.0	62.5	37.5
MQA	66.7	66.7	66.7	100.0	33.3	0.0	33.3
MERSETA	41.2	11.8	41.2	76.5	50.0	68.8	56.3
SASSETA	71.4	0.0	57.1	71.4	71.4	85.7	71.4
AGRISETA	44.4	44.4	66.7	80.0	60.0	50.0	62.5
SERVICES	65.0	21.1	33.3	66.7	60.0	65.0	59.1
THETA	0.0	20.0	60.0	60.0	40.0	20.0	80.0
TETA	62.5	12.5	77.8	77.8	70.0	70.0	66.7
W&RSETA	66.7	29.4	47.1	76.5	70.6	58.8	82.4
Total	**63.1**	**28.2**	**54.0**	**76.9**	**60.4**	**66.1**	**63.8**

Source: NSS2010 data-set

NOTES:

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2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

As in the case of the cross-tabulations by enterprise size and SETA, the cross-tabulation by establishment type (Table 1.63) reveals that a policy on bursaries is the documentation type the lowest percentage of enterprises possess across all establishment types, training records the documentation type the highest percentage of enterprises possess across all establishment types except BEE enterprises, which possess employment equity plans in greatest measure. This is unsurprising given the earlier demonstration of the highest BEE scores for employment equity on the BEE scorecard.

Table 1.63: Proportion of enterprises in possession of strategic enterprise training-related documentation in 2009/10, by establishment type (%)

Establishment type	Policy on training and development	Policy on bursaries	Specific budget for training	Training records	Employment Equity Plan	Workplace Skills Plan	Formal business plan
BEE enterprise	46.5	14.0	34.9	58.1	65.1	51.2	58.1
BEE co-operative	53.8	34.6	38.5	65.4	65.4	53.8	57.7
Non-BEE enterprise	57.2	24.6	50.0	73.9	48.6	58.0	54.3
Total	**54.6**	**23.7**	**45.4**	**69.6**	**54.1**	**56.0**	**55.6**

Source: NSS2010 data-set

Responsibility for training in the enterprise

Where enterprises locate the responsibility for training can reflect the perceived importance of training in the mind of enterprise owners and managers. Table 1.64 shows how enterprises allocated the responsibility for training in 2009/10 by enterprise size.

Eight out of ten enterprises allocated training responsibilities to an employee, a manager or a committee. The highest proportion of instances where 'nobody' was responsible for training was found in a quarter of small enterprises, but was virtually non-existent (5 per cent) in large enterprises.

Table 1.64: Allocation of responsibility in the enterprise for training in 2009/10, by enterprise size (%)

Enterprise size	Nobody	Training manager	Skills development facilitator	Training committee	Total
Small (11-49)	25.0	38.9	34.7	1.4	**100.0**
Medium (50-	13.8	34.5	41.4	10.3	**100.0**
Large (150+)	4.5	36.4	50.0	9.1	**100.0**
Total	**18.7**	**37.4**	**39.0**	**4.9**	**100.0**

Source: NSS2010 data-set

Responsibility for training was allocated in roughly equal proportions to either the 'training manager' or the 'skills development facilitator (SDF)'. Training committees were more evident in medium and large enterprises, whereas only 2 per cent of small enterprises had a training committee.

Table 1.65 shows the allocation of responsibility for training, by SETA. Training was the responsibility of the SDF across the highest proportion of enterprises in SETAs (43 per cent), with just over a third of enterprises indicating that a training manager had this responsibility. The

highest proportion of enterprises whose SDFs were responsible for training were in ISETT, MQA, and CETA, while the highest proportion of enterprises whose training managers were responsible for this function were in FASSET and W&RSETA.

There were wide variances in the institutionalization of training structures in SETAs. In some, the proportion of enterprises without formal training structures or training personnel was as high as 50 per cent in CHIETA and THETA.

Table 1.65: Allocation of responsibility in the enterprise for training in 2009/10, by SETA (%)

SETA		Nobody	Training manager	Skills development facilitator	Training committee	Total
FASSET	1	0.0	77.8	22.2	0.0	100.0
BANKSETA	2	0.0	100.0	0.0	0.0	100.0
CHIETA	3	50.0	25.0	0.0	25.0	100.0
CTFL	4	40.0	0.0	40.0	20.0	100.0
CETA	5	0.0	25.0	62.5	12.5	100.0
ETDP	7	25.0	25.0	50.0	0.0	100.0
ESETA	8	*	*	*	*	*
FOODBEV	9	0.0	50.0	50.0	0.0	100.0
FIETA	10	0.0	66.7	33.3	0.0	100.0
HWSETA	11	33.3	66.7	0.0	0.0	100.0
ISETT	12	0.0	0.0	100.0	0.0	100.0
INSETA	13	0.0	50.0	50.0	0.0	100.0
LGSETA	14	*	*	*	*	*
MAPPP	15	25.0	25.0	50.0	0.0	100.0
MQA	16	0.0	33.3	66.7	0.0	100.0
MERSETA	17	14.3	14.3	71.4	0.0	100.0
SASSETA	19	0.0	66.7	0.0	33.3	100.0
AGRISETA	20	25.0	25.0	50.0	0.0	100.0
SERVICES	23	15.4	30.8	53.8	0.0	100.0
THETA	25	50.0	25.0	25.0	0.0	100.0
TETA	26	33.3	0.0	50.0	16.7	100.0
W&RSETA	27	10.0	70.0	20.0	0.0	100.0
Total		**15.7**	**37.4**	**42.6**	**4.3**	**100.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

The highest percentage of enterprises across all establishment types allocated responsibility for training to a Skills Development Facilitator (Table 1.66). One fifth of establishments did not allocate this function to anybody. Nearly a third (31 per cent) of BEE co-operatives did not allocate responsibility for training to anybody. No co-operatives allocated the function to a training committee – which may suggest the non-existence of training committees in BEE co-operatives.

Table 1.66: Allocation of responsibility in the enterprise for training in 2009/10, by establishment type (%)

Establishment type	Nobody	Training manager	Skills development facilitator	Training committee	Total
BEE enterprise	10.0	35.0	45.0	10.0	100.0
BEE co-operative	31.3	31.3	37.5	0	100.0
Non-BEE	20.5	37.3	38.6	3.6	100.0
Total	20.2	36.1	39.5	4.2	100.0

Source: NSS2010 data-set

NOTE: The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.

Where enterprises had a training committee in place, the most common pattern overall was for the committee to consist of management and employees without union representation (Table 1.67). Training committees consisting of management only were extremely common in small enterprises (48 per cent of all cases), but rare in large enterprises (only 3 per cent). By contrast, the distribution of training committees which included union representation in large enterprises reached 56 per cent, but was evident in only 10 per cent of small enterprises. Clearly the smaller employment scale of the enterprise and related low levels of trade union activity seemed to retard the creation of training committees that are not constituted only from enterprise management.

The profile, coincidentally, is almost identical to that obtained in the NSS2007 (Paterson, Visser & Du Toit, 2008).

Table 1.67: Composition of the training committee, by enterprise size (%)

Composition	Small (11-49)	Medium (50-149)	Large (150+)	Total
Management only	48.3	17.2	3.1	22.2
Joint management and employee representation excluding union representation	41.4	62.1	40.6	47.8
Joint management and employee representation including union representation	10.3	20.7	56.3	30.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: NSS2010 data-set

Table 1.68 shows the composition of training committees by SETA. The three SETAs with where more than 40 per cent of enterprises had high levels of management-only training committees were FASSET, CHIETA, and THETA. The only SETAs where more than 50 per cent of enterprises included management and unionised employee representation on training committees were CTFL, FOODBEV, and AGRISETA. The SETAs where more than 60 per cent of enterprises created training committees without union representation were ETDP, HWSETA, and – somewhat surprisingly, given high levels of union representation – MERSETA.

Clearly, the extent to which sectors and occupations are the base for organised unions positively influences the involvement of workers in training decision making structures.

Table 1.68: Composition of the training committee, by SETA (%)

SETA		Management only	Joint management and employee representation excluding union representation	Joint management and employee representation including union representation	Total
FASSET	1	50.0	50.0	0.0	100.0
BANKSETA	2	0.0	0.0	100.0	100.0
CHIETA	3	50.0	50.0	0.0	100.0
CTFL	4	0.0	25.0	75.0	100.0
CETA	5	44.4	11.1	44.4	100.0
ETDP	7	33.3	66.7	0.0	100.0
ESETA	8	*	*	*	100.0
FOODBEV	9	0.0	33.3	66.7	100.0
FIETA	10	20.0	50.0	30.0	100.0
HWSETA	11	0.0	100.0	0.0	100.0
ISETT	12	33.3	33.3	33.3	100.0
INSETA	13	25.0	50.0	25.0	100.0
LGSETA	14	*	*	*	100.0
MAPPP	15	0.0	50.0	50.0	100.0
MQA	16	0.0	0.0	0.0	100.0
MERSETA	17	0.0	99.9	0.0	100.0
SASSETA	19	25.0	50.0	25.0	100.0
AGRISETA	20	20.0	20.0	60.0	100.0
SERVICES	23	37.5	50.0	12.5	100.0
THETA	25	50.0	50.0	0.0	100.0
TETA	26	0.0	57.1	42.9	100.0
W&RSETA	27	11.1	55.6	33.4	100.0
Total		**21.6**	**46.6**	**31.8**	**100.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*

2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

A somewhat mixed profile is obtained through a cross-tabulation of training committee composition with establishment type (Table 1.69): for while a far higher percentage of BEE enterprises than of non-BEE enterprises have management only represented on their training committees (32 per cent versus 16 per cent), a higher percentage of BEE enterprises than of non-BEE enterprises also have joint management and employee representation including union representation on their training committees. On the other hand, there is a much greater variance in the composition of non-BEE enterprise training committees, where well over half (56 per cent) are composed of management and employees without union representation.

Table 1.69: Composition of the training committee, by establishment type (%)

Establishment type	Management only	Joint management and employee representation excluding union representation	Joint management and employee representation including union representation	Total
BEE enterprise	31.6	31.6	36.8	**100.0**
Non-BEE enterprise	16.4	56.4	27.3	**100.0**
Total	**20.3**	**50.0**	**29.7**	**100.0**

Source: NSS2010 data-set

Relationship between enterprises and SETAs

Since April 2000, SETAs have been the primary institutional form through which training has been coordinated and facilitated at the level of the economic sector.

Registration of enterprises with SETAs

The NSS2010 provides insight into the participation of enterprises in these important structures. This is because the survey is targeted at all enterprises that were required by the South African Revenue Services to pay a compulsory training levy of 1 per cent of payroll. This group of enterprises participated involuntarily through paying the levy. The levy is intended not to operate as a tax but to encourage enterprises to train their workers. The expectation is that the levy amount will serve as an incentive or resource against which enterprises can claim grants on the basis of approved training they undertake. Nonetheless, the levy-grant system does not guarantee that all enterprises will participate; some may well simply treat the levy as a tax.

The next level of participation is for the enterprise to register with a SETA. This is necessary because the SETA administers the reimbursement of grants to enterprises. Therefore, enterprise registration with a SETA is an important measure of engagement in the levy-grant system and more broadly in the NSDS. Tables 1.70 and 1.71 respectively show the percentage and number of enterprises that registered with a SETA.

The data reflect that the system was fairly successful in bringing large (97 per cent) and medium (87 per cent) enterprises into interaction with the SETAs. But there was distinct divergence in participation by enterprise size. Participation was much weaker among small enterprises (63 per cent).

If the levy is treated as an additional 'tax', it will not achieve the intention of having a demonstrable impact on enterprise training behaviour. A substantial proportion of small enterprises – three in ten – were not registered with a SETA, which means that at the time of the survey, this group would not be able to claim rebates for training. In effect, the levy was operating as a tax as far as they were concerned.

The levy-grant system succeeded in connecting enterprises which paid their levy with a SETA in 75 per cent of cases. Yet the challenge remains to make inroads among the 25 per cent of enterprises which paid the levy but were not registered (25 per cent).

Table 1.70: Enterprises registered with a SETA, by enterprise size (%)

Size	Registered	Not registered	Total
Small (11-49)	63.1	36.9	100.0
Medium (50-149)	86.5	13.5	100.0
Large (150+)	97.1	2.9	100.0
Total	**74.6**	**25.4**	100.0

Source: NSS2010 data-set

Table 1.71: Enterprises registered with a SETA, by enterprise size (N)

	Registered	Not registered	Total
Small (11-49)	77	45	122
Medium (50-149)	45	7	52
Large (150+)	34	1	35
Total	156	53	209

Source: NSS2010 data-set

Table 1.72 shows the percentage of enterprises registered with a SETA, by SETA. There is wide variation in registration, ranging from high levels of registration (such as 100 per cent in four SETAs) to low levels (such as 33 per cent in MQA).

Table 1.72: Enterprises registered with a SETA, by SETA (%)

		Registered	Not registered	Total
FASSET	1	92.3	7.7	100.0
BANKSETA	2	100.0	0.0	100.0
CHIETA	3	80.0	20.0	100.0
CTFL	4	66.7	33.3	100.0
CETA	5	73.3	26.7	100.0

		Registered	Not registered	Total
ETDP	7	90.0	10.0	100.0
ESETA	8	*	*	100.0
FOODBEV	9	75.0	25.0	100.0
FIETA	10	75.0	25.0	100.0
HWSETA	11	100.0	0.0	100.0
ISETT	12	100.0	0.0	100.0
INSETA	13	100.0	0.0	100.0
LGSETA	14	*	*	100.0
MAPPP	15	87.5	12.5	100.0
MQA	16	33.3	66.7	100.0
MERSETA	17	88.2	11.8	100.0
SASSETA	19	100.0	0.0	100.0
AGRISETA	20	77.8	22.2	100.0
SERVICES	23	68.2	31.8	100.0
THETA	25	60.0	40.0	100.0
TETA	26	90.0	10.0	100.0
W&RSETA	27	83.3	16.7	100.0
Total		**81.9**	**18.1**	**100.0**

Source: NSS2010 data-set

NOTES:

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Table 1.73 shows the percentage of enterprises registered with a SETA, by establishment type. The highest percentage of enterprises registered with a SETA are, as we might expect, non-BEE enterprises; but surprisingly high percentages of BEE enterprises and even of BEE co-operatives (72 per cent and 65 per cent respectively) are thus registered.

Table 1.73: Enterprises registered with a SETA, by establishment type (%)

Establishment type	Registered	Not registered	Total
BEE enterprise	71.8	28.2	**100.0**
BEE co-operative	65.4	34.6	**100.0**
Non-BEE enterprise	75.9	24.1	**100.0**
Total	**73.8**	**26.2**	**100.0**

Source: NSS2010 data-set

Enterprises claiming grants

Through the levy-grant scheme enterprises are meant to be incentivised to provide training opportunities for employees. The proportion of enterprises that claim for grants against their levy payments is an important measure of 'buy-in', as this is the mechanism that ultimately releases funds back into the hands of employers.

A glance at the percentages of enterprises claiming grants against levy payment reveals that there was wide variation in enterprises claiming grant reimbursement across enterprise size (Table 1.74). While nearly nine out of ten large enterprises (88 per cent) claimed grants, and nearly eight out of ten medium sized enterprises (77 per cent) claimed, only four out of ten small enterprises (41 per cent) made grant claims. Clearly the levy-grant system was operating with success among large enterprises but it had not yet succeeded in mobilising skills development in the majority of small levy-paying enterprises.

The percentage of small enterprises claiming grants, however (41 per cent), just meets the NSDS II Success Indicator 2.2, that by March 2010 skills development in at least 40 per cent of small levy-paying enterprises would be supported (by the SETA system).

Table 1.74: Enterprises claiming and not claiming grants against levy payment, by enterprise size (%)

	Small (11-49)	Medium (50-149)	Large (150+)	Total
Enterprises claiming grants against levy payment	41.2	76.5	87.9	57.6
Enterprises not claiming grants give reasons for not making claims:				
Application process too complicated	23.4	36.8	44.4	**27.0**
Do not have time to claim	7.4	15.8	11.1	**9.0**
Do not know about grants	30.9	15.8	11.1	**27.0**
Do not train	17.0	5.3	0.0	**13.9**
Not worth the effort financially	21.3	15.8	22.2	**20.5**
Done by WSP facilitator	0.0	5.3	0.0	**0.8**
In-house training not registered	0.0	5.3	0.0	**0.8**
Did not meet SETA's mandatory requirements	0.0	0.0	11.1	**0.8**
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: NSS2010 data-set

We turn now to the reasons given by respondents from enterprises that did not claim grants. There was no strong differentiation by enterprise size in the reasons given by respondents for why their enterprises did not make claims. More than a quarter of enterprises (27 per cent) put forward that that the application process was too complicated or that they did not know about grants, while a fifth said it was 'not worth the effort financially'.

That more than one in four respondents claimed that they did not know about the levy-grant system is a matter of concern. Given the number of years that have elapsed since the Skills Development Levies Act (1999) was passed, questions may reasonably be asked as to whether the policy is appropriate in particular to the circumstances in a small business environment (31 per cent of small enterprises claimed not to know about the grant scheme), or whether the SETA infrastructure has failed the policy in its implementation.

That more than one in four respondents indicated that the grant application process was 'too complicated' signals that, under time constraints, the ease with which a prospective grant

applicant can complete the documentation becomes an important consideration. Assuming that SETAs have the powers to amend documents and to improve the user-friendliness of processes, the question is why this type of problem still negatively affects such a large proportion of respondents.

Clearly, the conditions which caused enterprises not to participate in the scheme were multifaceted. Some respondents referred clearly to the perceived failure of SETAs to make transactions easier to their enterprise clients. Other reasons given by respondents seemed to suggest that the levy-grant scheme and the SETA support system must be adapted in order to more effectively impact on the training behaviour of small enterprises.

At the SETA level there was wide variation in the proportion of enterprises claiming against their levy payments, ranging from 100 per cent and 86 per cent (ISETT and INSETA respectively) to 33 per cent (MQA) (Table 1.75). This variation may be partially ascribed to the composition of particular sectors, but must also be taken to reflect on SETA performance given that the levy-grant system has been in place for some time.

Enterprises not claiming grants

We now explore the reasons given by enterprises for not submitting any grant claims (Table 1.75).

The MQA (18 per cent) and THETA (10 per cent) had the highest number of respondents who claimed not to know about the opportunity to claim grants against their levy payments. This suggests that these SETAs need to explore ways of expanding their information dissemination activities to members. By contrast, low proportions of enterprises from all the other SETAs claimed not to know about grant claims.

Only THETA and AGRISETA – and even then only 10 per cent or fewer enterprises – claimed that SETA grant applications are too complicated.

The 'Other' reasons provided by enterprises proved more influential. Between a quarter and a third of enterprises across all SETAs claimed that their WSP facilitator submitted claims, that in-house training was not registered, or that their training did not meet their SETAs' mandatory requirements.

Table 1.75: Enterprises claiming and not claiming grants against levy payments, by SETA

	Enterprises that claim grants against levy payment	**Enterprises that do not claim give reasons for not making claims:**

			Application too complicated	Do not have time	Do not know about them	Do not train	Not worth the effort financially	Done by WSP facilitator	In-house training not registered	Did not meet SETA's mandatory requirements	Total
FASSET	1	84.6	2.4	2.4	0.0	0.0	2.4	31.0	31.0	31.0	100.0
BANKSETA	2	100.0	0.0	0.0	0.0	0.0	0.0	33.3	33.3	33.3	100.0
CHIETA	3	75.0	0.0	0.0	0.0	0.0	0.0	33.3	33.3	33.3	100.0
CTFL	4	66.7	4.2	4.2	4.2	8.3	4.2	25.0	25.0	25.0	100.0
CETA	5	60.0	1.9	1.9	7.5	0.0	5.7	26.4	28.3	28.3	100.0
ETDP	7	55.6	5.1	2.6	2.6	2.6	2.6	28.2	28.2	28.2	100.0
ESETA	8	*	*	*	*	*	*	*	*	*	100.0
FOODBEV	9	57.1	3.7	0.0	0.0	0.0	7.4	29.6	29.6	29.6	100.0
FIETA	10	53.8	4.5	0.0	2.3	0.0	4.5	29.5	29.5	29.5	100.0
HWSETA	11	71.4	0.0	0.0	0.0	0.0	0.0	33.3	33.3	33.3	100.0
ISETT	12	100.0	0.0	0.0	0.0	0.0	0.0	33.3	33.3	33.3	100.0
INSETA	13	85.7	4.3	4.3	0.0	0.0	0.0	30.4	30.4	30.4	100.0
LGSETA	14	*	*	*	*	*	*	*	*	*	100.0
MAPPP	15	62.5	0.0	0.0	3.3	3.3	3.3	30.0	30.0	30.0	100.0
MQA	16	33.3	0.0	0.0	18.2	0.0	0.0	27.3	27.3	27.3	100.0
MERSETA	17	58.8	3.4	1.7	1.7	1.7	3.4	29.3	29.3	29.3	100.0
SASSETA	19	71.4	0.0	0.0	4.3	0.0	4.3	30.4	30.4	30.4	100.0
AGRISETA	20	55.6	8.3	0.0	2.8	0.0	5.6	27.8	27.8	27.8	100.0
SERVICES	23	47.6	4.7	1.2	5.8	5.8	2.3	26.7	26.7	26.7	100.0
THETA	25	20.0	10.0	0.0	10.0	5.0	0.0	25.0	25.0	25.0	100.0
TETA	26	80.0	2.8	2.8	5.6	2.8	0.0	30.6	27.8	27.8	100.0
W&RSETA	27	52.9	4.6	0.0	7.7	1.5	3.1	27.7	27.7	27.7	100.0
Average		**62.0**	**3.6**	**1.2**	**4.0**	**1.9**	**3.0**	**28.8**	**28.8**	**28.8**	**100.0**

Source: NSS2010 data-set

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The percentages of establishment types claiming grants are, respectively, 46 per cent of BEE enterprises, 52 per cent of BEE co-operatives, and 62 per cent of non-BEE enterprises. There were only two reasons given by enterprises not claiming grants for their not doing so: the application process was too complicated (81 per cent of respondents); and they did not have time to claim (19 per cent of respondents). By establishment type, similar percentages (80 per cent and 83 per cent respectively) of BEE and non-BEE enterprises said the claiming process was too complicated, while a third of BEE co-operatives said they did not have the time to claim (as against a fifth of BEE and non-BEE enterprises).

Rating of SETA services

The foregoing analysis has raised the question of SETA services in relation to training performance and grant claiming frequency. In the NSS2010, as in the NSS2007, enterprises were required to rate SETA services (Table 1.76). These services were rated using a 5-point scale ranging from 'poor' (1) to 'excellent' (5).

SETAs' promptness in paying grants was rated the highest of all services (2.9), as were their provision of the Sector Skills Plan, and submission procedures. Provision of information about apprenticeships was rated lowest (2.5).

Small enterprises clearly rated SETA services more poorly than did medium and large enterprises. The ratings by small enterprises of most services were more or less just below the ratings of large enterprises. It is important to ask why small enterprises consistently rated SETA services somewhat more poorly than large enterprises. SETAs may provide a better service to large enterprises simply because large enterprises have greater resources to engage with SETAs and to extract value from the levy-grant process. At the same time, it is probable that SETAs found it difficult to provide an equivalent service quality to small enterprises because of administrative, logistical and other difficulties.

Table 1.76: Enterprise rating of SETA services, by enterprise size

Service	Small (11-49)	Medium (50-149)	Large (150+)	Total
Advice and support on quality assurance of training (ETQA)	2.6	2.9	2.9	2.8
Internet site and web pages	2.7	2.9	3.1	2.8
Promptness in paying grants	2.8	2.8	3.1	2.9
Provision of information about courses	2.7	2.8	3.0	2.8
Provision of information about learnerships	2.5	2.8	3.1	2.7
Provision of information about apprenticeships	2.3	2.5	2.9	2.5
Provision of information about grants	2.5	2.9	3.3	2.8
Provision of Sector Skills Plans	2.6	2.9	3.5	2.9
Provision of free training	2.5	2.5	2.9	2.6
Responsiveness to queries	2.6	2.9	3.1	2.8
Submission procedures	2.5	3.2	3.4	2.9
Total	2.6	2.8	3.1	2.8

Source: NSS2010 data-set

Table 1.77 shows enterprise ratings of SETA services by SETA. Nine of the SETAs – BANKSETA, FASSET, ISETT, INSETA, CTFL, MQA, SASSETA and AGRISETA – received positive (above average) ratings. HWSETA, MAPPP and THETA, on the other hand, will have to

work hard to improve their services given that they were rated poorly by their clients in comparison to other SETA ratings.

Table 1.77: Enterprise rating of the services of SETAs, by SETA

SETA		Advice and support on quality assurance of training (ETQA)	Internet site and web pages	Promptness in paying grants	Provision of information about courses	Provision of information about Learnerships	Provision of information about apprenticeships	Provision of information about grants	Provision of Sector Skills Plans	Provision of free training	Responsiveness to queries	Submission procedures	Total
FASSET	1	3.3	3.4	3.5	3.5	3.3	3.2	3.4	3.2	3.5	3.2	3.3	**3.3**
BANKSETA	2	4.0	4.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	**3.8**
CHIETA	3	1.7	2.8	2.5	2.0	2.3	2.3	2.3	2.8	2.0	2.5	3.8	**2.4**
CTFL	4	4.0	3.0	4.3	4.5	4.5	4.5	4.5	4.7	4.7	4.5	4.7	**4.3**
CETA	5	1.6	1.9	2.1	2.0	1.6	1.7	1.7	1.9	1.8	1.8	1.8	**1.8**
ETDP	7	2.7	3.4	2.5	2.5	2.5	2.3	2.1	3.0	2.9	2.9	3.3	**2.7**
ESETA	8	*	*	*	*	*	*	*	*	*	*	*	*
FOODBEV	9	3.6	3.0	3.8	3.5	3.0	3.0	3.3	3.3	3.0	3.8	3.6	**3.3**
FIETA	10	2.4	2.5	3.1	2.4	2.6	2.5	3.1	2.9	1.6	2.3	2.5	**2.5**
HWSETA	11	2.7	2.7	2.5	2.2	2.2	2.0	2.2	2.2	2.0	2.3	2.7	**2.3**
ISETT	12	3.0	3.3	3.5	3.0	3.0	3.0	2.8	3.3	2.8	2.8	2.8	**3.0**
INSETA	13	3.3	3.3	3.6	3.4	3.4	3.0	3.4	3.9	3.4	4.1	3.8	**3.5**
LGSETA	14	*	*	*	*	*	*	*	*	*	*	*	*
MAPPP	15	1.9	2.0	2.7	1.7	2.0	1.8	1.8	2.0	1.5	2.4	2.4	**2.0**
MQA	16	2.5	2.0	2.0	3.5	4.0	2.5	3.5	3.5	3.5	4.0	3.5	**3.1**
MERSETA	17	2.8	3.1	2.9	3.1	2.6	2.7	2.8	2.8	2.8	2.8	2.9	**2.8**
SASSETA	19	3.0	3.3	3.0	3.5	3.3	3.3	3.3	3.7	2.7	3.8	4.0	**3.3**
AGRISETA	20	2.8	3.8	3.8	3.5	3.3	3.0	3.7	3.7	3.4	3.5	3.5	**3.5**
SERVICES	23	2.6	2.9	2.6	2.2	2.2	2.1	2.4	2.5	2.4	2.2	2.2	**2.4**
THETA	25	1.0	2.0	2.0	1.0	1.0	1.0	1.0	2.5	1.0	2.0	2.5	**1.5**
TETA	26	3.0	2.3	2.2	2.0	1.8	2.0	2.7	2.6	1.8	3.2	2.7	**2.4**
W&RSETA	27	2.8	2.5	2.6	2.7	2.9	2.5	2.5	2.7	2.1	2.2	2.4	**2.5**
Average		**2.7**	**2.8**	**2.9**	**2.8**	**2.7**	**2.5**	**2.8**	**2.9**	**2.6**	**2.8**	**2.9**	**2.8**

Source: NSS2010 data-set

NOTES:

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CHAPTER 4: THE IMPACT OF TRAINING

Introduction

This chapter considers the supposed impact of training on various aspects of enterprise operation – supposed, because for the first time in the history of the NSS, enterprises were asked attitudinal questions in the NSS2010 about the presumed effects of training. This is an important issue because it strikes at the heart of training and the key question that needs to be asked in relation to it: Why train?

One can answer this question in a couple of ways. The first is financial. Depending upon the enterprise's perspective, training is either an activity that will increase efficiencies that lead to financial rewards for the enterprise, and is therefore something to be embraced; or, cynically, it is a mandatory activity, a function of the Skills Development Levies Act that 'encourages' an enterprise to train in order to recoup the 1 per cent levy on payroll 'tax' it has been compelled to part with, but beyond this carries no real benefits for the enterprise.

The second is competitive. In order to maintain their competitive edge, enterprises need to keep abreast of the latest technological and other developments in their field or sector, and will therefore train their staff to operate at the required level to do this. The cynical perspective, on the other hand, is that training staff is counterproductive because it renders them more employable in the job market and open to being 'poached' by the enterprise's competitors.

The difficulty in asking enterprises to assess the impact of training is twofold. First, one is dealing with *perception* of impact and not necessarily with *actual* impact. And second, arising from the notion of measuring actual impact, how does one know that improvements in staff performance and enterprise efficiency and increases in the enterprise's 'bottom line' are not attributable to other factors (that may equally not be easily measurable)? Assessing the impact of training therefore requires, from an econometric perspective, running multiple regression analyses to control for other factors that might lead to the observable improvements and increases in attempting to isolate the effect of one factor, training. Such an exercise might be feasible in a survey dealing exclusively with impact, and with data that are amenable to such analysis; but it is beyond the scope of this study. The most we can do here is gauge enterprise opinion of the supposed impact of training on a few observable outcomes: increased productivity; reduction in staff turnover; increased efficiency (leading to financial gain); decreased need for supervision; greater accuracy in staff work; enhanced problem-solving ability; increased enterprise awareness of latest skills and product developments in the field; clarity regarding career-pathing; and enhanced employee motivation.

Impact of staff training in 2009/10

In terms of the overall impact of staff training in 2009/10 (Table 1.78), we see that enterprises of all sizes accorded a relatively strong influence to staff training (3.5) – the supposed impact of training increasing with enterprise size. Large enterprises' rating of the impact of training (3.9) is considerably higher than the average (3.5).

Table 1.78: Overall impact of staff training in 2009/10, by enterprise size (%)

Enterprise size	Mean
Small (11-49)	3.4
Medium (50-149)	3.6
Large (150+)	3.9
Total	3.5

Source: NSS2010 data-set

From a SETA perspective (Table 1.79), we see that the strength of influence of training evident from the enterprise size disaggregation is evident here too: the lowest influence accorded training is 3.1, by HWSETA and TETA. For enterprises in six SETAs in particular – MQA, ETDP, INSETA, SASSETA, ISETT, and FASSET – training has a large impact.

Table 1.79: Overall impact of staff training in 2009/10, by SETA

SETA	Mean
FASSET	3.9
BANKSETA	4.0
CHIETA	3.4
CTFL	3.3
CETA	3.8
ETDP	3.9
ESETA	*
FOODBEV	3.6
FIETA	3.8
HWSETA	3.1
ISETT	4.2
INSETA	4.3
LGSETA	*
MAPPP	3.3
MQA	4.7
MERSETA	3.6
SAS SETA	4.3
AGRISETA	3.2
SERVICES SETA	3.7
THETA	3.4
TETA	3.1
W&RSETA	3.4
Total	**3.6**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

From an establishment type perspective (Table 1.80), we see some variation between the types in terms of the impact of training enterprise operations overall. BEE enterprises, interestingly, record a slightly higher impact (3.6) than do the other types, with co-operatives according the lowest influence (3.3) to training.

Table 1.80: Overall impact of staff training in 2009/10, by establishment type

Establishment type	Mean
BEE enterprise	3.6
BEE co-operative	3.3
Non-BEE enterprise	3.5
Total	3.5

Source: NSS2010 data-set

What staff training has a presumed impact *on* is presented in Tables 1.81 and 1.82, first by enterprise size (Table 1.81) and then by SETA (Table 1.82).

Staff training, we observe through comparison with the previous two tables, has a much smaller impact in the specific than in general (the average impact is 2.9). The strongest specific impact is on increased productivity (3.2), followed closely by increased efficiency (3.1), decreased need for supervision (3.2), and reduction in staff turnover (2.4). Large enterprises register the greatest average impact of training (3.2), small and medium-sized enterprises both registering an average of 2.8. The greatest impact of training is on increased productivity in large enterprises (3.5), the smallest on reduction in staff turnover in small enterprises.

Table 1.81: Impact of training of staff on enterprise and staff performance, by enterprise size

Enterprise size	Increased productivity	Reduction in staff turnover	Increased efficiency, resulting in financial gain	Decreased need for supervision
Small (11-49)	3.2	2.3	3.0	2.8
Medium (50-149)	3.1	2.4	2.9	2.9
Large (150+)	3.5	2.6	3.4	3.1
Total	**3.2**	**2.4**	**3.1**	**2.9**

Source: NSS2010 data-set

Enterprises in five SETAs (CHIETA, ETDP, INSETA, MQA and SASSETA) rate the impact of training on increased productivity above the average (3.3). Similarly, enterprises in three SETAs (ETDP, MQA, and SASSETA) rate the impact of training on increased efficiency well above the average for that item (3.2). Increased productivity is far less influential in HWSETA, MAPPP, and TETA, increased efficiency far less influential in TETA.

Table 1.82: Impact of training of staff on enterprise and staff performance, by SETA

SETA	Increased productivity	Reduction in staff turnover	Increased efficiency, resulting in financial gain	Decreased need for supervision
FASSET	3.4	2.1	3.4	3.2
BANKSETA	4.0	4.0	2.0	4.0
CHIETA	3.8	3.2	2.8	3.0
CTFL	3.0	1.3	3.3	2.7
CETA	3.4	2.8	3.3	3.1
ETDP	4.1	3.1	4.0	3.4
ESETA	*	*	*	*
FOODBEV	3.1	2.5	3.0	2.9
FIETA	3.1	2.8	3.2	3.3
HWSETA	2.8	2.5	2.9	3.0
ISETT	3.2	2.0	3.6	3.4
INSETA	4.0	2.6	3.3	3.6
LGSETA	*	*	*	*
MAPPP	2.7	2.0	2.8	2.9
MQA	4.3	3.3	4.3	3.7
MERSETA	3.2	1.9	3.1	2.8
SAS SETA	4.0	3.0	4.3	3.3
AGRISETA	3.1	2.4	2.8	2.7
SERVICES SETA	3.4	2.7	3.0	3.0
THETA	3.4	1.6	3.0	2.2
TETA	2.7	1.8	2.6	2.4
W&RSETA	3.3	2.4	3.2	2.8
Total	**3.3**	**2.5**	**3.2**	**3.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Training has the largest impact on increased productivity in BEE and non-BEE enterprises (Table 1.83), but not in BEE co-operatives, where increased efficiency is the largest beneficiary. Reduction in staff turnover, as in the case of the cross-tabulations by size and SETA, is the

outcome least impacted on by training – though not in BEE co-operatives, where 'decreased need for supervision' is least affected by training.

Table 1.83: Impact of training of staff on enterprise and staff performance, by establishment type

Establishment type	Increased productivity	Reduction in staff turnover	Increased efficiency, resulting in financial gain	Decreased need for supervision
BEE enterprise	3.3	2.3	3.1	2.8
BEE co-operative	3.0	2.7	3.1	2.3
Non-BEE enterprise	3.2	2.4	3.0	3.0
Total	**3.2**	**2.4**	**3.1**	**2.9**

Source: NSS2010 data-set

Enterprises were asked to indicate, on a five-point Likert scale, the extent to which they agreed with another set of statements regarding the impact of staff training. The results are indicated in Tables 1.84 and 1.85.

Table 1.84 shows the extent of support for the entire set of statements, by enterprise size. Notwithstanding the greater propensity to train among large enterprises, we see here that small enterprises believe the impact of training on all six indicators to be the same as or stronger than do medium-sized and large enterprises.

Table 1.84: Extent of agreement with statements concerning the impact of staff training, by enterprise size

Enterprise size	Trained employees make fewer mistakes than those who have not been trained	Trained employees solve problems more quickly than those without training	Training helps an enterprise keep abreast of the latest skills developments in the field	Training helps an enterprise keep abreast of the latest product developments (including ICT) in the field	Training gives enterprise employees a clearer sense of a career path	Training keeps employees motivated
Small (11-49)	4.2	4.2	4.3	4.1	4.0	4.0
Medium (50-149)	3.8	3.9	4.1	3.9	3.8	3.9
Large (150+)	4.1	4.0	4.3	4.1	3.9	4.0
Total	4.1	4.1	4.2	4.0	3.9	4.0

Source: NSS2010 data-set

Across the board, SETAs are enthusiastic about the impact of training on the six listed indicators. The lowest score in Table 1.85 is 3.2. The average scores on all six indicators are at or above 3.9, while the number of enterprises scoring above this average is relatively high across all six indicators – ranging from enterprises in nine SETAs in response to the statement about training keeping employees motivated, to enterprises in 17 SETAs in response to the

statement about training helping enterprises to keep abreast of product developments. Scores of 4.5 or above were given to 'Trained employees make fewer mistakes' in FOODBEV, to 'Trained employees solve problems more quickly' in MQA, to 'Training helps an enterprise keep abreast of the latest skills developments in the field' in FASSET, ISETT, INSETA, and MQA, to 'Training helps an enterprise keep abreast of the latest product developments … in the field' in MQA and SASSETA, to 'Training gives enterprise employees a clearer sense of a career path' in MQA, and to 'Training keeps employees motivated' in MQA and INSETA. Given these scores, it is of little surprise that MQA emerges as the SETA whose enterprises rate training more highly than do any of the other SETAs across the six indicators.

Table 1.85: Extent of agreement with statements concerning the impact of staff training, by SETA

SETA	Trained employees make fewer mistakes than those who have not been trained	Trained employees solve problems more quickly than those without training	Training helps an enterprise keep abreast of the latest skills developments in the field	Training helps an enterprise keep abreast of the latest product developments (including ICT) in the field	Training gives enterprise employees a clearer sense of a career path	Training keeps employees motivated
FASSET	4.2	4.1	4.5	3.8	4.0	3.5
BANKSETA	5.0	5.0	5.0	5.0	4.0	5.0
CHIETA	4.0	4.0	4.0	4.0	3.8	4.0
CTFL	4.4	4.4	4.0	3.8	3.8	3.6
CETA	4.1	4.2	4.2	3.9	4.0	4.2
ETDP	4.1	4.0	4.4	4.2	4.2	3.9
ESETA	*	*	*	*	*	*
FOODBEV	4.6	4.3	4.4	4.3	3.4	3.7
FIETA	3.7	3.6	4.0	3.8	3.2	3.6
HWSETA	4.3	4.3	4.3	4.3	4.3	4.3
ISETT	3.2	3.6	4.6	4.6	3.6	3.2
INSETA	4.3	4.4	4.7	4.4	4.4	4.7
LGSETA	*	*	*	*	*	*
MAPPP	3.8	4.0	4.1	3.7	3.7	3.9
MQA	4.3	5.0	5.0	5.0	4.7	4.7
MERSETA	3.9	3.8	4.0	3.8	3.6	3.9
SAS SETA	4.3	4.3	4.6	4.7	4.1	4.1
AGRISETA	4.3	4.2	3.9	4.0	4.0	4.2
SERVICES SETA	4.0	4.2	4.3	4.2	4.2	4.3
THETA	4.4	4.4	3.6	3.8	4.0	4.2
TETA	3.7	4.2	4.4	4.1	3.9	3.7
W&RSETA	4.2	3.9	3.7	3.4	3.8	3.9
Total	**4.1**	**4.1**	**4.2**	**4.0**	**3.9**	**4.0**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Table 1.86 shows the extent to which BEE enterprises, BEE co-operatives, and non-BEE enterprises agreed with the set of six statements about the impact of training. All three establishment types agreed that 'training helps an enterprise keep abreast of the latest skills developments in the field' was the most salient of the six statements.

Table 1.86: Extent of agreement with statements concerning the impact of staff training, by establishment type

Establishment type	Trained employees make fewer mistakes than those who have not been trained	Trained employees solve problems more quickly than those without training	Training helps an enterprise keep abreast of the latest skills developments in the field	Training helps an enterprise keep abreast of the latest product developments (including ICT) in the field	Training gives enterprise employees a clearer sense of a career path	Training keeps employees motivated
BEE enterprise	4.2	4.2	4.3	4.0	4.1	4.2
BEE co-operative	4.1	3.9	4.4	4.3	4.1	4.3
Non-BEE enterprise	4.0	4.1	4.2	4.0	3.8	3.8
Total	4.0	4.1	4.2	4.0	3.9	4.0

Source: NSS2010 data-set

The final question in the section of the questionnaire dealing with the impact of training concerned the incentives that were available to staff who underwent training. As we see from Table 1.87, enterprises rated 'improved remuneration prospects' only slightly above 'improved promotion opportunities'. Both outcomes were more significant for small and large than for medium-sized enterprises. Improved promotion opportunities were especially significant for large enterprises.

Table 1.87: Incentives available to staff who undergo training, by enterprise size

Enterprise size	Improved promotion opportunities	Improved remuneration prospects
Small (11-49)	3.3	3.4
Medium (50-149)	3.0	3.2
Large (150+)	3.5	3.4
Total	**3.3**	**3.4**

Source: NSS2010 data-set

Enterprise response on the indicators of improved promotion and remuneration prospects was more muted than on the six indicators regarding the impact of training discussed above; while the averages ranged between 3.9 and 4.2 on those indicators, here we see that the averages hovered around the 3.4 mark, both by enterprise size (Table 1.87) and by SETA (Table 1.88). In other words, enterprises are rather less sanguine about the promotion and remuneration benefits of training than they are about the impact of training on enterprise and employee performance.

It would be useful to understand the relationship between employee performance and promotion and remuneration outcomes in the context of the performance management process that presumably operates in the majority of enterprises (at least medium-sized and large enterprises). But that is beyond the scope of this report.

From Table 1.88 we see a wide range of enterprise attitudes across the SETAs towards the supposed relationship between training, promotion opportunities, and remuneration prospects. At the more optimistic end, CETA, MQA and THETA all score above 3.9 on both indicators; at the pessimistic end, CTFL, ETDP, MERSETA and TETA score below 3.0 on both. Eight of the SETAs score above the average of 3.2 on the indicator 'improved promotion opportunities', while ten SETAs score above the average of 3.3 on the indicator 'improved remuneration prospects'.

Table 1.88: Incentives available to staff who undergo training, by SETA

SETA	Improved promotion opportunities	Improved remuneration prospects
FASSET	3.2	3.4
BANKSETA	3.0	3.0
CHIETA	3.6	3.2
CTFL	2.8	2.6
CETA	4.0	3.9
ETDP	2.7	2.4
ESETA	*	*
FOODBEV	3.6	3.8
FIETA	3.2	3.3
HWSETA	3.1	3.7
ISETT	2.8	3.6
INSETA	3.6	3.7
LGSETA	*	*
MAPPP	3.7	3.6
MQA	4.0	4.0
MERSETA	2.8	2.9
SAS SETA	2.9	3.1
AGRISETA	3.5	3.8

SETA	Improved promotion opportunities	Improved remuneration prospects
SERVICES SETA	3.1	3.3
THETA	4.0	4.0
TETA	2.9	2.9
W&RSETA	3.2	3.2
Total	**3.2**	**3.3**

Source: NSS2010 data-set

NOTES:

1. *The cell sizes for the 2010 survey are so small that any interpretation of the data based on disaggregation by SETA should be treated with extreme caution.*
2. *The BANKSETA findings do not form part of the interpretation since only one enterprise in the banking sector responded to the survey. The data are included for the sake of completion only.*

Table 1.89 shows that BEE co-operatives are significantly more confident than are the two other establishment types that improved promotion opportunities and remuneration prospects are available to staff who undergo training (the mean is 4.0, versus a score between 3.2 and 3.3 for BEE enterprises and non-BEE enterprises).

Table 1.89: **Incentives available to staff who undergo training, by establishment type**

Establishment type	Improved promotion opportunities	Improved remuneration prospects
BEE enterprise	3.2	3.3
BEE co-operative	4.0	4.0
Non-BEE enterprise	3.2	3.3
Total	**3.3**	**3.4**

Source: NSS2010 data-set

CONCLUSION

This section summarises the main findings of the report and poses some key questions arising out of the research.

There are two broad areas of findings: training undertaken by enterprises; and SETA support to enterprises for training. The conclusions arrived at are framed according to these areas.

Training undertaken by enterprises

- The overall training rate among private enterprises in 2009/10 was 75 per cent. That three-quarters of all staff in the enterprises that responded to the survey were trained represents a 24 percentage point increase over the 2006/07 rate of 53 per cent. Increases in training may be due to the global economic downturn – enterprises upgrading the skills of their existing employees to compensate for skills lost through retrenchment or to obviate the need for importing skills through recruitment. The moderate effect of the global economic downturn on training levels across all enterprise sizes, however, suggests that this is unlikely to be the foremost reason for the increase in training. More plausibly, enterprises may have dubbed any kind of skills-related activity, of whatever duration and nature, "training"; a limitation of the survey is that it did not probe the nature of training provided by enterprises.

- The rate of training among non-BEE enterprises was also 75 per cent. The lower training rates among BEE co-operatives (50 per cent) and BEE enterprises (60 per cent) are a function of enterprise size (BEE enterprises tend to be smaller than non-BEE enterprises, and smaller enterprises train at lower rates than do large enterprises) and geographical location (BEE co-operatives are located in small towns or rural areas, where training resources would be fewer).

- If the training rate for Professionals (86 per cent) is representative of the population, the contrast with that for Managers and Technicians & trade workers (both 42 per cent) suggests that there may be serious deficits in the skills levels of these occupations. Further research is needed to gauge why Professionals would have been trained at such high levels: is it a function of their over-representation in the response profile, of the relative neglect of the skills development of this category over the past three years (since the NSS2007), or of a recognition of the relative importance of this category in the information age?

- The 21 per cent difference between the aggregate male and female training ratios in large enterprises may represent a recognition on the part of big business either that female employee skills development has been neglected until now or that female staff have the potential to make a valuable contribution in the workplace.

- The 27 per cent difference between the highest and lowest training rates between race groups (white versus black African) in 2009/10, were it to be representative of the total population, would be a warning sign that the human capital potential and the redress needs of African workers are not being addressed sufficiently. It would also signify a major failure for the NSDS II and a reversal of the 2006/07 picture, where the training of black Africans (58 per cent) far outstripped that of whites (25 per cent). Africans in 2009/10 were exposed to the lowest levels of training in five of the eight occupational categories, African technicians and trade workers having experienced the lowest training rate by race and by occupation. Since the average training across this category is only 29 per cent, the very future of the occupation – already compromised by the appalling enrolment and throughput rates of FET college students on artisanal pathways (see Cosser, Kraak & Winnaar, 2011) – may be in jeopardy.

- The relatively low participation in Learnerships (about 40 per cent overall), with low levels of in-house training of own employees, bears out the essential differences between training of own versus new employees. Training of 18.2 Learnership employees is 'coerced' to some extent by the Skills Development Act and NSDS legislation, while the 18.1 Learnership data show enterprises' true commitment to training their own employees. BEE co-operatives, the data show, had eight out of every hundred permanent employees (as opposed to two each in BEE enterprises and non-BEE enterprises) registered on a Learnership in 2009/10. The reasons for this high registration rate need to be investigated.

- The distinction between enterprise rating of the impact of training in general versus in the specific – enterprises were more optimistic about the impact of training overall than about its impact on listed outcomes – underscores the difficulty of measuring impact, especially where it is based on perception. The fact that small enterprises believed the impact of training on a further six listed indicators to be the same as or stronger than did medium-sized and large enterprises suggests not only that training is indeed beneficial in the small business arena but that the state is right to focus its efforts on promoting skills development in this segment. That enterprises of all types (BEE and non-BEE) cited 'training helps an enterprise keep abreast of the latest skills developments in the field' as being the most salient of the six indicators should serve as encouragement to the DoL and the DHET, its successor in the regulation of skills development, about the importance enterprises attach to skills development.

- While enterprises in general are less sanguine about the promotion and remuneration benefits of training than they are about the impact of training on enterprise and employee performance, BEE co-operatives are significantly more confident than are the two other establishment types that improved promotion opportunities and remuneration prospects are available to staff who undergo training – reflecting perhaps a less sophisticated, more self-seeking attitude than that evinced by their counterparts in BEE and non-BEE enterprises.

SETA support for enterprise training

- The data on enterprise registration with SETAs and the operation of the levy grant system reveal both that support for skills development has been embraced fairly broadly and that there is a large degree of compliance with the skills development legislation. Whether the training that issues from such compliance is of a standard that enhances the competence of the workforce, however, has not been established.

- The levy grant-claiming differences between large and medium-sized enterprises on the one hand and small enterprises on the other show that the system works well in the large and medium segments but has not fully taken hold in small enterprises – even though the percentage of small enterprises claiming grants (41 per cent) meets the NSDS II Success Indicator 2.2 target. That more than half of small enterprises do not claim grants from SETAs is cause for concern if SETAs wish to promote training in enterprises which by virtue of their size do not have the training resources available to their larger counterparts. The reasons for small enterprises in particular not claiming grants (nearly a third claimed not to know of the system) call into question the efficacy of the system itself, particularly as a mechanism for promoting skills development in the small business segment. SETAs' promptness in paying grants was rated the highest of all services provided by SETAs to the enterprises registered with them; but at 2.9 on a five-point scale, the rating does not inspire much confidence in SETAs.

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TECHNICAL REPORT 2:
SKILLS DEVELOPMENT IN FIVE SETAS

INTRODUCTION

As the country's skills development intermediaries, Sector Education and Training Authorities (SETAs) are instrumental to achieving the NSDS II objectives by promoting and facilitating skills development plans for the country. This component of the project analysed data on training for the year 2009/10 within five SETAs: MQA, FASSET, MERSETA, BANKSETA, and W&RSETA. This was undertaken in order to supplement, where possible, the findings of the survey component (Section 2 of this report) in addressing the research question: 'How has the training undertaken by SETA-affiliated enterprises contributed to meeting the specified success indicators in the NSDS II?' The data collected therefore specifically pertain to Objective 2 and three success indicators of the NSDS II:

Objective 2: Promoting and accelerating quality training for all in the workplace

- Success indicator 2.1: By March 2010 at least 80 per cent of large enterprises' and at least 60 per cent of medium enterprises' employment equity targets are supported by skills development. Impact on overall equity profile assessed
- Success indicator 2.2: By March 2010 skills development in at least 40 per cent of small levy-paying enterprises supported and the impact of the support measured
- Success indicator 2.5: Annually increasing number of small BEE enterprises and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE enterprises and BEE co-operatives within the sector from the second year onwards. Impact of support measured.

A secondary objective of the study was to evaluate SETA capacity to collect and report on training data through an assessment of the types of data collected, the formats in which data is collected and preserved, and the usefulness of any reports produced by SETAs on the data collected in support of the broader skills development project in South Africa. Whether data collection and reporting were standardized across the five SETAs or not therefore formed part of the investigation.

This section of the report has six sub-sections. In the first, we provide some background to the SETA system. In the second, we provide an overview of existing data sources in the five SETAs under investigation as a precursor to examining the data that are available. In the third, we profile the five SETAs. In the fourth, we look at enterprises in the five SETAs, focusing on employment. In the fifth, we consider training in the five sectors. And in the sixth, we analyse scarce and critical skills in the sectors.

To better understand the landscape in which the five SETAs being analysed for this study operate, a brief account of the legislative context for skills development in South Africa is provided below.

BACKGROUND TO THE SETAS

The Skills Development Act of 1998 was enacted to provide an institutional framework that would establish national, sector and workplace strategies to promote and facilitate the development and improvement of the skills profile in South Africa. This Act identifies a number of priorities that guide its initiatives. Broadly, these are:

a. An increase in investment in education and training initiatives;
b. An increase in the participation of employers in skills development initiatives within the workplace;
c. Encouragement of workers to participate in skills development programmes;
d. Improve of employment prospects of the unemployed and of those previously disadvantaged through unfair discrimination; and
e. Ensuring the quality of education and training in and for the workplace (Skills Development Act No.97 or 1998).

Through the Skills Development Act, a Sector Education and Training Authority (SETA) framework was established to ensure that the imperative of education and training was aligned with industry requirements. This system saw the creation of 27 SETAs that covered the different industries making up the South African labour market. These were identified through the efforts of the Department of Labour and SARS, which allocated enterprises into the different industries. Each SETA operated within a sector whose economic activities were closely linked and each sector comprised both private and public institutions.

The SETAs were empowered in such a way that set them apart from the training boards that preceded them. In addition to providing for various training programmes, SETAs were mandated to collect skills levies and in turn make these and other funds available for education and training within the various sectors. They were also to participate directly in training in the workplace through the approval of workplace skills plans (WSPs) submitted by employers. Overall, SETAs were to monitor and ensure the quality of education and training made available in and for the workplace in their respective sectors (DoL, 2011).

For the SETA framework to be able to monitor and enable quality assurance, all training institutions were required to register and accredit their training courses and qualifications with the relevant SETAs in their industry as well as with the South African Qualifications Authority (SAQA). Established in 1995 as both a standards setting system as well as a quality assurance system, SAQA is responsible for overseeing the development and implementation of the National Qualifications Framework (NQF).

The aspect of quality assurance within the NQF is structured into two principle bodies: accrediting bodies (Education and Training Quality Assurance bodies – ETQAs); and accredited learning providers. Learning providers are accountable to ETQAs, which are in turn accountable directly to SAQA for the "standards of learning achievements and provision in their area of primary focus" and "for assuring the quality of learning achievements within a specified context for registered standards" (SAQA, 1998). More specifically, ETQAs are accredited by SAQA for the purpose of monitoring and auditing sector specific achievements in terms of national standards or qualifications. All SETAs are accredited by SAQA as ETQAs; this allows for the various SETAs to meet their responsibility to SAQA for monitoring and ensuring quality education and training.

There are currently 23 SETAs within the skills development framework. As mentioned, the report will focus on five SETAs, all of which were part of the initial 27 founded in terms of the Skills Development Act of 1998. The five SETAs were chosen by the HSRC and the DoL on the basis of SETA responsiveness and data quality: requests for data were sent to all SETAs, and the five included in the study were among those that submitted the most comprehensive data amenable to analysis and profiling.

To reiterate the key question, this component of the study sought to provide a picture of the extent to which enterprises in the various sectors represented by the five SETAs are contributing to skills development initiatives, as well as to explore the initiatives undertaken. Much effort was put into data collection in order to ensure an adequate supply of data and to allow for presentation of as comprehensive a picture as possible. However, data informing some indicators were not always available in the documents reviewed or in data obtained from the SETAs, particularly for the year 2009/10. In such instances, data for year 2008/9 or year 2010/11 were used; where this is the case, it is so indicated in the text. A direct comparison across SETAs is therefore not possible. The analysis presented here will, however, shed some light on the extent to which SETAs are addressing the objectives of the government's skills development initiatives.

All the data reported on in this section were obtained through secondary data review and analysis.

OVERVIEW OF EXISTING DATA

This component of the study, as indicated above, entailed carrying out secondary analyses of data on training for the year 2009/10. The main aim of this exercise was to review raw data, tables, and reports produced by the five SETAs, paying particular attention to indicators pointing to the nature and extent of training taking place in the various sectors. Specifically, the analysis involved looking at the profiles of people employed and trained in the sectors and comparing progress in these areas against the equity targets as spelled out in the NSDS II.

As is the case with other research methodologies, secondary data analysis has its strengths and limitations. Secondary data analysis can be viewed as quick and inexpensive because of using already available data. However, the fact that the data were collected to address a research question that did not inform the original research focus, secondary data analysis might limit the analysis. Moreover, the information collected may be incomplete and inconclusive. All these limitations were taken into account during the design of the study; but the advantages outweighed the disadvantages, especially since one of the objectives was to provide an overview of training data collection and reporting as it exists in five SETAs.

On initiation of the study, we embarked on a web-site search for Sector Skills Plans (SSPs),[8] analyses of grant applications or Workplace Skills Plans (WSPs), Annual Training Reports (ATRs), reports on critical and scarce skills, and Annual Reports produced by the five SETAs for the year 2009/10. This was undertaken primarily through searches on the SETA web-sites. Thereafter, all five SETAs were contacted directly and asked to provide any additional documentation – in some instances, some of the above reports not available via the internet. Key documents consulted for relevant data (Table 2.1) included but were not limited to the following:

Table 2.1: **Reports used from the five SETAs**

Reports	FASSET	MERSETA	MQA	BANKSETA	W&RSETA
Annual report (2008/9)		X			
Annual report (2009/10)	X		X	X	X
Annual report (2010/11)	X		X		X
Sector Skills Plan (2009/10)				X	X
Sector Skills Plan (2010-2016)	X	X	X		
Sector Skills Plan 2005-2010	X		X	X	
Analysis of WSPs and ATR reports/ grant applications (2009/10)	X	X	X		
Scarce and Critical skills report		X	X	X	X

Source: 2009 SSP Annual Review
Note: Here a cross indicates the availability of a particular data source / data.

Different reports were found to contain different information pertaining to the sector profiles, specifically information on equity profiles and the extent and nature of training in enterprises in the five sectors.

[8] The primary purpose of any Sector Skills Plan (SSP) is to act as an important strategic document, providing information to enable analysis of the structure, profile, characteristics, trends and patterns within each sector. It contains market intelligence that can encourage stakeholders within the sector to make informed skills development decisions, with the aim of identifying weaknesses (shortages and gaps) and, ultimately, addressing these weaknesses (BANKSETA, SSP 2009/10).

Additionally, some of the SETAs (BANKSETA, W&RSETA and FASSET) offered raw data in the form of excel spreadsheets. These data were mainly extracts from WSPs and training data based on ATRs received from enterprises. Such data were received from individual SETAs' management information systems, which contained information such as:

- Profile of enterprises that submitted WSPs and ATRs
- Equity profile of people employed in those enterprises by
    - Race
    - Gender
    - Occupational category
- Equity profiles of training recipients (in a few SETAs)

It should again be emphasised that the data provided at times contained some but not all of the indicators of interest. This is one of the limitations of secondary data analysis as mentioned earlier.

Data consolidation proved to be complex as it became evident that individual SETAs conduct and report their sector specific research projects in various formats. Evidently, though the Department of Labour has guidelines on preparing SSPs, the reality is that SETAs interpret and report on the SSP differently, the structure and and presentation of findings being unique to individual SETAs. For example, a SETA would record training by race and gender while another would record training by province and sub-sector. In the few cases where the disaggregation are the same, the years recorded differ – so one SETA would record training by race and gender in 2000 while another would record training by race and gender in 2009. At times data from different reports from the same SETA did not reconcile and were inconsistent. This might have been due to different reporting times or sample frames or reports being updated after the submission of drafts, leading to addition and elimination of some information resulting in minor changes in figures. At times tabular data did not yield the same results as presented in the reports – for instance, the tabular data on WSPs of a particular SETA not yielding the same results as indicated in the annual report or SSP. This makes it impossible to compare SETAs so as to evaluate their performance and highlight best practice. In the light of the above discussion, limited comparison is undertaken in this report. Instead, the available data covering varying aspects of skills development for the 2009/10 period are analysed per SETA to allow insight into each SETA.

The report on SETA analysis compiled by Singizi Consulting in 2007 also pointed to some of these shortcomings regarding the SETA data. One of the obvious challenges is that SETAs have a varied clientele to which they are supposed to report. This means that different and specific data and reports are submitted to various entities. For example, SETAs report to the DoL against their Service Level Agreements, which are informed by the NSDS targets set by the National Skills Authority. On the other hand, SETA ETQAs are subjected to biennial audits by SAQA, to which they are also required to submit quarterly reports (Singizi Consulting, 2005). The differing reporting requirements call for a common data source that is compatible across

SETAs to accommodate the varied reporting needs. . Standardising the formats for reporting templates and greater articulation in terms of what data are collected, captured and reported to the different entities will ensure greater consistency and credibility (Singizi, 2005). Despite these challenges, the inferences drawn in this report will provide some insight into the training patterns of the different sectors. In order to fully understand these training issues in the selected SETAs, we need to have some insight into the profiles and structures of the sectors they oversee.

PROFILE OF THE FIVE SETAS

To reiterate, even though individual SETAs had common themes in profiling their sectors (for example, in their SSPs), the data were presented in different ways. All SETAs presented the profile of the labour force within their sectors in terms of some or most of the following: province; race; gender; age; qualification; and occupational category. These were, however, analysed differently. For instance, some profiles focused on the geographical distribution of enterprises, whilst others looked at employment distribution across different provinces. Some focused on the distribution of enterprises by enterprise size, and others looked at employment distribution by enterprise size.

The five SETAS that are the focus of this study were all amongst the initial 27 SETAs founded in terms of the Skills Development Act 97 of 1998. A brief description of the scope and purpose of the five SETAs, mostly in their own words, is presented below.

Mining Qualifications Authority (MQA)

The MQA is the SETA for the Mining and Minerals sector. Before the promulgation of the Skills Development Act and the establishment of SETAs, the MQA was established by the Mine Health and Safety Act No. 29 of 1996. The MQA therefore undertakes the dual role of satisfying the requirements of skills development by supporting the objectives of the National Skills Development Strategy (NSDS) as determined by the Department of Labour as well as the requirements of mine health and safety legislation by supporting the objectives of the Mining Charter in terms of the Minerals and Petroleum Resources Development Act (No. 29 of 1996). MQA was therefore demarcated by the Department of Labour for the purposes of skills development legislation and encompasses all mining activities covered by the Standard Industrial Classification (SIC) codes 21000 to 29000, as well as a small component of manufacturing, namely the manufacturing of cement, lime and plaster (SIC code 34240), jewellery manufacturing (SIC code 39210), and the cutting and polishing of diamonds (SIC code 39212) and of other precious and semi-precious stones (SIC code 3929). The SETA is responsible for driving transformation in the mining sector through the facilitation of skills development, with a particular focus on redressing past imbalances in a sector in which inequality is still visibly entrenched(MQA SSP 2009/10).

Financial, Accounting, Management Consulting and other Financial Services SETA (FASSET)

FASSET is the SETA for financial service entities such as investment and trust entities; enterprise secretary services; the administration of financial markets; security dealing activities; stock-broking; asset portfolio management; development enterprises; tax, accounting, bookkeeping, and auditing services; cost and management accounting; and business management consulting services. Government services included in the sector are the South African Revenue Service (SARS), the National Treasury, and provincial departments (FASSET sector profile, 2008:3). Aligning its vision to policy objectives as stipulated by the Skills Development Act, FASSET recognizes that the finance industry is heavily influenced by the dynamic of a global economy and thus commits to "influenc[ing] the effective operation of the labour market, through effective skills development, so as to ensure the appropriate supply of competent labour necessary to compete in the global economy" (FASSET SSP, 2011/16:68).

Manufacturing, Engineering and Related Services SETA (MERSETA)

MERSETA is responsible for skills development enterprises in the following areas: metal and engineering; auto manufacturing; motor retail and component manufacturing; tyre manufacturing; and the plastics industries. MERSETA neither collects levies nor provides training, but through funding from the DHET it facilitates the process of training by providing grants, identifying scarce skills, as well as registering moderators and assessors, whilst accrediting training providers. In this way it is better able to monitor the quality of training.

Banking SETA (BANKSETA)

BANKSETA is the SETA for enterprises involved in banking activity. It serves a very diverse clientele including the central bank, domestically controlled banking operations and some foreign contingent, development finance and leasing operations, micro lenders and other financial operations. Moreover, BANKSETA has an "emerging, relatively unsophisticated, yet highly regulated subsector" that serves the unbanked pockets of the society (BANKSETA SSP, 2005-2010: viii). The main scope of business within the banking and micro finance sectors is monetary intermediation. Supporting innovation and transformation, BANKSETA prioritises skills development in order to advance the national and global positioning of South Africa's broader banking and microfinance industry, thereby enabling skills development in the banking and microfinance sector (BANKSETA SSP, 2005-2010).

Wholesale and Retail SETA (W&RSETA)

The W&RSETA is the SETA whose role is to "ensure quality learning provision within the wholesale and retail sector. The priority of its skills development initiatives is towards the enhancement of sustainable socio-economic development".

The next section provides an indication of the actual economic activities covered by the five SETAs. Because of the large number of activities listed per SIC code, most of the SETAs have re-categorized the activities under the major sub-groupings. For instance, for the year 2009/10, FASSET comprised 17 categories of the Standard Industrial Classification (SIC). However, for reporting purposes, enterprises belonging to FASSET were re-categorised into seven sub-sectors, as shown later in this chapter.

Industrial coverage of the five SETAs

When the five SETAs are compared, the most significant phenomenon of dual structure employment occurs within W&RSETA and MERSETA whereby both offer significant proportions of formal and informal employment. Wholesaling and retailing in South Africa is the fourth largest contributor to Gross Domestic Product (GDP), with a contribution in the region of 16.5 per cent (Labour Force Survey, Quarter 1, 2009). It is also a major source of employment. During the year 2009/10, it employed in the region of 1.5 million people in the formal sector and 1.4 million people in the informal sector. This sector contributes 26 per cent of total employment, 21per cent of formal employment and 47 per cent of informal sector employment in the economy (Labour Force Survey, Quarter 1, 2009).

Regarding MERSETA, a total of 1.9 million individuals were employed in the manufacturing sector of South Africa in 2008, 88 per cent of whom were in the informal sector. The high proportion of informal sector workers presents these SETAs with significant challenges to extend meaningful support to informal sector workers through far-reaching skills development initiatives.

The mining and minerals sector is a core component of South Africa's economy. In 2008, the mining industry's contribution to gross domestic product (GDP) was 8.6 per cent. In March 2009, the mining and minerals sector employed approximately 6 per cent of workers in the formal economy (SSP, 2009/10).

Table 2.2 outlines the industrial coverage of the five SETAs.

Table 2.2: **Industrial coverage of the five SETAs**

FASSET		W&RSETA		BANKSETA	MERSETA	MQA
Investment Entities and Trusts	Investment Entities and Trusts and Enterprise Secretary Services	Trade	Retail	Monetary Intermediation	Metal and engineering	PGM Mining
Enterprise Secretary Services		Wholesale and commission trade, except for motor vehicles/cycles	Retail trade, except for motor vehicles/cycles, repair of personal & household goods	Discount Houses And Commercial And Other Banking	Auto manufacturing	Gold Mining
Administration of Financial Markets	Stock-broking and Financial Markets	Wholesale trade on a fee or contract basis	Retail trade in non-specialised stores with food, beverages and tobacco dominating.	Building Society Activities	Motor retail and component manufacturing	Coal Mining
Security Dealing Activities		Wholesale trade in food, beverages and tobacco.	Other retail trade in non specialised stores.	Other Financial Intermediation Not Elsewhere Captured	Tyre manufacturing, and	Other Services
Stock-broking		Wholesale trade in textiles, clothing and footwear.	Retail trade in fresh fruit and vegetables	Lease Financing	Plastics industries.	Services Incidental to Mining
Asset Portfolio Management		Wholesale trade in household furniture requisites and appliances.	Retail trade in meat and meat products	Securities Dealing		CLAS
Development Corporations and Enterprises	Development Enterprises	Wholesale trade in books and stationery.	Retail trade in bakery products	Activities Ancillary To Financial Mediation		Diamond Mining
Tax Services	Accounting, Bookkeeping, Auditing and Tax Services	Wholesale trade in precious stones, jewellery and silverware	Retail trade in beverages (bottle stores)	Suspense account (unknown)		Jewellery Mining
Accounting, Bookkeeping and Auditing Activities, Tax Consultancy		Wholesale trade in pharmaceuticals, toiletries &medical equipment	Other retail trade in food, beverages, tobacco, n.e.c.			Diamond Processing

FASSET		W&RSETA		BANKSETA	MERSETA	MQA
Activities of Accountants and Auditors Registered in Terms of the Public Accountants and Auditors Act		Wholesale trade in metal and metal ores.	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists.			
Activities of Cost and Management Accountants		Wholesale trade in construction materials, hardware, plumbing and heating equipment.	Retail trade in men's and boys' clothing			
Bookkeeping Activities, including Relevant Data Processing and Tabulating Activities		Office machinery and equipment including computers.	Retail trade in ladies and girls' clothing			
Activities Auxiliary to Financial Intermediation	Activities Auxiliary to Financial Intermediation	Other machinery	Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories			
		General wholesale trade				
Business and Management Consulting Services	Business and Management Consulting Services	Other wholesale trade not elsewhere classified	Retail trade in shoes			
Project Financial Management			Retail trade in household furniture appliances, articles and equipment.			
South African Revenue Service (SARS)	SARS and Government Departments		Retail trade in hardware, paints and glass.			

FASSET		W&RSETA		BANKSETA	MERSETA	MQA
			Retail trade in reading matter and stationery.			
			Retail trade in jewellery, watches, and clocks.			
			Retail trade in sports goods and entertainment requisites.			
			Retail trade by other specified stores.			
			Retail trade in second hand goods in stores.			
			Retail trade of used motor vehicles.			
			Sale of tyres			

ENTERPRISES IN THE SECTORS

This section profiles the total number of enterprises within the five sectors. It also provides an indication of the total number of enterprises that pay levies and / or those that participate in the levy scheme. Total employment in the sectors is also considered. Table 2.3 outlines the situation with regard to these three indicators.

Table 2.3: Total number of enterprises and levy-paying enterprises, and total employment by SETAs

	Total no. of enterprises	No. of levy-paying enterprises	Total employment in the sector	Total employment in levy paying enterprises
FASSET	-	3 202	-	119 300
BANKSETA	-	2 512*	-	154 064
W&R SETA	113 780	11 380	30 206 66	429 364
MQA	-	456	-	419898
MERSETA	44 193	-	1 900 000	600 000

Source: BANKSETA SSP 2009/10, updated from the 2008 BANKSETA records
MERSETA SSP 2009/10: Employment total by 2008
MERSETA SSP, 2010, in Mummenthey (2011)

As the table reveals, there are gaps in the data, especially for the total number of enterprises in the sectors.

In the year 2009/10:

- FASSET had a total of 3 202 registered levy-paying enterprises within the sector. The levy-paying enterprises, together with non-levy-paying enterprises, employed approximately 119 300 people during the period under investigation, whilst a total of 98 928 people were employed by enterprises whose WSPs were accepted by FASSET in year 10 (2009/10). Of these, 95 946 were employed in levy-paying enterprises, and 2 982 in non-levy-paying enterprises (FASSET analysis of grant applications, 2009/10).

- BANKSETA had about 2 512 levy-paying enterprises within the sector during year 2008 (Sector Skills Plan, 2009/10). These enterprises had about 154 076 people in their employ (BANKSETA WSP data, 2009/10). About 134 large enterprises in this sector, including the four major banks – ABSA, First Rand, Nedbank, and Standard Bank – accounted for only 6 per cent of the sector, but were responsible for 94 per cent of employment in the sector.

- According to the W&RSETA SSP 2009/10, the 2008 DTI data indicated that there was a total of 113 780 enterprises within the sector. About 11 380 submitted their WSP/ATRs for year 2009, although not yet approved (W&RSETA Annual Report, 2009/10).

- For year 2009/10, MQA had about 456 enterprises participating in the levy system (Analysis of Grant applications 2009/10). These were reportedly representing about 418 898 employees in the sector.
- Mummenth (2011) observes that, according to MERSETA's official statistics, MERSETA has about 44 000 enterprises with a workforce of approximately 600 000 employees.

The next section shows the employment distribution across the five SETAs according to enterprise size.

Employment in the five sectors

Employment distribution by enterprise size

Reconciling data on distribution by enterprise size proved to be challenging, because individual SETAs interpret enterprise size in different ways. Whilst some use number of people employed by enterprise size, some use number of levy-paying enterprises by enterprise size. Moreover, the parameters used to define the enterprise size categories also differ by SETA, as Table 2.4 indicates.

Table 2.4: Varied SETA size categories

SETA	Categories
FASSET	0-9, 10-19, 20-49, 50-149 & 150 +
BANKSETA	(0-50, 51-150, 150+).
MerSETA	0 employees, 1-4, 5-9, 10-19, 20-49 and 50 +
W & R SETA	0-49, 50-149 & 150+
MQA	1-49, 50-149, 150-4 999 & 5000 +.

For the purposes of this report, the five categories are summed to represent the 0-49 category.

Table 2.5: Employment distribution by enterprise size

	FASSET			BANKSETA			W&RSETA			MQA			MERSETA		
Enterprise size	No. of employees	% of employees	No. of levy-paying enterprises	No. of employees	% of employees	No. of levy-paying enterprises	No. of employees	% of employees	No. of levy-paying enterprises	No. of employees	% of employees	No. of levy-paying enterprises	No. of employees	% of employees	% of levy-paying enterprises
0-49		27				2 331			9 866	3 067	0.7			51	91
50-149		13				134			1 088	12 704	3.0			49	6

150+		60				47			426	40 4127	96.2				3
Totals		**100**				**2 512**			**11 380**	**419 898**	**100.0**	**456**		**100**	**100**

FASSET data source: FASSET sector skills Plan 2011 to 2016.
MERSETA data source for per cent of employees: SSP 2009: 36.
MERSETA data source: DataNet 2009 for N. of levy-paying enterprises; SSP Annual Review 2009: 67 (N=114 517)
W & SETA data source: SMS March 2005; data from SSP 2009/10
MQA data source: Analysis of WSPs and ATRs year 2009/10
BANKSETA data source: BANKSETA Skills Plan 2009, based on 2008 baseline data.

The key findings from this table and from supporting documentation (indicated in the text below) are the following:

- The financial services sector is characterized by a very large number of small enterprises, i.e., those employing fewer than 50 people, and a few large enterprises (those employing over 150 people). Most of the employment is, however, found in the large enterprises (60 per cent of the workforce in the sector). Only 13 per cent of the sector's employment is found in enterprises that employed between 50 and 149 people (medium-sized enterprises), while 27 per cent of the employment is distributed across the many small enterprises (SSP, 2011/2016).

- The banking sector is also dominated by small and medium-sized enterprises. These are mainly micro-finance institutions, representing 94 per cent of enterprises, yet they account for only 6 per cent of employment in the sector (SSP, 2009/10 update). Again, most of the employment is provided by the large enterprises (94 per cent). Along the same vein, The BANKSETA 2005-2010, had indicated that the banking sector had a total of 1 331 registered levy paying enterprises that gave employment to 146 149 people. About 12 17 of organizations were small, 37 were medium and 77 were large. Again, even though the employers were predominantly small and medium (94%), they accounted for 6% of employment in the sector (BANKSETA SSP 2005-2010).

- Most (85 per cent) of the enterprises in W&RSETA (86 per cent) are also small enterprises, only 9 per cent are medium, and 4 per cent are large enterprises. No employment distribution by number of employees and enterprise size was provided.

- MERSETA is also characterized by a large number of small enterprises (91 per cent) and a few (3 per cent) large enterprises. Overall, in 2008, the largest proportion of employed persons (71 per cent, = 428 793) was employed in establishments with 50 or more employees. Medium-sized enterprises gave employment to 15 per cent, whilst 14 per cent were employed in small enterprises (MERSETA SSP, 2009). A similar picture obtains in 2010, the 6 per cent of large enterprises employing about 49 per cent of those in the sector.

- Most employees in the mining sector are employed within large enterprises. About 96 per cent of the workers were employed in enterprises with 150 employees and above. Only 4 per cent of the workforce whose enterprises submitted grant applications is found in small and medium-sized enterprises.

It is evident that enterprise size does not translate into a corresponding number of employees in the sector, as most of the employment is found within a few large enterprises. The existence of a large number of small enterprises in the various sectors points to the need for support of small and medium enterprises through entrepreneurship and management training.

Employment distribution by sub-sector

No data on the breakdown by the seven sub-sectors were provided for W&RSETA and BANKSETA. Only FASSET, MERSETA and MQA indicate employment distribution by sub-sector. Table 2.6 outlines the profile for FASSET.

Table 2.6: **FASSET sub-sectoral distribution of enterprises and employment**

Sub-sector	% enterprises	% employed
Investment Entities and Trusts and Enterprise Secretary Services	12	7
Stockbroking and Financial Markets	16	11
Development Enterprises	1	2
Accounting, Bookkeeping, Auditing and Tax Services	44	37
Activities Auxiliary to Financial Intermediation	8	11
Business and Management Consulting Services	18	15
SARS and Government Departments	1	17
Total	**100**	**100**

Source: FASSET SSP (2011-2016), analysis based on calculations from FASSET data system

The largest sub-sector (44 per cent) within FASSET was Accounting, Bookkeeping, Auditing and Tax enterprises. As expected, this was the sub-sector that also provided most (37 per cent) of the employment. About 18 per cent of the enterprises in the sector are Business Management Services. SARS and Government Departments employed 17 per cent, whilst a further 15 per cent found employment in business management, and consulting services (FASSET SSP, 2011-2016).

The MERSETA profile is as follows:

Table 2.7: MERSETA sub-sectoral distribution of enterprises

MERSETA sub-sectors/Chambers	No. of enterprises
Metal and Engineering (Metal)	24 475
Motor Retail and Component Manufacturing (Motor)	17 798

MERSETA sub-sectors/Chambers	No. of enterprises
Plastics Manufacturing (Plastics)	1 873
New Tyre Manufacturing (Tyre)	40
Automobile Manufacturing (Auto)	7
Total	**44 193**

Source: MERSETA, 2010, in Mammunthey (2011).

The largest sub-sector within MQA was PGM Mining, with 183 914 employees (34 per cent of total employment), followed by Gold Mining with 160 102 employees (29 per cent of total employment).

Table 2.8: MQA sub-sectoral distribution of employment

Sub-sector	No. of employees	% distribution
PGM Mining	183 914	34
Gold Mining	160 102	29
Coal Mining	70 703	13
Other Mining	52 749	10
Services Incidental to Mining	33 193	6
CLAS	28 595	5
Diamond Mining	12 046	2
Jewellery Manufacturing	4 894	1
Diamond Processing	1 776	0
Total no. of employees	**547 972**	**100**

Source: Sector Skills Plan for the Mining and Minerals Sector, submitted 30 Sept. 2010.Calculated from MQA data system.

Employment distribution by province

Like race and gender, geography influences equitable occupational advancement. It is thus prudent to look at employment distribution by geographic location. W & R SETA did not provide a provincial or geographical employment distribution. Rather, only the distribution of levy paying enterprises was provided.

Table 2.9 illustrates employment distribution across the nine provinces.

Table 2.9: Geographical location of employees (%)

SETA	EC	FS	G	KZN	L	M	NW	NC	WC	Total
FASSET (N = 98 928)	5	3	52	11	2	3	3	1	21	**100**
BANKSETA (N = 154 064)	6	3	60	11	2	3	2	1	12	**100**
W&RSETA										
MERSETA	8	4	35	22	3	5	5	2	17	**100**
MQA (N =419 898)	1	10	21	2	13	14	36	3	1	**100**

The financial sector is concentrated in Gauteng, with over half (52 per cent) of employees in levy-paying enterprises based there; a fifth (21 per cent) were in the Western Cape and 11 per cent in KwaZulu-Natal. The other 16 per cent were spread across the other six provinces (Analysis of Grant Applications, year 10). The 2008 report on the survey of the Financial and Accounting services sector had also indicated that Gauteng and Western Cape had more than 2 000 enterprises each.

According to the 2001 and 2004 provincial profile of the banking sector, Gauteng accounted for the highest number of employers, followed by the Western Cape and KwaZulu-Natal (BANKSETA SMS 30 June 2005). The SSP 2009 (updated) indicated that no significant changes had taken place in the provincial employment profile of the banking sector over the previous five years. The majority of the employees of large and medium-sized banks are based in Gauteng province (60 per cent), followed by Western Cape (12 per cent) and KwaZulu-Natal (11 per cent). Nearly a fifth (17 per cent) were found in the other provinces.

According to the W&RSETA SSP 2009 (n=11 780), most of the enterprises in the wholesale and retail sector were likely to be found in Gauteng (42 per cent), followed by Western Cape (18 per cent) and KwaZulu-Natal (12 per cent). Lower numbers were found in the other provinces. When specifically looking at the distribution of levy-paying enterprises only (n=11 380), Gauteng had the highest proportion (44 per cent), followed by KZN (15 per cent) and Western Cape (19 per cent), with the remaining 22 per cent spread across the other provinces. No breakdown by employees was provided as mentioned above.

The 2009 MERSETA Annual SSP reported that the manufacturing sector had a significant presence in three provinces, namely Gauteng, KwaZulu-Natal, and the Western Cape. Gauteng accounted for over a third (35 per cent) of manufacturing employment, while KZN had 22 per cent and the Western Cape 17 per cent. All other provinces each accounted for less than ten percent of manufacturing employment (Source: Statistics SA 2008; in SSP 2009).

Mining services are concentrated in six provinces: North West; Gauteng; Mpumalanga; Limpopo; Free State; and Northern Cape. The largest share of employment in the mining and minerals sector is found in North West (36 per cent (N = 419 898). This is followed by Gauteng (21 per cent), Mpumalanga (14 per cent), Limpopo (13 per cent), the Free State (10 per cent), and the Northern Cape (3 per cent). In particular, mining activity forms the backbone of the economy in the Northern Cape. As such, the MQA recognizes the crucial role it plays in contributing to the upliftment of the economies of these provinces through human resources development. It is from this perspective that the SETA commits to undertake skills development in this region. Only small fractions of the sector are located in KwaZulu-Natal and Western Cape (Analysis of grant applications, 2009/10). Northern Cape has the greatest concentration of people employed in the Diamond Mining sub-sector, mining being a significant contributor to the economy of that province.

It is evident that access to training and skills development will be differentiated by geographic location. In light of this, SETAs must be responsive to geographic challenges and work towards addressing inequalities to improve access to skills development resources.

McGrath (2005) expands the notion of geographical location to include differentiation by street, home or premise-based enterprises. He argues that home and street based enterprises perform worse than those on their own premises; city and town based enterprises perform better than those located in rural areas and informal settlement. This differentiation presents further geographical challenges for SETAs to respond to, particularly to support skills development in the informal sector.

Employment distribution by education level

The employment breakdown by education level in the FASSET sector indicates that a large majority (94 per cent) of employees held a qualification at NQA level 4 and above and 61 percent had a qualification at NQA level 6 and above (FASSET SSP 2005-10)

In the banking sector, eight out of every ten workers have an FET qualification (grade 12 and above), of which 12 per cent have a minimum of a three-year tertiary qualification (SSP 2009/10 updated). In year 2009/10, the educational profile of workers within MQA revealed that an equal proportion (36 percent) of the workers had a GET level qualification (Grades 3 to 9 or ABET levels 1-4) whilst another held a qualification at the FET level (Grade 10-12). About a tenth (10%) held a HET level qualification. Almost a fifth (18%) of workers had no schooling or some exposure to Pre-ABET levels. This is not surprising because the mining and minerals sector largely provides employment to workers with low levels of formal schooling (Analysis of grant applications, 2009/10:13).

The education profile of workers in the W & R SETA revealed that over half of workers have an education qualification below matric, 35% have matric, and a further12 percent of workers have a post-matric qualification (W & R SETA SSP, 2009).

As is the pattern in the previous sections, MQA and W&RSETA have a significant proportion of workers with lower level of education because of the nature of work in these sectors which demands skills development initiatives

Employment distribution by occupational category

According to the FASSET Analysis of Grant Applications 2009/10, from the 2009/10 financial year onwards FASSET classified employees according to the eight occupational categories used in the NSS2010, as opposed to the nine categories used before. The W&RSETA Analysis of Grant Applications 2009/10, however, used seven categories: Managers; Professionals; Technicians; Clerical workers; Skilled / Service workers; Casuals; and Labourers. Table 2.10 shows employment distribution by occupation in the sector.

Table 2.10: Employment distribution by occupational category (%)

Occupational category	BANKSETA	FASSET	MERSETA*	W&RSETA	MQA
Managers	18	14	8	22	2
Professionals	19	27	25	4	4
Technicians and Trades Workers	1	21	0	6	14
Community and Personal Service Workers	2	2	0		1
Clerical and Administrative Workers	49	27	11	28	5
Sales Workers (and service)	5	2	7	7	0
Machinery Operators and Drivers	0	1	25	0	36
Elementary Workers	1	6	24	22	37
Other (Casuals)	5	0	0	11	0
Total	**100**	**100**	**100**	**100**	**100**

Data source: SSP 2009 based on MERSETA 2010 data

FASSET Year 10 Analysis of Grant Applications indicates the two biggest occupational categories were Professionals and Clerical and administrative workers, each with over a quarter of employees (27 per cent). The third biggest category (21 per cent) was Technicians and Trade workers. About 14 per cent of employees in the sector were in the 'Managers' category. Other categories comprised less than 10 per cent (Elementary workers – 6 per cent; Sales – 2 per cent; and Machinery operators and drivers – 1 per cent). The analysis of data provided by the SETA, which is based on the 2009 WSPs representing 46 725 employees, indicated a similar distribution, with Professionals and Clerical and administrative workers both at 32 per cent, followed by Technicians and trade workers.

As shown in the 2009 WSP data provided by BANKSETA, almost half (49 per cent) of employees in sector were Clerical and administrative workers. Lagging far behind were Professionals (19 per cent) and Managers (18 per cent). According to the W&RSETA 2009/10 grants analysis report, based on a sample of 429 364 employees in levy-paying enterprises, the largest occupational category in the sector is Clerical (28 per cent) followed by Managers (22 per cent) and Labourers (22 per cent) (W & R SETA SSP, 2009). Data received from the SETA, representing a total of 8 879 employees, also showed the Clerical and administrative category to be the biggest (79 per cent), followed by Technicians and trade workers (17 per cent).

Manufacturing employment seems to be concentrated in the Machinery operators and drivers and Elementary workers occupational groupings. In 2010 (N = 341 587), these categories accounted for about half of total manufacturing employment (Machinery operators' and Drivers = 25 per cent; Elementary workers = 24 per cent). This was the same distribution apparent in 2008, where the largest occupational category in this sector, Crafts and Trades workers, accounted for 28 per cent and Operators and Assemblers made up 24 per cent of employment (Source: SSP 2009; from Statistics SA 2008).

The occupational distribution of workers in the mining sector shows that the majority of workers were employed as Machinery operators and drivers (35 per cent) and Elementary workers (36 per cent). These two categories together constitute almost three quarters (71 per cent) of workers in the sector (Analysis of grant applications 2009/10).

To sum up, the distribution of employment by occupational categories across different sectors varies, depending on the nature of work and consequently level of skills applied. BANKSETA and FASSET report a higher presence of skilled and highly skilled labour than other SETAs which are more reliant on intermediate and low skilled labour. The skills differentiation across sectors will have implications on the types of training offered within relevant SETAs. Sectors like mining and minerals would be dominated by labour intensive work reliant on low skilled labour with less intensive training requirements than sectors reliant on more post school professionals like banking and finance.

The limited number of employees in the management and professional categories particularly within MQA signifies a need to promote upward mobility through targeted training initiatives of those in lower occupational categories. Few professionals in sectors such as the mining and minerals could be indicative of correspondingly low performance of maths and science graduates at the school and tertiary levels.

Employment distribution by race

FASSET

According to the 2009/10 FASSET Grants Analysis, nearly half (46 per cent) (N = 95 946) of the total workforce was white, exactly a third (33 per cent) was African, 12 per cent were coloured, and nearly a tenth (9 per cent) were Indian. About 71 per cent of whites were in the Managers category, and over half (57 per cent) of those in the Professionals category were white - compared to 14 per cent and 25 per cent respectively of Africans. Eight per cent of Machinery operators and drivers, 69 per cent of Community and Personal service workers (69 per cent), and 66 per cent of Elementary workers were African. Coloureds had a high representation in the Elementary workers segment (30 per cent), whilst Indians were most common in the Technicians and Trade workers categories. This is in line with the 2010 racial composition of workers in levy-paying enterprises, where about 44 per cent (N = 114 671) of those in the sector were white (2 per cent less than the previous year). Black workers constituted 34 per cent of the workforce, both coloureds and Indians constituting 12 per cent each. Almost two-thirds of Clerical and Administrative workers (69 per cent) and Technicians and trade workers (61 per cent) were African. Only 28 per cent of managers were African, compared to 72 per cent of whites.

MERSETA

According to the MERSETA 2009 SSP, over three-fifths (62 per cent) of the total workforce in the sector were African. White and coloured workers accounted for 16 per cent and 17 per cent respectively. Notably, Africans dominated the lower skills occupations, accounting for three-quarters (75 per cent) of Elementary workers and Machine operators. The same trend is apparent from the 2010 statistics, where about 55 per cent of the workforce was African (N = 338 502), followed by a 25 per cent white, 14 per cent coloured, and 6 per cent Indian. Africans again accounted for only 16 per cent of managers, while Asians accounted for 9 per cent (nearly double their share of total employment in the sector).

MQA

The distribution of workers in the mining and minerals sector shows that the majority of workers were African (85 per cent). Whites comprised 13 per cent, whilst Indians comprised 2 per cent and coloureds 1 per cent. Almost all workers in the Elementary and Machinery drivers and operators categories, however (98 and 95 per cent respectively), were African. African workers were also over-represented in the Community and Service workers categories (83 per cent). Whites, on the other hand, were overrepresented in the management category, with close to three-quarters (72 per cent) of directors and corporate members being white. The majority (58 per cent; N = 419 898) of Professionals and 41 per cent of Technicians and trade workers were white. Slightly over half (54 per cent) of those in the Technicians and trade categories were African.

W&RSETA

From a summary of WSPs/ATRs for 2009/2010 based on a sample of 429 364 employees, it is evident that Africans made up 55 per cent of the total workforce, compared to 17 per cent Coloured, 13 Whites, and 6 per cent Indian. There was nearly an equal proportion of Africans (31 per cent) and whites (34 per cent) in the Managers category. Africans constituted 70 per cent of labourers and 81 per cent of casuals compared to 1.5 per cent and 3 per cent for whites respectively (W&RSETA SSP, 2009). According to the data provided by the SETA based on WSPs, as indicated in the table, Africans tended to be concentrated in the Technicians and trade category as well as in the Machinery operators and drivers category, whilst whites were commonly found in the Managers category (65 per cent).

BANKSETA

The racial profile in 2008 as recorded in the BANKSETA SSP 2009/10 (updated) indicated that 35 percent of the employees were White, 34 percent African, 18 percent Coloured, 12 percent Indian and 1 percent 'Other'. The analysis of the 2009 WSPs for 2009/2010 representing 154 064 workers recorded 35 percent to be African, exactly a third (33%) to be White, and there were no changes recorded in other groups. As evidenced in the table below, Whites were most likely to be in the management (54%) and Professional (48%) categories. African workers tended to dominate in the Machinery operators and drivers, as over eight in ten in this category were African (87%). African workers were also prominent as elementary workers (78%). Over half of workers in the Community and Service workers and Sales workers were also African. Coloureds were prominent as clerics and administrators (23 percent), whilst most Indians were likely to be in the 'Other' or Professional (14%) category.

Africans formed the majority of the workers in the various sectors, however, they are more dominant in the lower level skills occupations, while their White counterparts are concentrated in higher skills categories. While the Skills Development Act calls for the professional advancement of Africans, the SETAs have incorporated this provision into their Sector Skills

Plans. However, there is some evidence that the racial division of labour continues to mirror the historical pre-democratic patterns. Table 2.11 shows the composition of workers across the five SETAs, by occupation.

Table 2.11: **Racial composition of the workforce across the five SETAs, by occupational category**

Occupational category	FASSET					MQA					W&RSETA					MERSETA					BANKSETA					
	A	C	I	W	T	A	C	I	W	T	A	C	I	W	T	A	C	I	W	T	A	C	I	W	O	T
Managers/ Directors & Corporate members	14	5	9	71	100	21	3	3	72	100	9	17	10	65	100	16	7	9	68	100	19	13	13	54	2	100
Professionals	25	7	12	57	100	35	3	4	58	100	21	17	15	47	100	45	9	11	36	100	25	12	14	48	1	100
Technicians and Trades Workers	38	12	11	40	100	54	5	1	41	100	59	0	0	41	100	48	20	6	26	100	39	16	12	32	1	100
Community and Personal Service Workers	69	10	4	17	100	83	2	0	15	100											57	16	3	24	0	100
Clerical and Administrative Workers	36	16	8	39	100	58	6	2	33	100	40	28	10	21	100	69	20	11	30	100	41	23	11	25	1	100
Sales Workers	47	10	5	38	100	56	9	4	32	100						56	18	6	19	100	52	16	9	24	0	100
Crafts																68	18	3	11	100						
Machinery Operators and Drivers	80	8	3	10	100	95	2	0	3	100	46	51	0	3	100	77	18	4	2	100	87	6	2	5	1	100
Elementary Workers	66	30	0	3	100	98	1	0	1	100						78	17	3	2	100	78	10	3	9	0	100
Other																					31	20	16	12	21	100
Total	**33**	**12**	**9**	**46**	**100**	**85**	**2**	**1**	**13**	**100**	**37**	**26**	**11**	**26**	**100**	**62**	**17**	**5**	**16**	**100**	**35**	**18**	**12**	**33**	**2**	**100**

Employment distribution by gender

The gender-by-occupation group distribution of the FASSET workforce indicates that over half (56 per cent) of workers were women, most of whom are concentrated in the Clerical and administrative workers category (77 per cent). Almost all males (94 per cent), on the other hand, are found within the Machinery operators and drivers category. This is in line with the 2010 gender composition of the workers in levy-paying enterprises, where about 56 per cent (N = 114 671) were female. An analysis based on the WSP data received from the SETA also confirms this trend: of the 46 725 employees, females constitute 59 per cent.

In the banking sector, females constitute 62 per cent (N = 154 064), whilst males constitute 38 per cent. In BANKSETA, a large majority of women are employed within the Clerical and administrative category (73 per cent), whilst almost all workers in the Machine operators and Drivers category (99 per cent) are male, as are almost all Technicians and Trade workers (93 per cent).

According to the MERSETA data, 22 per cent of employees (N = 338 502) are female, the vast majority therefore being male.

In the W&RSETA, males constituted a slight majority, accounting for 51 per cent of all employees (W &R SETA SSP, 2009).

In 2009, 10 per cent of employees within MQA were women, 8 per cent African women, and 2 per cent white. Nine per cent of workers were employed as Elementary workers, the category which also constituted 51 per cent of Clerical and administrative workers.

The predominance of women in sectors such as FASSET and BANKSETA offers these SETAs an opportunity to adopt specific interventions geared towards developing and advancing women. SETAs like MQA and MERSETA which serve traditionally male-dominated industries also have the opportunity to target training and skills development initiatives to women.

Employment distribution by disability

An analysis based on WSP data received from FASSET indicated that only a percentage of the 46 725 employees had some disability. According to the SSP 2010/11, FASSET had about 0.6 per cent employees who had a disability. Most occupy positions in the SARS and Government Departments sub-sector.

In 2009, the mining and minerals sector employed almost 3 500 people with disabilities – making up 0.7 per cent of total employment – with PGM Mining being the sub-sector with the highest proportion of people with disabilities, constituting 1.1 (N=547 973) per cent of total employment. Most of the work in the sector is said to be strenuous, and consequently employment opportunities for people with disabilities in certain occupations are limited (MQA SSP, 2011/12).

MERSETA had a total of 247 disabled employees in 2010. No data was available for 2009.

Within BANKSETA, the analysis of the 2009/10 WSPs 0.66 percent (1025) of employees in the banking sector has a disability. This collaborates with the 0.68 percent as reported in the BANKSETA 2009/10 (updated) SSP. Fifty percent of employees with disabilities were employed in the clerical and administrative category and a further fifth (20 percent) were in the management category.

Less than 0.2% of employees in the W & R sector (N= 2825 000) are disabled (W & R SETA SSP 20011/16).

The very low presence of employees with disabilities is evident across the five SETAs thus pointing to a need to proactively draw and support employees with disabilities in the labour market.

Employment distribution by age

Employees in the FASSET sector are generally young, with more than half (57 per cent) being 35 or younger in 2007/2008. The average age of all employees was 36. African employees were on average five years younger than their white counterparts.

The BANKSETA SSP 2009/10 (updated) indicated that most (37percent) of its employees are under the age of 30 and 8 percent are over the age of 50.

About 50 percent (N=547 973) of the employees within the MQA sector were aged between 36 and 54, 41 percent were 35 years or younger whilst 9 percent were 55 or older (MQA SSP 2011/12).

MerSETA workers are generally older, according to the WSP data of 2009, about a third of the workforce within FASSET were aged 55 years and older (in Mummenthey et al (2011).

In W & R SETA, the data provided by the SETA based on WSPs representing 8890 employees indicates that almost half (49 percent) of the employees were less than 35 years old, 45 percent were aged between 35 and 55 and a further 7 percent were over 55 years old.

Notably, MerSETA appear to have a significant proportion of ageing employees. The SETA has opportunities to implement initiatives seeking to encourage and support the new entrants particularly Africans onto the sector. Similarly, FASSET whose African employees are generally younger than their White counterparts could also direct skills development initiatives targeting the younger generation.

Conclusion

The above sub-section has outlined the key features of the five SETAs, as a prelude to the discussion about skills development initiatives, planned and implemented, in the next sub-section. Even though SETAs engage in different economic activities, almost all of them represent industries made up of a large number of small and medium enterprises and very

few large enterprises. This does not, however, translate into a corresponding number of employees in the various sectors. This is because the few large enterprises are the major employers. The existence of small and medium enterprises presents both challenges and opportunities to the various SETAs. This is particularly because some of the small enterprises do not participate in the levy paying scheme, meaning that in some instances SETAs do not have records of their training needs. SETAs should therefore provide more concerted support to these small and medium enterprises. overlook them in their training initiatives.

In looking at employment distribution by geographic location, we saw that a high density of enterprises is commonly found in Gauteng, Western Cape, and KwaZulu-Natal. In particular, MERSETA has a significant presence in KwaZulu-Natal. MQA, however, is highly concentrated in the North West. In order to ensure that skills development and training are equitable, the implication for SETAs is to increase resource allocation to geographical locations that have historically lacked access particularly rural areas (HRD-SA 2010-2030, 2009).

Employment distribution by occupational category reflects the nature and level of skills of the main economic activities in the various SETAs. For BANKSETA, the management and professional categories are the most concentrated in comparison with other SETAs. Across all SETAs, with the exception of MQA, a large majority of workers are found in the Clerical and administrative category. Within MQA, most of the workers are concentrated in the Machinery operators and drivers as well as the Elementary workers categories. This is as expected, as the sector is relatively labour intensive and employs large numbers of workers with low education levels. It is for this reason that most of the SETAs' skills development programmes and initiatives are pitched exclusively at Africans, in an attempt to move them up to managerial, professional and technician levels.

Overall, it is evident that even though Africans formed the majority of workers in the various sectors, they were not proportionally represented across occupations. Specifically, Africans and women are underrepresented in the higher skills categories. A high concentration of Africans in low-level occupational categories and high concentration of Whites in higher skills categories is still evident. The racial composition of the workforce in the occupational categories within the different SETAs indicates a social segmentation based on race. Whites formed a majority of workers within FASSET. FASSET is largely a skilled workers' sector, with a relatively small proportion of unskilled workers with no tertiary education. This stands in contrast with a large percentage of African workers found in the manufacturing sector largely occupying lower occupational categories such as Crafts and Elementary workers.

There are significant differences between sectors and no standard approach to training can work as the next section will indicate.

TRAINING WITHIN THE FIVE SETAS

This subsection examines training that has taken place in the various sectors. As mentioned above, lack of standardisation in SETA reports meant that training is analysed by different variables, for instance some SETAs would disaggregate training conducted or planned by race and gender while others would use province and sub-sector.

Although employers are obliged to pay the Skills Development Levy (SDL), the claiming of grants is voluntary. This renders the levy-grant aspect of skills development precarious, because the system hinges on the participation of employers in the system. SETAs constantly need to encourage enterprises in their sectors to commit to training for more than compliance.. Emphasizing the need for continuous skills development, the *MERSETA Annual Report* 08/09claims that 'we are at a point when responses to the global economic crisis both locally and internationally unequivocally declare that *now is the time* for us to be more responsible and proactive in finding solutions to economic imbalances around the world.'

Enterprises that submitted WSPs and ATRs in 2009/10

Levy-paying enterprises annually submit workplace skills plans (WSPs), which reflect their education, training and development plans. The DHET then provides finance for them to undertake on-the-job training for employees. Finance is funded through the levies which enterprises pay, which is an obligatory 1 per cent of their remuneration package. They then submit annual training reports (ATRs), which reflect the training undertaken against what they had planned to achieve.

The mandatory grant application made by all member and levy-paying enterprises to respective SETAs is meant for them to access funding for training in the form of mandatory grants. Enterprises which submit their mandatory grant application forms are eligible to receive a grant equalling 50 per cent of the total skills development levy payments made to SARS during a training financial year, on condition that they have implemented at least 60 per cent of the training planned in the applicable year's WSP, and spent at least the amount claimed as mandatory grant on training.

The WSPs collectively inform the Sector Skills Plans (SSPs) of the SETAs, in addition to other skills development priorities identified by stakeholders. The monitoring of training as well as participation rates helps SETAs evaluate their success in stimulating participation in skills development, since the claiming of grants is voluntary. This explains the reported participation decline in MERSETA's WSP grant system mainly among small and medium-sized enterprises – an incidence that can be attributed to the exemption from levy paying of enterprises whose annual payroll is less than R500 000.

The MQA in Gauteng had 227 submissions - the highest number of WSP-ATR submissions in this sector. The Eastern Cape had the lowest number of submissions, as it received only 15. Although Gauteng received the most submissions, it also experienced some refusals, as 10 of the submissions were not successful. Other provinces which had unsuccessful submissions were Northern Cape, North West, and KwaZulu-Natal. In total, MQA received 514 WSP-ATR submissions, of which 497 were approved.

While MQA records WSP-ATR submissions according to the nine provinces, it records the number of levy-paying enterprises according to ten provinces, as Gauteng is divided into Gauteng North and Gauteng South. In Gauteng North, there are 2 831 MQA-affiliated levy-paying enterprises, in Gauteng South 2 073. In total Gauteng has 4 904 enterprises, followed by the Western Cape, with 2 181. The Northern Cape has the lowest number of

levy-paying enterprises (162), followed by the Free State (345). In total, MQA-affiliated levy-paying enterprises countrywide number 11 397.

In 2009, between BANKSETA, W&RSETA and MQA, the BANKSETA had the highest number of levy-paying enterprises (2512). In 2010, between W&RSETA and FASSET, FASSET had the highest number of levy-paying enterprises (3202) in relation to W&RSETA which had 456.

In W&RSETA, most of the levy-paying enterprises were small (9 819). There were 1 169 medium enterprises, and only 409 large ones. The full breakdown is indicated in Table 2.12.

Table 2.12: W&RSETA enterprise size by province

Province	Small	Medium	Large
Gauteng North	2 507	249	75
Gauteng South	1 741	221	111
KwaZulu-Natal	1 513	206	
Northern Cape	145	13	
Free State	293	46	
North West	314	29	
Limpopo		45	
Western cape			82
Total	**9 819**	**1 169**	**409**

Table 2.13 shows the levy-receipt profile by province. Despite the fact that there are many small enterprises which pay levies (9 819), large enterprises (of which there are only 409) make the most significant levy contribution: R239 218 000.

Table 2.13: W&RSETA levies received by province

Province	Levies received (R 000)
Gauteng North	87 246
Gauteng South	147 357
KwaZulu-Natal	
Northern Cape	2 122
Free State	5 579
North West	5 473
Limpopo	6 158
Western cape	128 481
Small	**162 110**
Medium	**65 187**
Large	**239 218**
Total	**466 515**

W&RSETA experienced an increase in levy contributions from R467 million in 2009/2010 to R502 million in 2010/2011. For the same period, medium enterprises increased their contribution from R65 million to R75 million, while large enterprises increased theirs from R239 million to R261 million.

The levy-payment dynamics in BANKSETA are similar to those in the W&RSETA. The *BANKSETA Sector Skills Plan 2005-2010* reports that of the 1 331 levy-paying enterprises registered with the SETA, 94 per cent are small enterprises, which contribute only 6 per cent of employment in the sector. This means that most of the employment in the banking sector is made up of medium and large enterprises.

The *BANKSETA Sector Skills Plan 2009/10 Update* indicates that large enterprise commitment to skills development is manifested in the SETA's investment in training and development, which far exceeds the skills development levy. The SETA has invested in dynamic education and training resources and facilities, with training occurring at all levels within the sector and spanning a range of learning fields. Training resources and facilities include management schools, distance education, media, learning centres, training facilities and equipment, satellite transmission studios, full-time training expertise, computer-based training, and intranet facilities.

Such resources and facilities could be the sector's response to its frustration in accessing education and training opportunities for workers beyond NQF level 4. The *Supply and Demand of Skills in the Banking and Microfinance Sector* reports a need to foster the growth and development of workers to qualify at NQF level 5 and above, but the stringent entry requirements into higher education and training in public institutions are prohibitive. This contributes to transformation backlogs in the sector, because equity requirements affect the sector's ability to absorb skilled labour. Filling skilled positions is a challenge, however, because of the scarcity of skills in the African workforce, which is exacerbated by the prohibitive admission requirements of higher education institutions.

Training provision is made possible through a combination of internal and external training funding and internal and external training providers. In the light of the skills upgrade required because of the changing nature of work, most enterprises regard continuous training as a prerequisite to enhanced performance, human capital investment, and employment equity so as to keep pace with the human resource requirements of the knowledge economy.

The total number of individuals who benefited from MERSETA learnerships is 24 671. Of those, 21 569 individuals were registered for one learnership only, 2 385 were registered for two learnerships, 682 were registered for three learnerships, and 35 were registered for more than three learnerships. Of the MERSETA learnership recipients, 75 per cent were male; 66 per cent were African, 17 per cent coloured, 5 per cent Indian, and 12 per cent white. There were 40 208 MERSETA apprentices, of whom 38 354 (95 per cent) were registered for one apprenticeship only and 1 854 (5 per cent) were registered for multiple apprenticeships. Of the MERSETA apprentices, 96 per cent were male, while 39 per cent were African, 12 per cent coloured, 7 per cent Indian, 41 per cent white, and 1 per cent unspecified.

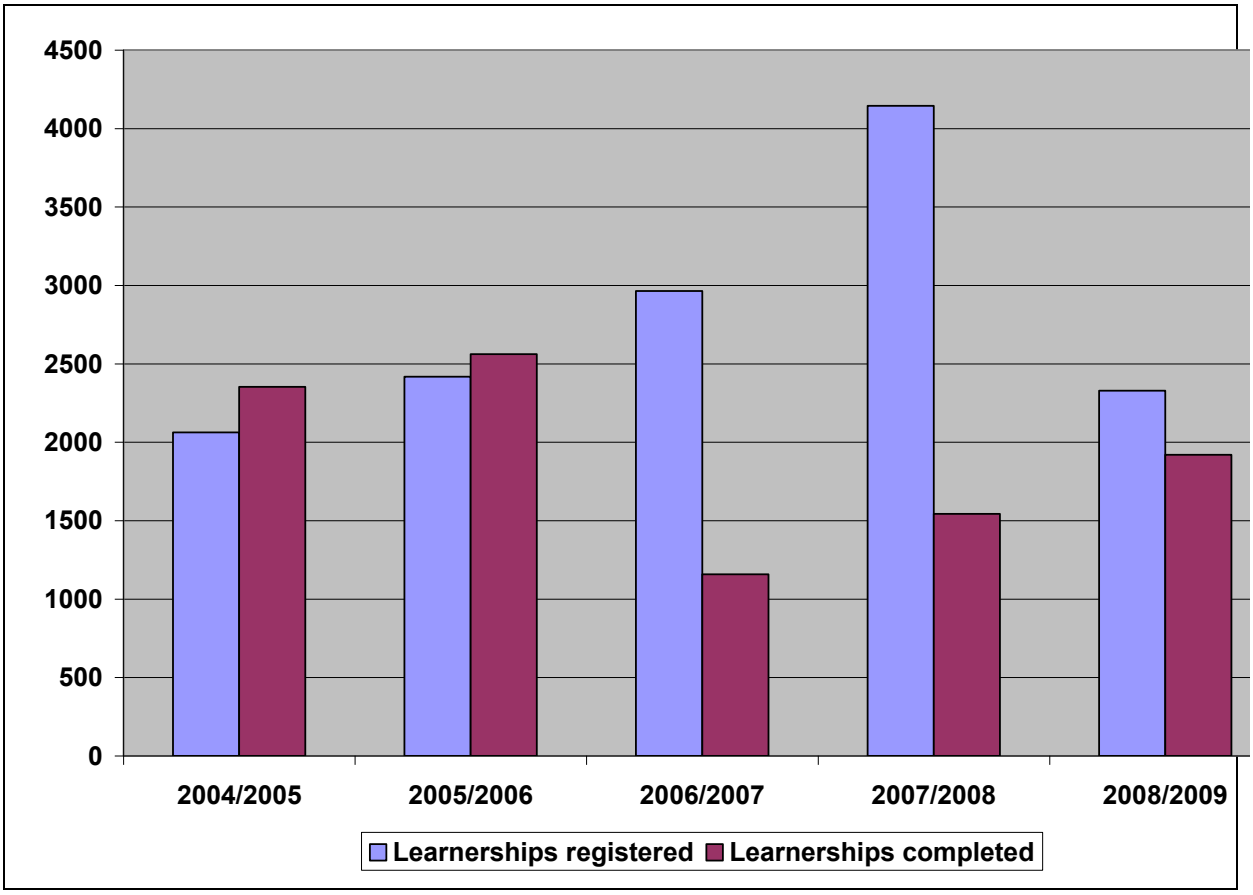
W&RSETA also reported offering learnerships and skills programmes, to 362 people linked to scarce skills in the W&R sector, and within 9 BEE enterprises and co-operatives.

Training planned for the 2011/12 year

The following sub-section outlines the training that enterprises plan to undertake in 2011/12, as reported to their SETAs. This sub-section will describe training planned by each SETA, comparing planned training to training already completed where possible.

FASSET

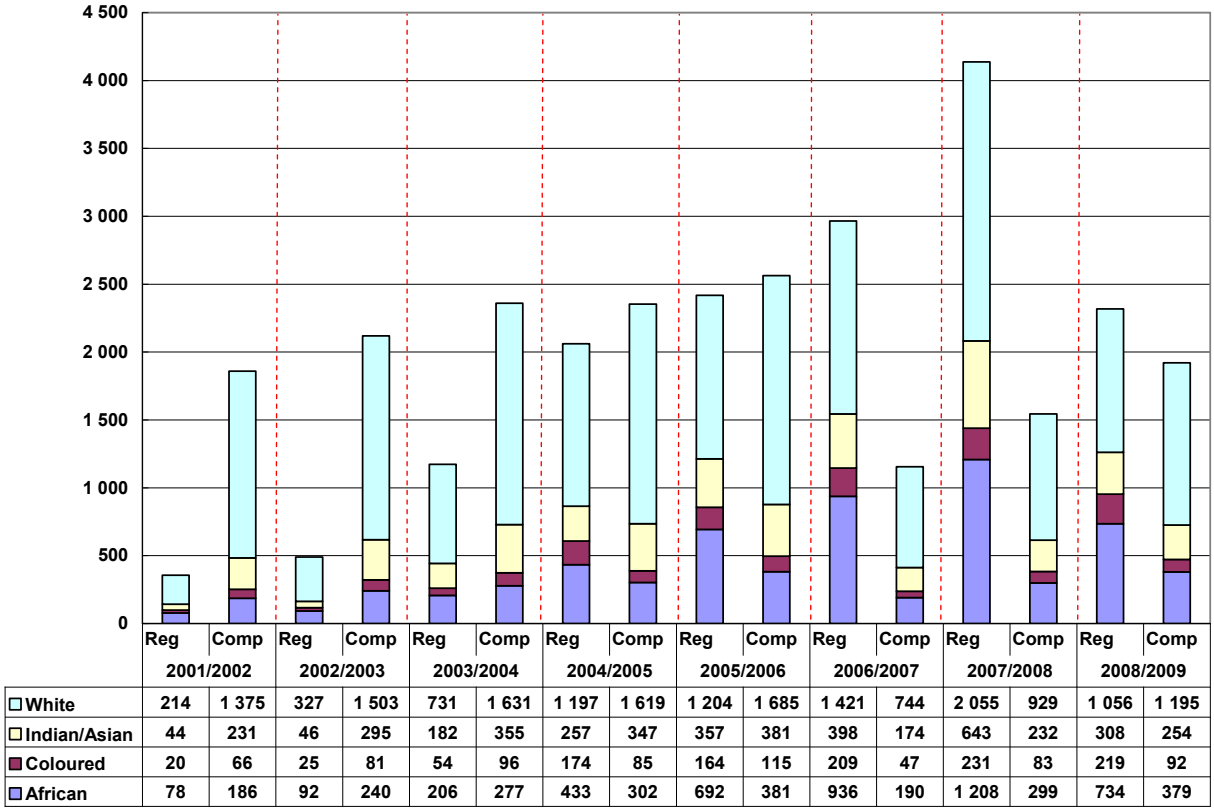
FASSET offers a number of skills development initiatives that employers are encouraged to take advantage of. The Skills Planning arm of FASSET assists employers through the provision of skills development facilitators, collecting and disbursing levies and grants, and 'generating and coordinating research to assist in sector skills planning' (www.fasset.org.za). The financial services sector is served by a diversified, well established training system that includes educational institutions, professional bodies, and employers. While the number of candidates training via educational institutions has increased, professional bodies have also played a key role in the preparation of new entrants into the sector. One of the drivers of skills planning in the sector is the need for employees to continuously update their knowledge as demanded by industry as well as the frequent legislative and regulatory changes that characterize the sector. FASSET engages in a number of initiatives to prepare learners to participate in the sector. Various Learnerships are offered. With an entry-level requirement of Grade 12 or matric, Learnerships prepare individuals for clerical/administrative positions as well as for associate professional roles. Figure 3.1 shows Learnership registration and completion trends over a six-year period.



Source: FASSET Learnership Registration System
Figure 2.1: Learnerships registered and completed in the period 2004-2009

While Learnership registration increased steadily between 2004 and 2008, we see that Learnership completion dropped dramatically in 2006/07, picking up to a level in 2008/09 lower than the level achieved in 2004/05. This significant decline in Learnership registrations for the 2008/9 year could be, in part, attributable to the fact that South Africa officially entered recession in May 2009. The most glaring impact of the recession has been on the labour market with increasing job losses and growing unemployment. It is important to note that the financial downturn would not have affected only the finance sector, other sectors such as the automotive industry as well as the retail sector experienced economic distress.

The picture disaggregated by race (Figure 2.2) shows that while African registration in Learnerships increased, albeit erratically between 2001 and 2008, white registration has dominated. This is perhaps an indicator of economic and social inequalities that remain entrenched in the South African landscape and exclude the majority from the labour market. FASSET's has thus targeted Africans for learnership support as there are too few learners from previously disadvantaged groups.



	Reg	Comp	Reg	Comp	Reg	Comp	Reg	Comp	Reg	Comp	Reg	Comp	Reg	Comp	Reg	Comp
	2001/2002		2002/2003		2003/2004		2004/2005		2005/2006		2006/2007		2007/2008		2008/2009	
White	214	1 375	327	1 503	731	1 631	1 197	1 619	1 204	1 685	1 421	744	2 055	929	1 056	1 195
Indian/Asian	44	231	46	295	182	355	257	347	357	381	398	174	643	232	308	254
Coloured	20	66	25	81	54	96	174	85	164	115	209	47	231	83	219	92
African	78	186	92	240	206	277	433	302	692	381	936	190	1 208	299	734	379

Source: FASSET Learnership Registration System

Figure 2.2: Learnerships registered and completed in the period 2004 -2009, by race

FASSET's greatest challenge has been in ensuring the provision of strategic Learnerships in an industry where knowledge and awareness of the significance of Learnerships differs from employer to employer. Employers have tended to facilitate training at higher NQF levels than lower ones.

In the 2007/8 ATRs, employers reported having facilitated the training of over 44 000 of their employees – about 64 per cent (N=**69 555)** of the workforce (FASSET Skills Plan, 2005-2011). The breakdown by occupational level is illustrated in Table 2.14.

Table 2.14: FASSET beneficiaries of training in 2007/08

Occupational group	Total employed (N)	Total trained (N)	Percentage trained
Legislators, Senior Officials, Managers & Owner Managers	9 208	6 936	**75**
Professionals	14 039	10 197	**73**
Technicians & Associated Professionals	19 085	13 001	**68**
Clerical & Administrative Workers	18 276	10 729	**59**
Services & Sales Workers	2 721	1 390	**51**
Skilled Agricultural & Fishery Workers	79	44	**56**
Skilled Workers, Craft & Related Trades	851	207	**24**
Plant & Machine Operators and Assemblers	934	176	**19**

Occupational group	Total employed (N)	Total trained (N)	Percentage trained
Labourers and Elementary Occupations	4 362	1 525	**35**
Total	**69 555**	**44 205**	**64**

Source: FASSET Survey, 2007

Despite these positive figures, the SETA tries to remain cognizant of the differences in unemployment rate in the sector as it carries out its skills planning initiatives. The unemployment rate remains higher (14 per cent) for those whose qualifications are below NQF level 6. Moreover, African graduates experience a higher rate of unemployment in comparison to their counterparts in the other three population groups, while Africans already employed in the sector achieve qualifications at higher levels.

In particular, women and African workers are underrepresented in the managerial and professional categories. An important challenge, thus, for skills planning 'is to remove all unnecessary obstacles and to maximize support for these individuals in order to address the problem in the short to medium term' (FASSET Skills Plan, 2005-2011, X).

In response to skills demand, FASSET has identified overall areas in which the SETA needs to facilitate training to boost supply. Table 2.15 illustrates this.

Table 2.15: **Employees in the financial services sector who need training, by occupational category in 2007**

Occupational category	N
Managers	2 949
Professionals	7 850
Technicians and Trades Workers	554
Clerical and Administrative workers	3 713
Sales workers	99
Elementary workers	392
Total	**15 557**

Source: FASSET survey, 2007

About 15 557 employees, making up 13 per cent of all employees in the sector, need training in various areas. The greatest need for training, in order of need, is at the professional, clerical, and managerial levels. With a focus on lifelong learning, there has been an emphasis on training professionals who will remain relevant in dynamic global economy. Furthermore heavy skill shortages (particularly in the accounting profession) are evident (see Section 4).

BANKSETA

Like the financial services sector, the banking sector is regulated and influenced by the global economy, and is in fact subject to even greater international regulation. Rapid technological advancements in the industry as well as competition from other financial services providers also place pressure on this sector to remain relevant and competitive in terms of service delivery. This requires a dynamic, continuously improving labour force, especially at management and professional levels. Conducted across the South African

banking sector in 2005/6, the Banking Sector Skills Audit is an initiative of BANKSETA to address the sector's training challenges. The BANKING audit forms the basis upon which training and development strategies are planned. In response to the findings, BANKSETA committed to expanding its training initiative in order to increase the number of learnerships, particularly those geared towards scarce skills. Furthermore the SETA committed to implementing skills programmes for both employed and unemployed graduates; and securing access to international programmes in areas where local programmes were not available.

According to SETA reports, learnerships supported by the SETA are being successfully implemented in the sector. An example is BANKSETA's Letsema and Kuyasa flagship Learnership programmes, which have a success rate of over 90%, with an 83% placement rate of previously unemployed learners.

Reports based on the 2005/6 WSP show that BANKSETA maintains a high rate of training in relation to the number of employees, at 86 per cent of employees receiving training (Table 2.16). The highest training rate is for African females. The SETA has also partnered with other professional programmes such as SAICA and supporting students registered through these programmes to achieve a pass rate of 80% in 2010 (BANKSETA SSP, 2010).

Table 2.16: BANKSETA enterprise employees trained in 2005/6 by race and gender

Race/gender	Total employed	Total trained	Percentage trained
African male	15 610	13 045	84
African female	19 908	19 580	98
Coloured male	6 578	6 226	95
Coloured female	15 646	14 691	94
Indian male	5 303	4 732	89
Indian female	9 493	8 760	92
White male	22 687	16 443	72
White female	36 799	30 306	82
Total	**132 024**	**113 783**	**86**

Source: BANKSETA SSP 2009/10 update

Table 2.17, however, shows how much the training rate decreased over a two-year period. The decline is so large, indeed, that the accuracy of data tends to be questionionable.

Table 2.17: BANKSETA enterprise employees trained in 2007/8 by race, gender and disability

Race	Male		Female		Disabled		Total	
	n	%	n	%	n	%	n	%
African	44 758	44	38	33	257	22	92 396	37
Coloured	12 770	12	26944	19	117	10	39 714	16
Indian	11 103	11	17 572	12	104	9	28 675	12
White	34 094	33	53 226	37	667	58	87 320	35
Total	**102 725**	**100**	**145 380**	**100**	**1145**	**100**	**248 105**	**100**

Source: BANKSETA SSP 2009/10 update

The following tables show the training that BANKSETA plans to undertake as compared to that which has been completed.

Planned and completed training, by race

According to the SETA's plan, more Africans have received training than the other race groups. However, enterprise reports seem to suggest that the percentage of Africans trained has gone down, with 35 per cent of employees to be trained being African, while 36 per cent to be trained are white, with Coloured and Indians making up 18 per cent and 11 per cent respectively.

Table 2.18: BANKSETA planned and completed training, by race

Planned / completed training	African		Coloured		Indian		White		Total	
	n	%	n	%	n	%	n	%	n	%
Completed	67 337	41	27 215	17	17 855	11	51 524	31	**163 931**	**100**
Planned	35 754	35	18 094	18	11 298	11	35 853	36	**100 999**	**100**
Total	**10 3091**	**39**	**45 309**	**17**	**29 153**	**11**	**87 377**	**33**	**264 930**	**100**

Planned and completed training, by gender

While it appears that there is a decrease in training planned for Africans (Table 2.19), more training is planned for women. This is in line BANKSETA's commitment to the Women's Development Programme (WDP). The WDP prioritises the advancement of particularly African women into senior management and professional positions through the allocation of resources such as bursaries and scholarships towards training and education.

Table 2.19: Planned and completed training, by gender

Planned / completed Training	Male		Female		Total	
	n	%	n	%	n	%
Completed	67 321	41	96 610	59	163 931	100
Planned	37 837	37	63 162	63	100 999	100
Total	**105 158**	**40**	**159 772**	**60**	**264 930**	**100**

According to the BANKSETA SSP 2009/10 Update, most of the training of women employees will take place in the professional and associate professional occupational categoriesIt is generally argued that the supply of skills is adequate only in the short term but that more focused initiatives to address scarce skills will need to be implemented, with a focus on skilled employees at senior and executive management levels, particularly amongst Africans and women.

MERSETA

The manufacturing, engineering and related services sector has, like the other sectors in the economy, been affected adversely by the global economic recession. The resulting economic contraction affected South Africa's export-oriented sectors, with a decline in real GDP of 33 per cent in mining and 22 per cent in manufacturing (SA Reserve Bank, 2008). The implications for employment have been sharp, with a decline in employment matched by a rise in unemployment.

In the light of local and international trends, the sector's priority has been *inter alia* to improve international competitiveness particularly in automotive manufacturing; to encourage growth across the sector; and to stabilize employment. Growth in the sector has been attributed to a number of factors, not least in importance being critical constraints in the availability of appropriate skills. As far as contributing to employment stability is concerned, MERSETA has undertaken to facilitate the learner pipeline through engagement with various stakeholders (employers and training providers) as well as through incentivizing the industry / provider environment to ensure that skills supply is adequately and effectively matched with industry skills demand.

MERSETA also facilitates on-the-job training through a variety of programmes. Most of the training in the sector, about 72%, is conducted in three areas: health and safety (43%) sales and marketing (19%), and Technical and industry specific training (14%) (MERSETA Scarce and Critical Skills, 2009/10). The MERSETA SSP (2009 Annual Review) reports that of all the chambers in MERSETA, the Plastics Chamber reported the lowest training rates (about 35 per cent of employment) as Table 2.20 outlines in the training profile.

Table 2.20: MERSETA enterprise training rates by race and gender; and total numbers employed and trained, by Chamber, 2007

Chamber	African %	Coloured %	Indian %	White %	Total %	Total employed (n)	Total trained (n)	Training rate (%)
Auto	12	9	10	7	10	35 692	19 578	55
Metal	51	42	43	51	49	205 762	92 751	45
Motor	23	35	36	34	28	133 064	52 877	40
New tyre	3	3	2	3	3	5 224	5 500	105
Plastics	9	9	8	4	8	39 802	13 959	35
Unknown	2	2	1	1	2	9 249	3 399	37
Total	**100**	**100**	**100**	**100**	**100**	**428 793**	**188 064**	**44**

The table indicates that the New Tyre Chamber the highest training rate of 105 per cent as some employees would have attended more than one training course. Motor chambers made up the bulk of training undertaken in the sector, with the metal chamber accounting for 49 per cent of total training, followed by the motor chamber, with 28 per cent.

As in the other SETAs, performance of learners at tertiary education and schooling levels is of crucial importance to the success of skills development in this sector. When looking at Learnerships specifically (Table 2.21), we see that MERSETA, by 2009, had a cumulative

total of 28 466 registrations. However, individuals are allowed to register for more than one Learnership at a time, which means there are almost 4 000 fewer person-names on the data base than registrations.

Table 2.21: MERSETA Learnerships by year of registration: 2002-2009

Year	n
2002	606
2003	1 129
2004	7 928
2005	5 008
2006	4 891
2007	3 500
2008	3 073
2009	2 331
Total	**28 466**

Adapted from MERSETA SSP 2009

The data show that the number of registrations surged between 2003 and 2004, only to decline steadily over the next five years.

Table 2.22: MERSETA Registered Learnerships by race and gender

Race	Male	Female	Total
African	47.3	19.1	66.4
Coloured	13.4	3.8	17.2
Indian	3.9	0.6	4.5
White	9.7	0.8	10.5
Total	**74.3**	**24.3**	**98.6**

Adapted from MERSETA SSP 2009

Apropos of the gender and race breakdown of Learnership registrations, males outnumber females in all race groups. This is indicative of the need for more concerted efforts to increase female participation in the programme. Two-thirds of total registrants are African, while Indians have the lowest representation, with only 4.5 per cent of registrations. Of the Learnership registrations reported in MERSETA, only 144 are held by disabled individuals.

Looking at the progress of registered Learners (Table 2.23), almost 50 per cent of registrations on the MERSETA database are recorded as having been completed, while a further third remain registered, which means these learnerships were still in progress during 2009. About 165 of these registrations were terminated before completion, meaning learners did not receive any qualification.

Table 2.23: MERSETA Learnership registrations by completion status

Status	N	% share
Qualification obtained	13 353	46.8
Registered	9 382	32.9
Rescinded	4 696	16.5
Other	1 095	3.8

Status	N	% share
Total	**28 526**	**100.0**

Adapted from MERSETA SSP 2009

Kruss and Visser (2009) attribute overall Learnership attrition to a number of factors. Many individuals who terminated their learnerships cited poor quality of training as a reason for their exit and "discussion with these learners revealed that, in many instances, the classroom training was not related to the workplace" (Kruss and Visser, 2009). Furthermore some learners cited a lack of support from mentors and other staff at the workplace; while others terminated their learnerships because they had found employment.

MQA

MQA's mandate is to support socio-economic empowerment through skills development in the mining and minerals sector. The priorities outlined in the Mining Charter (redressing past imbalances, increased participation of women in the field, and empowerment of previously disadvantaged communities) guide the skills development strategy of the MQA (www.mqa.org.za).

As at 2008/09, employers in the sector reported that they had trained 238 859 employees (about 57 per cent of the total workforce). This figure was 8 per cent up on the previous year. Coal mining has a relatively high percentage (73.6 per cent) of workers being trained, while jewellery manufacturing has a very low percentage (15 per cent), as depicted in Table 3.24. The low training figures in jewellery manufacturing are to be taken in consideration of the fact that this sub-sector consists mainly of small organisations that employ less than 50 people. Furthermore, information in this sector is incomplete due to two main reasons

- A substantial component of jewellery manufacturing operates informally
- While a study commissioned by the MQA revealed a total of 2350 jewellery manufacturers operating in the sector (this is based on the number of Gold licenses issues by the South Africa Police), only 395 of these paid skills development levies to the MQA (MQA SSP, 2005-2010).

When taking into account that jewellery manufacturing is the main component of beneficiation in the Mining an Minerals Sector, training levels of 15.1% as shown in Table 2.24 seem rather low, particularly given that the sub-sector also experiences a scarcity of skills in area of technical expertise (see section on Scarce and Critical skills).

Table 2.24: **Percentage of mining sector workforce trained, by sub-sector, 2008/09**

Sub-sector	Percentage of workforce trained
Coal Mining	73.6
Gold Mining	45.0
PGM Mining	59.4
Diamond Mining	56.7
Other Mining	98.4
CLAS	54.1

Sub-sector	Percentage of workforce trained
Services Incidental to Mining	48.5
Diamond Processing	61.4
Jewellery Manufacturing	15.1
Total	**57.4**

Source: Author analysis of MQA WSPs & ATRs, 2010

Table 2.25 shows training distribution by occupational category, and illustrates that most of the training that took place was in two occupational categories: Directors & Managers; and Sales Workers. The exceptionally high percentages (183 per cent and 103 per cent of respectively) of workers in these categories who were trained are attributable either to high staff turnover or to employees receiving more than one training opportunity.

Table 2.25: Percentage of mining sector workforce trained, by occupational category, 2008/09

Occupational category	Percentage of workforce trained
Directors & Corporate Managers	183.2
Professionals	59.8
Technicians & Trade workers	54.5
Clerical & Administrative Workers	47.1
Sales Workers	103.4
Community & Personal Service Workers	23.2
Machinery Operators & Drivers	63.2
Elementary Workers	47.9
Total	**57.4**

Source: Author analysis of MQA WSPs & ATRs, 2010

While more training took place in 2008/9 than in the previous year, the number of bursaries provided decreased in the last two years for which we have data (2007/08 and 2008/09). In 2008/09, 6 165 employees received bursaries, of which just over a third were for engineering studies, 12 per cent were for studies in human resources, and 10 per cent were for studies in accounting or finance.

MQA offers a number of skills programmes, ranging from Advanced Coal Preparation to Rock Operations and Mining Competency. A total of 43 267 employees completed the various skills programmes, the greatest number (14 542) completing the programme 'Blast Assistant within Underground Hard Rock'. The second highest number of employees completing a skills programme was far lower: only 3 083 employees completed a Competency B Skills Programme, while 2 681 employees completed the Blasting Assistant Skills Programme.

Planned training within MQA

Employers were required to indicate planned training for 2009/10. A total of 232 employers indicated that they planned to train their employees. Most employers planned to provide

about three-quarters of their employees with induction / refresher training, with the largest sub-sectors Gold and Coal Mining indicating the highest number of employees scheduled to receive this training (Table 2.26).

Table 2.26: Mining sector workers scheduled to receive induction / refresher training, by sub-sector

Sub-sector	Employees to receive induction / refresher training (N)	Percentage of employees to receive induction / refresher training
Coal Mining	33 266	87.3
Gold Mining	122 253	85.7
PGM Mining	90 180	69.0
Diamond Mining	5 077	46.6
Other Mining	21 117	62.9
CLAS	12 618	47.0
Services Incidental to Mining	20 094	60.5
Diamond Processing	574	38.2
Total	**305 179**	**72.7**

Source: Author analysis of MQA WSPs & ATRs, 2010

In general, employers who indicated that they planned to train their employers in Year 10 committed to training 196 219 employees, or 46.7 per cent of the total workforce (Table 2.27). This represents a 5 percentage point increase over the 41.9 per cent trained the previous year.

Table 2.27: Mining sector workers scheduled to receive training in 2009/10, by sub-sector

Sub-sector	Employees to receive training (N)	Percentage of employees to receive training
Coal Mining	21 726	57.0
Gold Mining	52 221	36.6
PGM mining	67 370	51.6
Diamond Mining	4 198	38.5
Other Mining	18 763	55.9
CLAS	13 596	50.6
Services Incidental to Mining	17 031	51.3
Diamond Processing	1 035	68.8
Jewellery Manufacturing	279	11.4
Total	**196 219**	**46.7**

Of the employees to be trained, the occupational category with the most employees to be trained is sales workers (about 87%), followed by machinery operators and drivers (54%). At the bottom end, only 25% of Community and personal service workers were scheduled to receive training in 2009/10. Table 2.28 depicts the full profile.

Table 2.28: Mining sector workers scheduled to receive training in 2009/10, by occupational category

Occupational category	Employees to receive training (N)	Percentage of employees to receive training
Directors & Corporate Managers	3 445	40.6
Professionals	8 114	50.7
Technicians & Trade workers	27 589	45.6
Clerical & Administrative Workers	9 749	47.4
Sales Workers	1382	86.6
Community & Personal Service Workers	1 520	25.1
Machinery Operators & Drivers	82 328	54.1
Elementary Workers	62 092	40.2
Total	**196 219**	**46.7**

According to the MQA Analysis of Grants report (2009/10), gold and coal mining have the highest levels of induction and refresher training planned and most of this training is targeted toward sales workers which could account for the high percentage of sales workers reported to receive training.

Learnerships and bursaries within MQA

In 2009/10, 124 employers indicated that they would enrol a total of 5 261 learners in Learnerships. According to the MQA Analysis of Grants and Bursaries report (Table 2.29), this is 7.6 per cent lower than the previous year.

Table 2.29: Number of learners to be enrolled in Learnerships in MQA, Year Five to Year Ten

	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of enterprises	23	41	53	96	125	124
Number of learners	598	1 065	668	4 233	5 661	5 261

There are significant fluctuations of the number of learners enrolled between Years 5 and 7 but the report does not give any indication as to why this was the case. Though there is a slight decrease in enrolments from year 9 to year 10, there is a relative increase in numbers of enrolments after Year 7. This could be due to the corresponding increase in the number of enterprises offering and reporting Learnership programs in the mining sector.

The total number of learners in the MQA database was set to decrease further in 2009/10, from 33 099 to 32 390 learners. There was, however, an 18.1 per cent growth in the number of enterprises that indicated that they would provide bursaries to their employees; 8 025 employees were scheduled to receive bursaries in 2009/10 (Table 2.30). The highest number of bursaries would be in the fields of human resources, accounting, and three of the engineering sub-fields: electrical; mechanical, and mining.

Table 2.30: Bursaries scheduled to be offered to MQA employees in 2009/10 by discipline

Discipline	Number
Accounting	565
Administration	3
Analytical engineering	14
Chemical engineering	57
Electrical engineering	728
Geology	152
Human resources	698
Marketing	8
Mechanical engineering	698
Metallurgy	103
Mining engineering	519
Surveying	61
Other	4 419
Total	**8 025**

W&RSETA

The W&RSETA serves an industry that is regarded as a growth sector of the South African economy. The sector is the economy's largest employer, employing about 22 per cent of the total workforce. Wholesale and retail's significance in the economy is heightened by the fact that it is also more 'volatile to cyclical changes and global economic conditions.' As such, the recent downturn in the global economy has seen the wholesale and retail sector contract: at the turn of the century the sector employed 27 per cent of the workforce, 5 per cent more than the current percentage.

A number of factors in the wholesale and retail terrain have been identified as affecting employment in this sector. First, the shift towards mall-based retailing in South Africa has changed the retail landscape. Franchising is also a growing industry. Large retailers are eroding the function of wholesalers as they buy directly from manufacturers, leading to wholesalers having to deal increasingly with the small business and informal traders who buy from them (W&RSETA SSP 2011-2016).

Second, technological factors have also contributed to the change in wholesale and retail, as enterprises strive for efficiency in operations, often with reduced staff. This necessitates increased training of a 'completely different set of skills' (SSP 2011-2016). Though still in its infancy in South Africa, internet-based retailing is set to be a growing trend considering international trends, and has been identified as a sub-sector with enormous growth potential.

Another factor that will increase training requirements is the legislative force of the Consumer Protection Act, together with the tightening of the National Credit Act. The extent of liability arising from these two pieces of legislation necessitates extensive training in the sector.

According to the W&RSETA SSP, the retail sector is one of the least transformed sectors. Guided by the requirements of BEE, the SETA prioritizes transformation, especially at senior levels, where it seeks to address imbalances through increasing the representivity of black

people in senior management. W&RSETA also commits to tackling the extremely high unemployment rate in the country through skills development initiatives geared specifically towards decreasing the unemployment rate.
The rise in the number of enterprises in the small, medium and micro categories points to a need for training that supports entrepreneurship in all its facets, including management training. However, SMEs present a challenge for the SETA because of non-compliance, low participation, and exempt-status.

A final factor posing a great challenge for the W&RSETA is casualisation. This global phenomenon is on the increase as enterprises pursue cost-cutting measures. By definition, casualisation reduces the responsibility an enterprise has for human resources development, thereby jeopardizing skills development.

In its SSP the W&RSETA identifies a mismatch between skills supply and skills demand. The technological advancements briefly described above mean that there is a growing demand for highly skilled people. Basic skills needs have been identified amongst a number of employees / retailers across the sector, from generic business management skills for retailers in the SMMEs, to basic literacy and numeracy skills for retail employees in the rural areas as well as legislative and HIV/AIDS awareness for management or supervisory employees. Scarce skills have been identified as encompassing management at all levels, IT professionals, and buyers.

Hampering progress towards addressing these skills deficiencies is a sector-wide shortage of trainers and assessors for both specialist skills such as buying as well as more general skills targeted at rural areas.

W&RSETA has taken these factors into consideration in its skills planning. The SETA planned to train a total of 266 919 employees in the 2009/10 financial year across all occupations. The breakdown by occupational category is illustrated in the graph below:

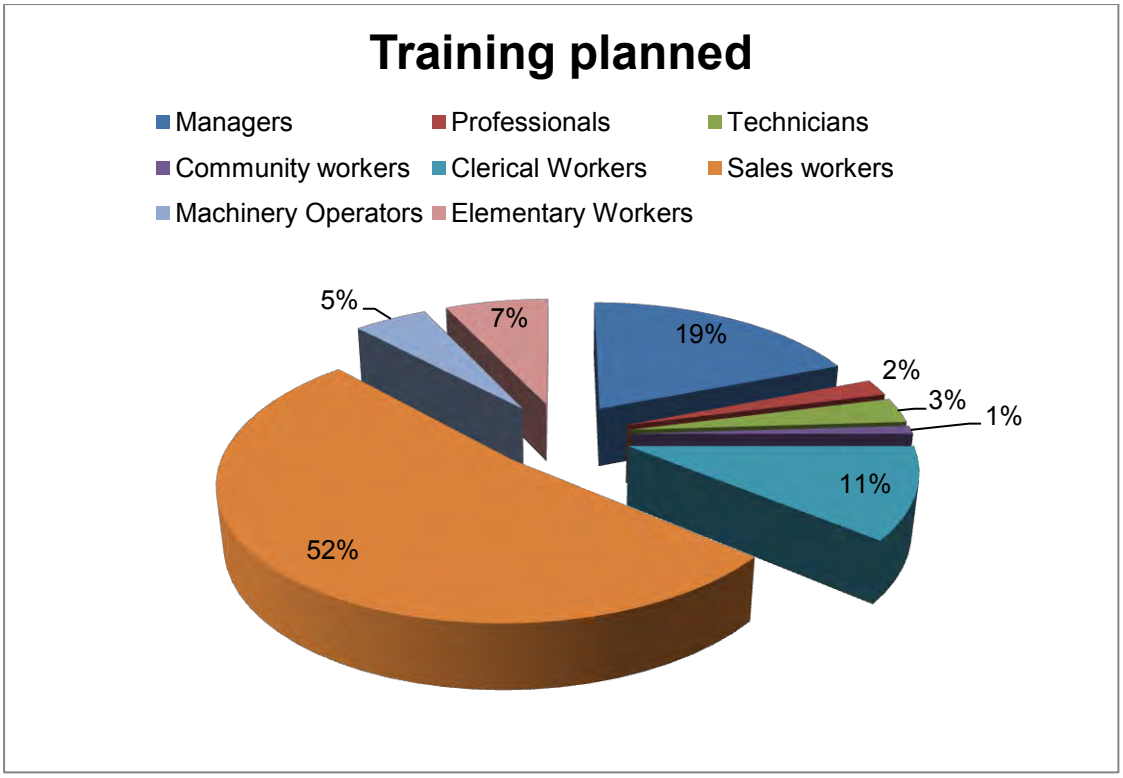


Figure 2.3: Employees to be trained in the wholesale and retail sector in 2009/10

According to the chart, most recipients of training are scheduled to be sales workers, followed by clerical workers and managers, while community workers and professionals will have the lowest levels of training.

The racial breakdown of the training scheduled is indicated in Table 2.31. Africans comprised the majority of people to be trained (62 per cent). Most African workers (96 658) are to be trained in sales and clerical positions. In relation to the size of the workforce as well as socio-economic development and BEE drivers, enterprises need to spend more on training black employees at management and professional levels in order to ensure representivity (WSP/ATR 2009/10).

Table 2.31: W&R SETA employees scheduled for training- 2009/10, by race

Race	Employees to be trained (n)	Percentage of employees to receive training
African	166 008	62.2
Coloured	49 543	18.6
Indian	17 019	6.4
White	34 349	12.9
Total	**266 919**	**100.0**

Source: W&RSETA WSP/ATR 2009/10

Conclusion

As this account of training in the five profiled SETAs has shown, comparisons are strictly not possible. What the SETAs do have in common, however, is their targeting of black (particularly African) employees for training – though they do so with varying degrees of

success. It seems that more Africans have been trained in the lower occupational categories than at the professional and management levels, which are key areas for training under the BEE and Employment Equity Acts.

BANKSETA seems to focus more successfully on training women, though this could have more to do with the large administrative component of the banking sector – a component traditionally dominated by women – than with a desire to meet equity targets.

SCARCE AND CRITICAL SKILLS IN THE FIVE SECTORS

Introduction

The state of skills and skills development in South Africa persistently features in the public discourse. A major aspect of the national skills debate is the widely acknowledged skills shortages that South Africa continues to experience in key economic sectors. Breier (2009) argues that the shortage of professionals and artisans in particular is widely regarded as a key factor preventing the achievement of the country's growth targets.

The persistence of skills shortages has been attributed to a number of factors including the continuing effects of the country's apartheid history and the structural shift that has taken place in the economy – from an inwardly focused economy concentrated on minerals and manufacturing to a diversified and globally oriented economy (DoL, 2005). Moleke (2005) has argued that as a part of an increasingly dynamic global economy the changing nature of labour markets is placing a premium on technical expertise and occupational competencies and that this has significant implications for skills development and its relevant stakeholders. Consequently, adopting a quick-fix solution to the skills problems that have developed over a substantial period of time would be impracticable. It is therefore important to develop both short- and long term measures geared towards addressing skills development in order to manage the skills shortages. Understanding and identifying 'scarce' and 'critical skills' has thus been seen as a priority for SETAs in order to support Government's effort to address skills shortages (Erasmus, 2009; SERVICES SETA). It is indeed one of the key mandates of the SETAS to ensure that the skills needs of every sector of the South African economy are identified and that meaningful skills development planning results in the implementation of effective strategies to develop skills in areas in which shortages are identified (W&RSETA).

Since the development of the original Scarce Skills list in 2003, SETAs have enhanced their capacity and can more accurately identify the nature of skills requirements in their sectors. For instance MQA states that "as part of its skills development research function the Mining Qualifications Authority (MQA) collects data on an annual basis through workplace skills plans and annual training reports from employers on occupations that are considered scarce skill occupations by the employers in the sector." Each SETA is required to submit this information as part of a Sector Skills Plan update to the DHET and the information is used to compile a national scarce skill occupation list. Collecting this information on skills shortages is, however, also not without challenges. Erasmus (2009) comprehensively states the limitations of the data submitted through SSPs for the compilation of the national scarce skills list. These range from a tendency to rely on WSPs and ATRs to merely corroborate claims of scarcity; false reporting at both employer and SETA level in order to meet targets;

a lack of strategic human resource development vision on the part of South Africa employers; challenges in indicating the difference between a scarce and a critical skill; and finally, a "lack of reliable quantitative labour market and employer-level data, which it makes it virtually impossible to make quantitative estimates for the demand for certain skills" (Erasmus 2009; 23).

The DoL has developed a comprehensive framework for identifying and monitoring scarce and critical skills. SETAs employ the following definitions as provided in the framework in specifying scarce and critical skills. The definitions and key concepts are:

- **Scarce skills**: Defined as 'those occupations in which there is a scarcity of qualified and experienced people, currently or anticipated in the future'.
- **Critical skills**: Defined as 'specific key or generic and top-up skills within an occupation'. Critical skills include key or generic skills (including SAQA critical cross-field outcomes), for example, cognitive, language, literacy and mathematical skills. The DoL guideline (referred to above) describes the possible reasons for skills scarcity.
- **Absolute scarcity**: Absolute scarcity refers to situations in which suitably skilled people are not available, that is, where there is a new or emerging occupation, or a complete lack of skilled people. Absolute scarcity also refers to situations where there is a replacement demand, that is, there are no people enrolled or engaged in the process of acquiring the required skills in order to replace the current workforce.
- **Relative scarcity**: Relative scarcity describes a situation in which skilled people are available, but do not meet other employment criteria. Sub-categories of relative scarcity include the following:
    - Geographical location: for example, skilled people are unwilling to work outside urban areas; and
    - Equity considerations: for example, skilled people are available, but do not meet the company's equity requirements.
- **Replacement demand:** This refers to those currently enrolled in education and training programmes who are in the process of acquiring the necessary skills but who are not available in the short-term to meet the replacement demand as it will take a number of years before they qualify
- Another key concept which used in discussions about requirements is '**priority skills**' (as used by JIPSA). Priority skills are those that are required by the sector for resolution of immediate skills shortages; but such skills might also incorporate both scarce and critical categories (www. MERSETA.org.za).

Table 2.32 provides a summary of the indicators and drivers of absolute and relative scarcity.

Table 2.32: Summary of absolute and relative scarcity

Definition		Indicators and drivers
SCARCE SKILLS Occupations in which there	Absolute scarcity: suitably skilled (qualified and experienced) people are not available	New or emerging occupation Hard-to-fill vacancies

Definition		Indicators and drivers
is a scarcity of qualified and experienced people, currently or anticipated in the future, either: (a) because such skilled people are not available or (b) they are available but do not meet employment criteria		Replacement demand, e.g., age, chronic ill-health
		Regulatory requirements, e.g., statutory registration
	Relative scarcity: suitably skilled (qualified and experienced) people are available but do not meet other employment criteria	Geographical location
		Industry attractiveness
		Employment equity considerations
		Education and training pipeline delays linked to replacement demand

Source: MQA Scarce and Critical Skills Guide (2010)

Evidently, various SETAs acknowledge the need to align their skills development efforts to address skills shortages to the national transformation agenda of achieving equity in the workplace. Therefore, skills development in the workplace is geared equally to prioritizing those belonging to designated groups. The MERSETA 2009/10 SSP captures this succinctly: "the important proviso to skills shortages and national development challenge: the lists should be considered in the light of the national need for achieving a workplace guided by the imperative of equity." There is therefore an obligation to ensure that South African workplaces reflect the diversity of all employees at every level.

Response to scarce and critical skills by the five SETAs

Scarce skills are reported on the basis of the typology used in the Organising Framework for Occupations (March 2008) supplied to SETAs by the Department of Labour.

MQA

MQA information in its Scarce Skills Guide was obtained through utilizing data from 472 levy-paying companies collected from their WSPs for Year 10 (2009/10). Positions that could not be filled because of the scarcity of skills totaled 1 234, making up approximately 0.3 per cent of total employment in 2009. About 26% of the total positions that were reportedly not filled were vacant because of a lack of suitably skilled people in the labour market (absolute scarcity), while 60% were unfilled because of relative scarcity. This 'relative scarcity' was attributed to the following factors: 1) Unwillingness to work outside urban areas or within a specific industry; 2) Persons in the process of acquiring necessary skills but by virtue of the length of their training were not available in the short term; 3) Lack of candidates with the requisite skills from the designated groups (blacks, women, and people with disabilities) whose employment facilitates transformation and the achievement of equity targets.

Skills shortages were most prevalent in the occupational categories *Technicians and Trade Workers* (665 vacant positions), *Professionals* (267 vacant positions) and *Machine Operators and Drivers* (227 vacant positions).

- In the *Professionals* category, the specific occupations with the highest numbers of vacancies were Geologists (59 positions), Mining Engineers (42 positions), Mechanical Engineers (34 positions), Electrical Engineers (24 positions), Metallurgists (21 positions), and Surveyors (14 positions). Du Toit and Roodt (2009) attribute the shortage of engineering professionals to, inter alia, exceptional demand for engineers due to infrastructural growth, high emigration of individuals in possession of engineering skills, and poor mathematics education performance in schools, which in turn results in low throughput and graduation rates of engineering students at tertiary education levels.

- In the *Technicians and Trade Workers* category, most of the positions that companies had difficulty filling were for Mining Technicians (114 positions), Fitters (107 positions), Electricians (90 positions), Jewelers (87 positions), Millwrights (62 positions), Diesel Motor Mechanics (37 positions), Fitters and Turners (35 positions), Precision Instrument Makers and Repairers (34 positions), and Welders (31 positions).

- In the *Machine Operators and Drivers*, category, most of the hard-to-fill vacancies were for Miners (75 positions), Drillers (36 positions), Engineering Production Systems Workers (25 positions), and Stone Processing Machine Operators (20 positions).

The difficulty to find qualified people for positions requiring scarce skills was further confirmed by employees in similar positions but who were not fully qualified.

The MQA has thus developed a set of support strategies to address these shortages. Interventions have taken the form of Learnerships and other skills programmes as well as development of learning material that highlights the SETAs commitment to ensuring standards and quality. To this end the SETA has also overseen the accreditation of training providers, and is in the process of maintaining a database of successful learners in the sector to whom it issues certificates of achievement (MQA, Scarce Skills Report, 2009).

MERSETA

Information on skills shortages in MERSETA was obtained through an analysis of survey data on skills needs, supplemented by various MERSETA data sources detailing scarce and critical skills for year 2009/10.

Across the five chambers – metal chamber, auto chamber, motor chamber, new tyre chamber, and plastics chamber – skills shortages were most prevalent in the motor and metal chambers. The shortages (Table 2.33) were more pronounced within the technicians & trade and clerical & administrative categories specifically in the plastics chamber, and within the machinery operators and drivers category in the new tyre chamber.

Table 2.33: MERSETA skills in demand by occupational category

MERSETA skills considered in demand by occupation category and chamber

Occupational category	Metal chamber		Auto chamber		Motor Chamber		New Tyre Chamber		Plastics chamber	
	n	%	n	%	n	%	n	%	n	%
Managers	200	1	88	10	10 640	44	17	2	600	13
Professionals			168	18	980	4	75	11		
Technicians and Trades workers	14 360	58	656	71	10 982	45	96	14	1 490	34
Clerical and Administrative workers			6	1	300	1	1	0	2 030	46
Sales workers					1 116	5				
Machinery Operators and Drivers	8 500	35			300	1	474	68	300	7
Elementary workers	1 580	6					35	5	20	0
Total	**24 640**	**100**	**918**	**100**	**24 318**	**100**	**698**	**100**	**4 440**	**100**

From the perspective of skills in demand across the five sub-sectors, within the metal chamber the occupations described as 'most in demand' included 'Crane, Hoist or Lift Operator', 'Machine Setter and Minder', and 'Fitter'. Notably, these occupations exceeded the 2 000 benchmark. Combined, these three occupations comprised more than three-quarters (77 percent) of the total skills needs in this sub-sector.

In the auto-chamber, mechatronics skills and automotive motor skills, followed by millwright skills, were indicated as those most lacking. In the motor chamber, the skills most in demand (with over 2 000 unfilled positions) were: Small Business Manager (skill level 4), with 7 680 unfilled positions; Automotive Motor Mechanic (skill level 3), with 4 500 positions; Panel Beater (skill level 3), with 2 385 positions; Retail Manager (skill level 4), with 2 000 positions; and Motorcycle (and Scooter) Mechanic (skill level 3).

In the new tyre chamber, the occupations most in demand were for Rubber Production Machine Operator (474 – or 86 per cent), at skill level 2; Fitter (skill level 3); and Electrician (skill level 3).

The plastic chamber's most critical skills were 'Plastic Production Operator and Plastic Cable Making Machine (1800, or 44 per cent) and 'Plastic Composite Trades Workers and Plastics Manufacturing Machine Setter and Minder' (both 11 per cent).

In terms of skills requirements, 7% of total demand is for elementary worker while 80% of skill requirements was for Technicians and trade workers. Demand for managers was at 14 per cent of total demand, indicating the possibility for intra-enterprise mobility through skills development interventions (MerSETA SSP, 2009/10).

FASSET

The information on scarce and critical skills for FASSET was derived from enterprises' 2009/10 WSP submissions.

Scarce skills

In year 10, 618 (34 per cent) of the 1 811 levy-paying organizations that successfully submitted Mandatory Grant applications reported skills shortages. Of these enterprises, 49 per cent employed more than 150 people, who in total accounted for 44 per cent of the skills needs that existed at the time, making up 4% of total employment. A total of 3 709 people (4 per cent of total employment in levy-paying organizations) were required to meet the skill shortages for the identified period. Of these (N = 618), the majority (80 per cent) of vacant positions were most prevalent in the professional occupations.

The occupational breakdown is presented in Table 2.34.

Table 2.34: FASSET scarce skills by occupational category

Occupational category	Number of people needed	% of total needed	% of total employment
Managers	90	2	1
Professionals	2979	80	11
Technicians and Trades workers	54	1	0
Clerical and Administrative workers	430	12	2
Sales workers	94	3	4
Machinery Operators and Drivers	34	1	3
Elementary workers	26	1	0
Total	**3 709**	**100**	**4**

Of the 3 709 scarce skills vacancies reported, 80 per cent were in the professional category. FASSET's professional category includes trainee accountants. This shortage is attributed to Learnership candidates completing their Learnerships and moving into permanent employment, often in other organizations. Related to this shortage is a shortage of students taking up accounting and auditing-related Learnerships. SARS reportedly as indicated a shortage of general accounting and auditing skills, as well as a need for more chartered accountants. The shortage of trainee accountants and auditors is related to the following:

- A general shortage of candidates qualifying for Learnerships – a function of low standards of education
- A lack of African trainees
- A lack of trainees who hold honours degrees
- A lack of trainees interested in auditing
- The high drop-out rate during training; and
- The inability of small organisations to compete with bigger firms in terms of salaries (South African Institute of Chartered Accountants; FASSET).

A further 12 per cent of scarce skills positions in the SETA are in the clerical and administrative category, while 3 per cent are at the managerial level. There is also a general

shortage of qualified, competent and experienced accountants, in particular a lack of qualified black and female chartered accountants, which, according to employers, is due to a lack of experience among black professionals as well as difficulties in retaining qualified people (FASSET WSPs submitted in 2009).

The managerial category also experienced high levels of scarce-skills needs. Within this occupational category the highest numbers of scarce-skills positions were for Programme or Project Managers and Corporate General Managers. The shortage of staff at the managerial level was linked to various factors including a lack of competent and skilled black managers, an overall lack of candidates with experience in managerial skills, a lack of competent and skilled women and people with disabilities, and the unrealistic salary expectations of some candidates. Given the various factors contributing to skill shortages in this occupational category it is important to take into account the complexity and highly debatable definition of relevant 'skills' required by successful managerial candidates and how these can be imparted to others so as to cover the shortages in the labour market (Mbabane; 2009).

There is also a demand for business and systems analytical and programming skills in the sector, especially for business analysts and developer programmers, who are also known as "data architects", "data miners", or "modellers of data and databases".

In 2009, a shortage of bookkeeping skills featured prominently in the clerical and administrative worker category's skills needs. This shortage was ascribed mainly to a general lack of qualified and experienced people as well as to a lack of qualified and competent previously disadvantaged individuals. Although the need for accounting skills is evident from the research underpinning the 2009 FASSET SSP, it is also clear that the focus of skills development strategies for the financial services sector should be on a relatively broad spectrum of professional fields, at NQF Level 5 and higher. The shortage of managers is likely to be alleviated in the longer term by an increase in the availability of professionals.

The existence of skills shortages was confirmed by employers; and although there is no statistical information available, anecdotal evidence shows that employers are, in part, handling the situation by sourcing these skills from other countries.

Critical skills

Table 2.35 indicates critical skills in FASSET.

Table 2.35: FASSET critical skills, by occupational category

Occupational category	Number of people needed	% of total needed	% of total employment
Managers	261	6	2
Professionals	2 229	54	9
Technicians and Trades workers	7	0	0
Community and Personal Service Workers	60	2	3
Clerical and Administrative workers	1 501	36	6

Occupational category	Number of people needed	% of total needed	% of total employment
Sales workers	75	2	3
Machinery Operators and Drivers	3	0	0
Elementary workers	11	0	0
Total	**4147**	**100**	**4**

During Year 10 (2009/10), 355 (20 per cent) of levy paying organizations that submitted Mandatory Grant applications reported critical skills needs. A total of 4 147 (4 per cent) of employees needed additional skills to improve their performance in their current positions. Most of them were in the "Professional" (54 per cent). People in these positions needed to top up their skills through Learnerships, short courses, and skills programmes. More than a third (36 per cent) of the critical skills reported was in the clerical and administrative workers category.

In sum, exactly a third (33 per cent) of levy-paying enterprises reported a scarcity of qualified and experienced people, indicating that 3 709 qualified people (professionals) were required. Twenty per cent of enterprises reported that 4 147 employees needed to top up their skills, most of them in the professional category.

BANKSETA

The information on scarce and critical skills for BANKSETA was obtained from 2006 research into scarce skills within the banking sector and is therefore more dated than the sources for the analyses of scarce and critical skills in the other four SETAs.

The positions that could not be filled amounted to 1 134, making up 0,8 per cent of total employment. Smaller enterprises within the sector were more severely affected by skills shortages than were the large banks. In enterprises that employed 150 or fewer people, unfilled positions constituted 5,1 per cent of employment, while in enterprises that employed between 150 and 19 999 people, this figure was 1,4 per cent, as against only 0,6 per cent of employment within the large banks. The majority (86 per cent) of the positions for which skilled people could not be found were in the managerial and professional categories.

The study indicated that of the 72 per cent of enterprises that tried to recruit managers, about 69 per cent experienced difficulties with their recruitment. About 61 per cent of the 78 per cent of enterprises that tried to recruit professionals experienced difficulties in recruiting within this category. Table 2.36 profiles the situation.

Table 2.36: **Skills shortages within BANKSETA, by occupational category**

Main occupational category	Positions	%
Managers	468	42
Professionals	499	44

Main occupational category	Positions	%
Community and Personal Service workers	1	0
Clerical and administrative workers	156	14
Total	**1 134**	**100**

Source: BANKSETA, 2006

There was nearly an equal demand for workers in the professional (44 per cent) and manager (42 per cent) categories in the banking sector. About 72 per cent of enterprises had tried to recruit managers in the year preceding the survey. About 69 per cent of them experienced difficulty in filling in positions and recorded that they had a total of 478 positions unfilled. Very few enterprises complained about the unavailability of people with required skills in a given geographic area. The lack of people with specific experience and suitable skills were often mentioned in relation to management positions.

The same percentage of enterprises in the sector – about 72 per cent – had also tried to recruit professionals; 61 per cent of these enterprises experienced difficulty in finding suitable candidates, reported that they had 499 unfilled positions. About 306 positions were in the sub-category "business, human resources, and marketing professionals". Occupations with the largest vacancies included business analysts and accountants. The sector also experienced a shortage of information and communication technology (ICT) professionals.

Entry level supply-side problems were attributed mainly to the matric pass rate and the quality of grade 12 passes. In the BANKSETA Future Skills Research Report it is noted that the major constraints in the supply of skills to the banking sector are: primary and secondary education output; emigration; relative mobility of skills; regulation; and the provision of skills from FET colleges and their impact on career paths.

On the supply side of the labour market, the limited number of black matriculants who passed grade 12 with mathematics and science on the higher grade as well the limited number of graduates with mathematics and science degrees are some of the most important factors that contribute to skills shortages in the banking sector.

W&RSETA

Data for the W&RSETA profile come from a quantitative analysis based on joint research by the HSRC and UNISA's Bureau of Market Research (BMR) (2004) which was commissioned by the European Union and the Department of Labour. This research investigated the skills profiles of the various economic sectors in South Africa. Together with extracts from enterprise WSPs in the SETA, this research identifies the following scarce skills:

- Management – at all levels and across all operational functions;
- Supervisory skills (Stock Controllers, Store-room Controllers, etc.);
- Information Technology Professional skills; and
- Buyers, Planners, and Merchandise Category Managers.

Basic skills needs identified at stakeholder workshops included but were not limited to: Life Skills, including ABET – especially basic life skills beyond literacy and numeracy in the rural areas; succession planning, Generic Business Management skills for SMMEs; legal skills; HIV/AIDS awareness for management; and supervisory personnel. Scarce skills identified through quantitative analysis included: management at all levels; supervisory personnel; IT professional; supply chain and distribution managers; logistics managers; and buyers (W&RSETA SSP 2011-2016 Draft). There are also neither trainers nor assessors for specialist skills such as buyers.

The most pertinent critical skills identified were: financial; industrial safety; interpersonal and communication skills; negotiating and conflict resolution skills; and life skills. There is widespread lack of information and understanding regarding the Recognition of Prior Learning (RPL). Of particular concern is the shortage of training providers servicing the rural areas, which are deemed too expensive to service as the numbers are too small. In the rural areas, literacy course are required for a large section of the workforce. Research participants felt that training course levels were too high and did not address the needs of the people. In addition, courses should be modularised to make them more accessible particularly to participants from SMMEs, who experience time and availability constraints because of the nature of their businesses. Table 2.37 lists the key critical skills in short supply.

Table 2.37: Critical skills within the wholesale and retail sector

Management/Leadership	Soft skills	Technical	Life skills
• Leadership and management skills • Planning and project management • Conflict management • Negotiation and persuasion • Basic business skills	• Decision making • Interpersonal skills • Customer relations • Assertiveness • Team work • Managing diversity • Communication • Presentation skills • Listening skills • Life-skills (personal finance, time management, resilience, stress management) • Innovation and creativity • Problem solving	• Financial skills (basic bookkeeping such as debt and credit control and accounting) and management • Product development • Basic understanding of business (to find EE candidates is difficult e.g. retail reps with the basic knowledge/understanding of business • IT literacy (PC trained people) • Selling skills • Product knowledge • Merchandising, especially visual • Production and product knowledge • Knowledge of contracts	• Customer service • Communication skills • ABET/Numeric and literacy • Ability to apply knowledge • Access to information • Personal budgeting

Source: W & R SETA SSP 2009/10

W&RSETA argues that the competitiveness of the sector is constrained by high levels of casualisation, which tends to discourage management from investing in labour through training. On the other side, this sector requires a highly skilled workforce in order to provide good value to customers in terms of product quality, design, product performance, reliability, and responsive service.

A major weakness of the W&RSETA is apparently its inability to partner with education and training establishments in the global environment. This results in local employees lacking exposure to international best practice in the sector. In an attempt to overcome this weakness, the SETA has appointed Immersion Lab to pilot an international Leadership Development Programme (ILDP), which is offered in South Africa and Canada.

The SETA also acknowledges that the sector is characterized by historical occupational patterns, with a high concentration of whites in the high-wage occupational categories and a high concentration of Africans in the low-wage occupational categories. This presents the

sector with a challenge of providing African employees with relevant management skills thus. thus supporting their career development and the advancement(W and R SETA SSP, 2009/10).

It is evident that the vacancies hardest to fill are most prevalent within the professional and management occupational categories across the various SETAs. Up-skilling the previously disadvantaged to facilitate their advancement to management and higher skills positions is required for the realization of SETA equity targets. Lack of qualified and competent African and women candidates was cited as a challenge in some of the SETAs to meet their skills development targets. However, it is also evident that the racial historical patterns in labour market still exist and that initiatives such as management development and mentorship programmes are required to ensure upward mobility of Africans and women.

CONCLUSION

This report has outlined the demographic and economic features of the five SETAs. It has also attempted to look at the development initiatives, planned and implemented, where possible. While SETAs serve diverse sectors, it is evident that their Sectoral Skills Plans are aligned to the national goals and as such guided by the framework of the National Skills Development Strategy. They pursue equity in skills development particularly with regard to uplifting Africans, females and disabled persons.

The data sources used were diverse and yielded useful information despite being fragmented because of different templates and reporting styles applied. This fragmentation resulted in inconsistencies in much of the data. As such, the challenge that ought to be noted and addressed with careful consideration is a need for a unified or common data source that will standardise data outputs across the SETAs and allow for meaningful comparison.

Skills development as a national mandate is more complex than simply offering training. In a country with high rates of unemployment on one hand and skills shortages on the other, training has to be sharply and relevantly focused not only to ensure a skilled labour force, but also to meet the demand-side of the labour market. Furthermore, training ought to be aligned with the demands of a dynamic global economy driven by rapid technological advancement. These complexities were taken into account by the five SETAs to varying degrees. The SETAs reported their training activities using different variables. While these made comparison very difficult if not impossible, what they did was highlight the multipronged focus that training initiatives need to take.

Overall, the distribution across occupational categories in all sectors still reflects a racial division of labour. Though Africans form the majority of workers in the various sectors, the higher skills categories are still white-dominated, while Africans and women are underrepresented in those levels. For example, whites form the majority of workers in FASSET, which is a largely skilled workers' sector, whilst there is a high number of Africans within MERSETA, particularly in the low-skilled categories. With this challenge in mind, the different SETAs attempted to target the advancement of African and women professionals. BANKSETA seems to focus more successfully on training women, though this could have

more to do with the large component of the banking sector – a component traditionally dominated by women – than with a desire to meet equity targets.

Employment distribution across occupational categories varies depending on nature of work and skill level. BANKSETA and FASSET report a higher presence of skilled and highly skilled labour than other SETAs, which are more reliant on intermediate and low skilled labour. The skills differentiation across sectors will have implications for the types of training offered within relevant SETAs. Sectors like mining and minerals are dominated by labour intensive work reliant on low skilled labour, with less intensive training requirements than sectors reliant on more post school professionals, like banking and finance.

The limited number of African employees in the management and professional categories particularly within MQA signifies a need to promote upward mobility through targeted training initiatives of those in lower occupational categories. Few professionals in sectors such as the mining and minerals could be indicative of correspondingly low performance of mathematics and science graduates at the school and tertiary levels. Across all sectors, it appears that professional and management positions present the vacancies that are most difficult to fill. This is a significant phenomenon considering the skills shortage that exists in the country. The up-skilling of employees in the lower occupational categories as well as increased support to higher education targeting future employees should be intensified for the realisation of SETA targets.

The existence of a large number of small and medium enterprises and very few large enterprises across the SETAs is evident; it presents both a challenge and an opportunity for the expansion of training activities. The exemption of small companies from the levy schemes means that sometimes their quantities as well as training needs are unknown unless SETAs make concerted efforts to extend support to them and compile such information.

Geographic location may also present itself as a challenge for skills development initiatives. The data revealed that a higher density of enterprises is found in Gauteng, Western Cape, and KwaZulu-Natal. In particular, MERSETA has a significant presence in KwaZulu-Natal. MQA, however, is highly concentrated in the North West, where mining activities constitute a major component of the province's economy. SETAs should intensify resource allocation to those geographical locations that need targeted skills development.

SETAs are targeting African employees for training – though they do so with varying degrees of success. It appears that more training initiatives have benefitted Africans in the lower occupational categories than at the professional and management levels, which are key areas for training under the BEE and Employment Equity Acts. This could be attributed to the fact that those levels are predominantly African-oriented.

The WSPs and SSPs reveal that all enterprises across the economy need to improve their skills development programmes to enhance economic and human development. All SETAs agree that there is a need for enterprises to see skills development not only as a political obligation they are required to meet (with its predominant focus on achieving numerical targets) but as the means for lifting people out of poverty through the provision of high-quality training.

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TECHNICAL REPORT 3: BLACK ECONOMIC EMPOWERMENT ENTERPRISES, BLACK ECONOMIC EMPOWERMENT CO-OPERATIVES, AND SKILLS DEVELOPMENT: A REVIEW OF THE LITERATURE

INTRODUCTION

This review seeks to explore the nature and functioning of BEE enterprises and BEE co-operatives in South Africa and to ascertain what kinds of training these enterprise types currently provide and could provide for their employees. Obtaining a clear picture of employee training is helpful in determining the impact of skills development support on equity targets for levy-paying and non-levy-paying enterprises alike.

The review begins by positing a theoretical framework showing the perspective from which employee training evaluation is made. This is followed by analyses of government policy interventions in skills development, the evolution and practice of black economic empowerment, and principles underpinning and challenges confronting co-operatives.

THEORETICAL FRAMEWORK

Skills development in South Africa is located within a particular theoretical construct, namely "human capital development". So much is clear from the draft Science, Engineering & Technology (SET) Human Capital Strategy: 2008-2028 (DST, 2007: 20). Some of the goals of the Human Resource Development Strategy for South Africa (HRDSA) (2009), include ensuring that all new entrants to the labour market have access to employment-focused education and training opportunities; ensuring that education and training investment levels in all areas are above global averages; and, ensuring that all adults in the labour market have access to education and training opportunities that will enable them to achieve at least a NQF Level 4 qualification. This is just one example of the many education-related policy documents and programs which foreground employee training and indicate that the skills development agenda is, by and large, based on human development and economic imperatives. This section of the literature review highlights the key tenets of human capital theory as a way of contextualising the ensuing discussion about BEE and the need to focus on skills development within BEE.

Skills development: The human capital account

Capital refers to assets available for use in the production of further assets, so human capital refers to the human possession of knowledge and skill through education, training and experience. Human capital theory assumes that the more knowledgeable and skilled a person is, the more capable that person is of making a productive effort; hence investment in human capital increases labour productivity and quality. Human capital investment is similar to other investments in the sense that it involves an initial cost, with the understanding that

current expenditures or costs are incurred with the intent that they will be more than compensated for by enhanced future revenues or returns. The costs involved are out of pocket (i.e., direct) and opportunity (i.e., indirect) in nature. Opportunity costs include forfeiting earnings as a result of committing to school rather than the labour market. Since there are costs involved on both the worker's and on the employer's side, the decision to invest has to be economically rational in that the return has to be equal to or greater than the investment. The investment is then realised through the renting out of skills to the employer, of which the value is determined by how much these skills can earn in the labour market given several skills demand and supply factors (Schultz 1961; Bekker 1964).

The nature of employment also plays a key role in the employer's decision to invest in workers as the returns on temporary and/or part time workers are generally less than those on permanent and/or full time positions. The shorter pay-off period and the increased chances of resignation render investment on temporary and/or part time workers precarious and risky. This is a contentious issue because of conflict of interests between employers and employees. The worker's goal is job security and the employer's goal is profit making, hence hiring workers on a temporary/part time basis helps employers achieve this goal by saving on employee benefits – as temporary/part time workers have limited benefits. However, by not giving job security to workers, that is, employing them part-time, employers shoot themselves in the foot, because withholding job security translates into reluctance to invest in skills development, which ultimately leads to a poorly trained workforce.

The dynamics of skills development and profit making are depicted in generalisations of the human capital model. McConnell *et al* (2010:93-94) capture them as follows:

1. Length of income stream: Other things being equal, the longer the stream of post-investment incremental earnings, the more likely the net present value of an investment in human capital will be positive. The earlier the investment is made in life, the greater the chances of return because of the remaining years of working life. This explains the focus on training young NEETs (young persons 'not in employment, education or training') (Cloete, 2009) when there are many unskilled older persons.
2. Costs: Other things being equal, the lower the cost of human capital investment, the larger the number of people who will find that investment to be profitable. This is one explanation for the preference for short courses by enterprises over long-term enrolment programmes. Short courses have reduced opportunity costs because workers do not stay away from work for too long.
3. Earnings differentials: Other things being equal, the larger the tertiary-secondary education earnings differential, the larger the number of people who will invest in tertiary education.

Labour market inconsistencies

In the light of changes in the labour market, technological innovation, globalisation and product competition, continuous education, training, and retraining are crucial to ensure an adequate supply of an appropriately skilled labour force. However, an analysis of the demand for and supply of human capital sheds light on some of the inconsistencies in the labour market such as: Why do different enterprises vary significantly in the amounts of

human capital investments they make? Why does enterprise A invest 100 hours of training per annum, enterprise B, 50 hours, and enterprise C, nothing?

The law of diminishing returns is one explanation for these inconsistencies. It suggests that the extra education and training acquired by an individual becomes smaller and smaller as the amount of schooling increases; thus the rate of return on the investment diminishes. The second explanation is rising costs and falling benefits as additional education is undertaken. Since skills are inseparable from a person and an individual has a finite work life and deteriorating mental and physical attributes, the more time one invests in education and training, the less time an individual has to realise the benefits of such an investment. Furthermore, more education and training means increased investments and opportunity costs, which are deterrents to further education and training.

The enterprise or student evaluates the benefits of investing in education and training against the costs of further studying; hence the rational investor in human capital invests up to a level of education and training where benefits exceed costs. Enterprises or students take into cognisance the costs and benefits attached to human capital investments when deciding on skills development investments. For the employer, direct costs include provision of training, while indirect costs include reduced worker output during the training period with the hope of benefiting from the skilled worker's increased contribution to the enterprise's total revenue. The worker's costs include lower wages during the training period, while benefits include increased wages due to enhanced post-training productivity.

McConnell *et al* (2010) add that inconsistencies in the labour market and varying skills development commitments are also due to:

1. Differences in ability. It is reasonable for people with better mental and physical capabilities and enhanced motivation and self discipline to invest more in skills development than less able ones because of their increased probability of translating acquired skills to increased labour market productivity and higher earnings. Education and training quality affect the rate of return to a skills development investment as enhanced education and training quality increases the probability of getting a job and higher earnings.

   Objectively measuring ability is rather a challenge. For instance, the South African context is still racialised to varying extents and economically unequal; thus access to resources is still to some extent determined by race and class. Generally, students with access to resources perform better than their counterparts without resources, but concluding that white middle class students perform better would be an erroneous judgement.

2. Differing degrees of uncertainty concerning the capacity to transform skills and knowledge into enhanced earnings attributable to discrimination: In the light of affirmative action in South Africa, some owners of capital may not be confident in making human capital investments because of the fear that they may not realise returns due to government's equity policies, which prefer previously disadvantaged racial groups. The same applies to gender, as in a female dominated sector males may be sceptical of making human capital investments because of the fear that they

may be overlooked, and *vice versa*.

However, cases need to be treated on merit in this regard because although some professions are female dominated, that does not necessarily mean that males are overlooked, and *vice versa*. The reasons for either male or female dominance vary and include, *inter alia*, perception, culture, stereotypes, and contextual dynamics. Therefore, female dominance in professions like house helper, secretary, day care helper, hairdressing, cash register and receptionist does not mean that males are less capable of doing these jobs. Similarly, male dominance in professions like carpentry, auto mechanics, brick laying, gardening and truck driving does not mean that women are less capable of doing these jobs.

3. Differing access to borrowed funds for human capital investment: If X can access funds on more favourable terms than Y because of her/his background, gender, age, nationality and racial group or a policy which favours X, then it would be reasonable for X to invest more in skills development. In the light of redress policies, this principle holds water. However, it is yet to be seen if blacks and females have managed to take advantage of the newly created opportunities for them. Although the increased gross enrolment ratio in education at all levels and increased new labour market entrants attest to advantage of the opportunities opened by the democratic era having been taken, the existence of 2.8 million NEETs suggests that there are either insufficient education, training and job opportunities created or there are obstacles prohibiting people from accessing the opportunities (Cloete, 2009). Does the challenge lie with lack of training opportunities or obstacles which prohibit access to opportunities? Such obstacles could vary and include issues around language, geography, and transport. Training opportunities may be available but if the training is offered in a language that is unfamiliar to the recipients they will not be able to access it. Moreover, if training is offered in urban areas away from the recipients, that presents further logistical issues as recipients would have to travel to where the training is offered, which is not always feasible because of lack of transport or high transport costs.

Such contextual obstacles present a challenge to human capital investment. Their impact is crucial as human capital development is critical for any country to succeed in the knowledge economy. Human capital underdevelopment affects the provision of skilled workers to meet current and future labour needs and to ensure productivity in the workplace. By and large, such underdevelopment contributes to poverty.

Factors affecting human capital investment decisions

Human capital investments can be viewed from private, public or social perspectives (Barker, 2007; McConnell *et al*, 2010). The private perspective only considers costs and benefits accruing to the individual, while the public or social perspective includes public subsidies to education and a broader scope of benefits like lower unemployment, lower crime rate, lower dependence on social grants, and increased political and economic participation. The significance of this distinction is realised in the investment decisions taken in society. If the rate of return on an investment in human capital is 15 per cent while on physical capital like the construction of roads it is 10 per cent, it would be reasonable for

society to invest in human capital. Thus the rationale for subsidising education and training with public funds is determined by the magnitude of the associated social benefits.

McConnell *et al* (2010) also discuss capital market imperfections, which they refer to as "biases" or "imperfections" favouring investments in physical rather than human capital. From a funding perspective, it is more risky to invest in human capital than physical capital because skills are embodied in the person and not available as collateral on a loan. If one defaults on a property loan (house, car, furniture, etc.), there is a tangible asset the lender can repossess and sell to recover losses. That is not the case with human capital investment. The capital market is thus inappropriate for skills development investments as its terms and conditions are not favourable. This translates into reluctance to offer study finance and study leave, as such expenses are difficult to recuperate if the recipient defaults.

Standard economic theory distinguishes between two polar types of on-the-job-training: general training (the creation of skills or characteristics that are equally usable in all enterprises and industries); and specific training (training that can be used only in the particular enterprise that provides that training). Workers pay for general training directly or through lower wages during the training period, while employers bear the cost of specific training as specific skills are not transferable or saleable by a worker to other employers.

Interestingly, McConnell *et al* (2010:117) observe that 'on average, individuals who receive the largest amount of formal education also receive more on-the-job specific training.' This is because higher levels of education in individuals are evidence of their trainability; thus a graduate is more trainable than a matriculant. Training costs are also lower for the more educated. Since employers are in the business of making profit, they are more likely to invest in on-the-job-training for the educated as their absorption capacity for education and training is already enhanced through the foundation laid by general education. Therefore, in the light of this leverage, they acquire skills quickly, which translates into higher rates of return for employers.

This is clearly the employer's perception of on-the-job-training, because the core purpose of business is profit making and not employee training; hence training expenses are minimised as much as possible. Employers engage in on-the-job-training only if it benefits the business. They choose to source 'ready-made' labour if possible or train staff on the job if the benefits outweigh the costs.

It is difficult, however, to measure return on investment because of a lack of data on productivity, competitiveness and profitability which depict differences in pre- and post training levels. The return on investment measurement is also complicated by the blurred lines between employer and employee training expenses. This is especially so because the costs are direct and indirect and because training takes many different forms, such as on-the-job training, learnerships, apprenticeships, formal schooling, and informal education.

Against this backdrop of an inherent cautiousness in employers' decisions to train or not, Winch and Gingell (1999: 120) propose that governments take the initiative and 'ensure that it is in the interest of the employers to train their workers', which could be achieved through levies, training taxes, or practice licenses based on gaining a qualification. Thus, the next section looks at government initiatives, policy interventions and the mechanisms employed

to promote skills development, such as legislation, levies and incentives.

Limitations of the human capital model for the South African context

The case made by human capital theory holds water, as generally employment prospects, income and productivity do improve with greater levels of education. However, the unproblematic portrayal of the relationship between education and productivity, education and earnings, and education and employment is rather misleading. Human capital theory attributes labour (ability to do a job) only to formal schooling and consequently recognises and rewards those with formal academic qualifications; yet informal education and socialization also play key roles in skill formation.

Bourdieu (1977) argues that skill formation is also a result of cultural capital, in which family background, race, gender, ethnicity, personality and geographical area play a significant role. The value and contribution of these skill formation elements is not reflected in academic credentials, which compromises the fairness of the recruitment process, as culture is not neutral. Cultural, ethnic, racial and gender bias, for instance, was legalized in apartheid South Africa, which led to people with the same academic credentials getting unequal employment opportunities and unequal remuneration. Although this practice is not legalized in democratic South Africa, it has not completely ended. The extended internal labour market, which is the manipulation of labour market practices for social reproduction purposes, enables the pursuit and maintenance of gender, ethnic and racial agendas at the workplace at the expense of those who qualify for jobs but do not belong to the internal labour market. Job search mechanisms and recruitment strategies influence the type of worker who is recruited, as the search or recruitment is done through what Okano (2011) refers to as “grapevines”, that is, family, peer group and employees’ social networks. Such recruitment strategies exclude those who lack access to network membership, which in the South African context refers predominantly to the black majority, who are structurally disconnected from the ‘first world’ economy because many of them are unemployed and have either no skills or very low skills levels.

According to Blackmore (1997) the human capital view of linear education-work relationship overlooks many crucial issues. The fact that skill is a social construct and not solely an education construct means that social factors like gender, race and class need to be taken into consideration as they play a crucial role in determining whether one gets employed or not. The South African equity efforts are a classic example of legal biases which undermine the assumptions of human capital theory, as some job vacancies would expressly require previously disadvantaged persons like females, Africans and the disabled. With some vacancies, the requirements also include language proficiency, which plays a role in determining one’s ability to discharge one’s responsibilities. With regard to the impact of language on human capital development, Alexander (2011) notes that a study conducted reflected that English speaking students in the Western Cape did better than their Xhosa speaking counterparts in content subjects because they had the language command leverage – the subjects having been taught in English. English speaking students in this province therefore stand a better chance of finding employment because of their academic performance. This discredits human capital theory’s assumption of a linear education-work relationship with everyone having equal access to employment.

Ingbretsen (2011) adds that another crucial element in ascertaining 'skill' is reputation. He argues that reputation capital is "the brand your name carries – the sum total of your good name, good works, and your history". This amplifies the challenge of defining 'skill', as reputation capital includes public perceptions of one's trustworthiness, popularity, authority in the field, ethics, integrity and resilience. It is subjective and prone to bias because gaining people's trust, for instance, is subject to a number of things, which include appearance, gender, race and age. At the Goedgedacht Forum for Social Reflection (2004, 4), it was demonstrated that people "whose eyes are brown with dagga ... get marginalised" and struggle to get employment because potential employers find it difficult to trust them. This is the same kind of treatment many ex-offenders get, because some people find it difficult to remove the prison stigma from them. This explains why the probability of reoffending is high among ex-offenders in relation to non-offenders (Bierens and Carvalho 2011).

These dynamics in skill formation imply that in ascertaining skills development needs, one needs to look beyond academic credentials. If skill is a creation of academic, social, cultural, gender, ethnic and racial elements, then it is irresponsible to focus only on the academic elements at the expense of others. In the light of South Africa's experience of overlooking people for employment on the basis of race and gender, this means that such factors should be taken into consideration when one works on a skills development strategy, as the one-size-fits-all approach to skills development is inappropriate.

GOVERNMENT POLICY INTERVENTION IN SKILLS DEVELOPMENT FOR ECONOMIC EMPOWERMENT

The South African labour market is characterised by high unemployment (25 per cent in 2011 according to the narrow definition) and a skills shortage in some sectors of the economy. This is seen as a key challenge in the country's achievements of its growth targets (Breier, 2009; Erasmus, 2009). As a result, the government's skills development strategies have been brought into sharp focus time and time again. As a human development strategy, skills development is seen as an important mechanism toward the improvement of quality of life for a nation's citizens. Developing human capacity, as well as contributing to national growth, an effective skills development strategy would accelerate an improvement in many people's lives. It is with this in mind that the Department of Trade and Industry (DTI) (2005) lists skills development as one of the codes of good practice within its Broad-Based Black Economic Empowerment Act of 2003 (BBBEE):

> *Statement 400: The recognition of skills development and organisational transformational contributions to black economic empowerment.*

In order to understand the significant role skills development plays in advancing BEE, it would be useful to outline the skills development terrain: how it is supported by legislation, and how this legislation in turn supports the objectives of BEE.

Skills development: The legislative framework

The South African Qualifications Authority

Through the South African Qualifications Authority Act of (1995), SAQA was established by the then Minister of Education in consultation with the Minister of Labour in order to develop and oversee the implementation of the National Qualifications Framework (NQF). SAQA had the dual responsibility of setting education and training qualification standards as well as ensuring and monitoring quality of educational and training programmes offered across all sectors covered by the National Qualifications Framework.

The Skills Development Act

According to the Department of Labour (1998), the overall objectives of the Skills Development Act of 1998 include:

- Developing the skills of the South African workforce so as to improve workplace productivity. In this objective the Act touches on elements of human capital theory as discussed above that hold that the more skilled a person is the more productive that person is in the economy.
- Increasing the levels of investment in education and training in the labour market and improving the return on that investment.
- Encouraging employers to use the workplace as an active learning environment in which employees can acquire new skills while new entrants to the labour market can be provided with work experience.
- Encouraging workers to participate in learnerships and other training programs.
- Improving the employment prospects of persons previously disadvantaged by unfair discrimination and redressing those disadvantages through training and education.

The Act encourages and supports the integration of national, sector and workplace strategies in order to align national agendas apropos of skills development with the needs of industry. In this way the objective is clear: to formulate a skills development strategy that will lower the unemployment rate while tackling the skills shortages that exist in the country. One of the ways that the Act provides for this objective is through the establishment of Sector Education and Training Authorities (SETAs).

Sector Education and Training Authorities

SETAs were established as skills development vehicles for the development and advancement of education and training in and for the workplace. Empowered as quality assurance bodies, they also integrate the Skills Development Act with the NQF. They are mandated to collect skills levies and disburse these (and other funds) to enterprises that provide training within their relevant sectors. Broadly, the responsibility of the **SETA** is to:

- Develop a sector skills plan within the framework of the National Skills Development Strategy (NSDS);

- Implement sector skills plans;
- Promote learnerships;
- Register learnership agreements;
- Collect and disburse the skills development levies in the respective sectors; and
- Liaise with the National Skills Authority (NSA) and employment services of the Labour Department and any education body.

The Employment Equity Act

In the ambit of skills development, there was a need to provide legislative support in order to facilitate the advancement of those previously disadvantaged by apartheid. This was provided for through the Employment Equity Act of 1998, which protects workers and job seekers from unfair discrimination and also provides a framework for implementing affirmative action (DoL, 2008). In the process of transformation, SETA skills development initiatives ought to take into account employment equity objectives, ensuring that individuals who belong to designated groups (Black Africans, Coloured, Indian, women, and the disabled) receive the support that would previously have been denied them in the labour market with regard to education and training.

Application of the legislation

Unpacking the concept of education and training, Erasmus *et al* (2009: 2) hold that training is 'the way in which an organisation uses a systematic process to modify the knowledge, skills, and behaviour of employees that will enable it to achieve its objectives.' They refer to education as the 'activities that provide the knowledge, skills, and moral values that individuals will need in daily life'. Training is '"task oriented" because it focuses on the "work" performed in an organisation based on job or task descriptions". While education 'creates a general basis that prepares the individual for life ... training prepares the individual to perform specific tasks in a particular job.'

In South Africa, education and training takes place within the ambit of the National Qualifications Framework (NQF). The NQF operates as one qualifications framework for all kinds of learning, like experiential learning, academic learning, and lower, secondary and higher education. It accommodates, recognises and formalises all kinds of learning so that learners may be awarded the necessary qualifications based on acceptable standards. One of the routes to receiving a qualification is through learnerships, whose three-fold purpose includes the provision of workplace learning, linking structured learning to multiple sites of work experience, and the culmination of training and practical work experience into a recognised qualification.

Support for the different kinds of learning also takes different forms. The SETA mechanism mostly supports workplace learning and experiential learning. In the formal sector, it supports, incentivises and manages training for levy-paying enterprises, that is, those whose annual payroll exceeds R500 000. Non-levy-paying enterprises in the formal and informal sector are also supported, through training grants and other training funding mechanisms. As much as levy payment exemption was a relief for small enterprises, they suffered as the skills development services they received from the SETAs also got reduced. Thus, for instance, small enterprises cannot be incentivised by claiming the training grant as large

enterprises do. The only way relevant SETAs can incentivise training in non-levy-paying enterprises for the respective sectors is through the application of their Discretionary Strategic Grants Fund, which is made up of money that is not claimed by industry or through funds disbursed by the National Skills Fund. In short, skills development initiatives in small enterprises are dependent on the crumbs left by the larger enterprises. For this reason Kaplan (2004: 226), after exploring the nature and extent of training in the tourism industry, concludes that 'skills development is not being adequately harnessed in meeting the needs of individuals, communities and entrepreneurs outside of the formal industry.' So despite the grants and other funding for training in the informal sector, the need for more skills development initiatives is still great; and for optimum economic performance, it has to be speedily met.

In addition to the SETA challenge of skills development funding in the informal sector, Grawitzky (2007) notes that the success of the SETAs has been compromised due to, *inter alia*, instability within some of them. This includes: high CEO turnover in certain SETAs; the mismatch between skills support programmes and sector needs; lack of commitment to training by some employers; too much focus on numerical targets at the expense of quality and impact; intensive use of resources on learnerships; inability on the part of some SETAs to spend levies; and lack of funds and capacity to deliver on SETA mandates. The reasons for this are many and varied. For instance, the mismatch between skills support programmes and sector needs could be attributed to the commercialisation of the skills development agenda. As much as skills development is a serious challenge faced by the country, it has now been commercialised by some. Hence some service providers' offerings are based on what they have to offer instead of the skills development needs of the sector. The Department of Higher Education and Training (DHET) seems to be determined to curb this practice as it appears to be detracting from meaningful training. The Minister of Higher Education, Dr Blade Ndzimande, discouraged training for compliance, which seems to be a common practice in some enterprises. For example, while an enterprise's core business may be manufacturing, for the sake of claiming the skills levy the enterprise would get all employees to participate in a one-day first aid course.

Moreover, there have been some concerns around the disbursement of SETA training funds to enterprises, for reasons such as enterprise inability or reluctance to claim money back because of the lengthy bureaucratic process of doing so. For instance, the belief of the Labour Department's erstwhile senior executive manager for skills development, Adrienne Bird (2002: 37), that 'one of the factors contributing to the accumulation of monies in the SETAs is the failure of enterprises to reclaim their grants. If enterprises do not see the value in claiming back their money they will not do so' may still hold true today.

Grawitzky (2002) also maintains that SETAs' success has been hampered by weak governance, union/employer conflict, and antagonism from some employers towards the Skills Development Act. It is important to note that the division of the Education Department into the Department of Basic Education and Training (DBE) and the DHET, with SETAs falling under the DHET and not under the DoL as previously, has been helpful in streamlining systems, which has consequently to some extent addressed the weak governance Grawitzky alludes to. The chances of union-employer conflict being resolved in the near future seem to be slim as evidenced by the many recent strikes in the country. The continued economic marginalization of blacks, despite a handful of them having moved into

the white-dominated main economy, means that union-employer conflict still somehow reflects black-white tensions. The reasons for employer antagonism towards the Skills Development Act vary; but it seems that resistance to transformation and the amplified workload that accompany the implementation of the Act are two probable reasons.

Black economic empowerment and skills development

The different legislation and policies outlined above established a framework within which the concept of black economic empowerment could begin to take shape. However, the "systematic dispossession and disempowerment of black people that has defined South Africa for so long requires an equally systematic response from government in order to achieve redress" (DTI, 2004). With legislation giving direction to the government's overall labour market transformation objectives, the DTI designed an empowerment vehicle whose objectives are stipulated through the Broad-based Black Economic Empowerment Act of 2003, more commonly known as BEE. Not to be confused with affirmative action, BEE was designed to be a growth strategy that would tackle inequality. The DTI's BEE strategy document spells out the objective of the programme, which is to build an inclusive economy that will meet the needs of and integrate all South Africans in a sustainable and meaningful way.

THE EVOLUTION AND PRACTICE OF BLACK ECONOMIC EMPOWERMENT

This section of the literature review first provides a broad overview of BEE. Following this, the focus will be on the role of skills development in advancing the BEE objective of promoting economic transformation in order to enable the meaningful participation of black people.

BEE is the government's acknowledgement of African's historic economic deprivation and a mechanism for redressing inequalities. The DTI (2004) defines BEE as 'an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.' It then defines broad-based black economic empowerment (BBBEE) as 'the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies, that include, but are not limited to:

- 'Increasing the number of black people who manage, own and control enterprises and productive assets;
- Facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;
- Human resource and skills development;
- Achieving equitable representation in all occupational categories and levels in the workforce;
- Preferential procurement; and

- Investment in enterprises that are owned or managed by black people' (DTI, 2005).

Through the opening up of economic opportunities previously not available to blacks, the government realised that the effects of apartheid were so extensive that structural inequality would continue to render blacks incapacitated and disempowered. Skilling opportunities, for instance, were very limited for blacks because of the disempowering effects of the Bantu education system and the Job Reservation Act.

Although Hirsch (2005: 185) avers that the country's skills challenge is akin to that of the rest of the world in that 'the structure of the economy has changed more quickly than the institutions that impart knowledge and skills', he admits that it is also unique because of the historical reasons for the poor supply of skilled workers. Such reasons include the damage to the education system through the Bantu Education Act and limited industrial training because of the Colour Bar Act, which 'meant that there was no point in training Africans as artisans or professionals …[in fact, it] was illegal to award apprenticeship to Africans.' Africans were prevented from training or working as skilled workers, since 'Black progress in the job market, into skilled, professional and managerial roles was incompatible with white minority rule' (Hirsch 2005: 179).

Hirsch further alludes to the migrant labour system, Group Areas Act and Native Urban Areas Act, which respectively sought to create a vast market of cheap labour for mine magnates and farmers by disempowering Africans. The migrant labour system forcefully removed people from their residential areas to work in the mines and on the farms of white people. Colonel Stallard (cited in Lipton 1986: 18) unequivocally stated that "'the black man' should only be in urban areas 'to minister to the needs of the white man and should depart there from when he ceases to minister'". Hirsch alludes to Cecil John Rhodes, the Prime Minister of the Cape Colony, who successfully legislated against land ownership by blacks, to the Native Affairs Minister, who prohibited African traders to give leverage to white traders, and to the job colour bar, which gave preference to white workers and prescribed a 'list of occupations that Africans were not allowed to have and imposed minimum white-to-African ratios on some industries' (Hirsch 2005: 207-208).

Education standards for blacks were low by default as even government spending per school pupil, black to white, was one to ten. For this reason, Hirsch (2005: 17) maintains, 'apartheid education policy set back human capital creation more than a generation, unconsciously forming the most serious of all economic constraints on the future expansion of the economy of a democratic South Africa.'

In addition to apartheid education and its continued effects, the current education system seems to be struggling to meet the country's skills demand. The Centre for Development and Enterprise (2007) attributes the skills shortages to the education and training system. It observes that 'education is failing to deliver enough entrants to the training system with the core skills, attitudes and values on which to build workplace skills. This education deficit has to be made up by the training system and increasingly by employers themselves.' It is partly for this reason that enterprises and cooperatives need to fill the gap by educating their own. Furthermore, according to Grawitzky (2007: 1-2), the Skills Development Strategy for

Economic and Employment Growth moved from the premise that the country's economic growth is constrained by the shortage of skilled labour. Grawitzky adds that, since there has been a decline in training since the 1980s and also an urgent need to curb the rising levels of unemployment, there is a political imperative to accelerate the redress of past unfair discrimination in education, training and employment opportunities.

Since colonial rule and apartheid legislation ensured that blacks occupy a minority position in the South African economy, BEE seeks to alter the status quo in order to enhance the economic participation of blacks. Notably, BEE transcends transformation and affirmative action as it is an economic growth strategy whose success has the potential to transform social ills like poverty and unemployment. Ramaphosa (2007: v) echoes this, claiming that the 'process of BEE is a core driver of social and economic transformation for the benefit of all South Africans.' The skills development aspect of BEE is crucial and central to equity establishment and poverty eradication as the lack of skills is a powerful element for social exclusion.

To accelerate the transformation process, the DTA has introduced Codes of Good Practice (South Africa. Info*,* 2010). These codes provide for the measurement of BBBEE across all sectors of the economy, thereby levelling the playing field for all entities by providing clear and comprehensive criteria for the assessment of BBBEE. The codes offer principles and guidelines across all sectors in terms of their implementation of the objectives of BBBEE to ensure meaningful and sustainable implementation.

The BBBEE set of codes is as follows:

Code 000: Framework for Measuring BBBEE
Code 100: Measurement of the Ownership Element of BBBEE
Code 200: Measurement of the Management Control Element of BBBEE
Code 300: Measurement of the Employment Element of BBBEE
Code 400: Measurement of the Skills Development Element of BBBEE
Code 500: Measurement of the Preferential Procurement Element of BBBEE
Code 600: Measurement of the Enterprise Development Element of BBBEE
Code 700: Measurement of the Socio-Economic Development Element of BBBEE
Code 800: Measurement of Qualifying Small Enterprises of BBBEE

The BBBEE scorecard is an instrument for ranking enterprises. It has seven ratings, with various weights that are used to measure enterprises' empowerment scores. The skills development elements of the BBBEE scorecard play a critical role in broad based economic empowerment and transformation. The potential for skills development to be one of the key drivers of BEE objectives for an inclusive economy is great when considered in the context of human capital development. A fundamental objective of the Skills Development Act is to improve individual welfare and quality of life through equipping the citizens of South Africa with the appropriate skills to contribute meaningfully to economic development and growth. BEE borrows heavily from this principle in its aim to promote economic transformation and inclusivity amongst the South African population. The idea behind skills development within the BEE context is to contribute to sustainable human development through providing a previously disadvantaged section of the population with opportunities for education and training.

The BBBEE model uses the 'carrot-and-stick' approach as it rewards enterprises that are doing well in empowerment and punishes those that are not doing well, through, *inter alia*, preferential procurement in favour of enterprises with high scores. Strydom (2010) observes that a 'good contributor to BEE is an enterprise with a score of 65 per cent and above. A satisfactory contributor to BEE is an enterprise with a score of 40 per cent to 64.9 per cent. A limited contributor to BEE is an enterprise with a score of below 40 per cent.' The scorecard also measures enterprise development, which Strydom refers to as 'investment in black owned and black empowered enterprises as well as joint ventures with such enterprises that result in substantial skill transfer'.

For accountability and measurement purposes, skills development expenses should be quantifiable. According to the DTI (2005), quantifiable skills development practices include:

Direct training costs such as:

- Internal training initiatives that are quantifiable and verifiable;
- External training initiatives that are quantifiable and verifiable;
- Training courses that are structured and recognised by the applicable SETA;
- Costs of training materials;
- Costs of trainers;
- Costs of external training facilities including costs of catering; and
- Scholarships and bursaries.

Indirect training costs such as:

- Costs of internal training facilities including catering;
- External costs such as course fees;
- Other costs such as accommodation and travel; and
- Administration costs such as organization of training.

Such empowerment assurance mechanisms are laudable, but if they do not translate into social transformation of the lives of all citizens, their value is questionable. Ndzimande (2007: 184) accepts them with caution as he argues that they hardly contribute to 'productive investment in the economy, to infrastructural development and to the expansion of jobs.' For this reason, he maintains that 'empowerment is reduced to quotas, to scorecards, to ticking boxes. The test of BEE must be about development and transformation – measurable change. Unfortunately, the current crop of broad-based BEE sectoral charters could perpetuate narrow BEE rather than promote genuine broad-based BEE.'

Theoretically, the narrow-based black economic empowerment (NBBEE) Act metamorphosed into the BBBEE Act in response to the criticism that it enriched only a few and measured equity ownership and management representation only. BBBEE, however, also seems to be criticised for the same errors as BEE. Maweni (2010), for example, holds that the 'first task for the [BBBEE] council is to assist the president in educating and informing the public about BBBEE .... That will help to demystify BBBEE from the concept of a few individuals who are close to the government and then get big deals making them fat cats.' Perhaps the real task is not necessarily educating the public about BBBEE, but to

shape it in such a manner that it undoubtedly delivers on its mandate. Ndzimande (2007:183) observes that:

> most of the celebrated BEE deals have had a neutral or, in most instances, probably negative impact on addressing the real transformation challenges of our economy. Even in terms of the new Broad-based BEE Act, the dominant approach remains narrow BEE, focusing on multi-billion rand ownership deals and the advancement of a small, exclusive black minority through equity acquisitions and individual promotion into senior management ranks.

Ndzimande's concern with this approach is its failure to promote 'labour-intensive investment, or skills development, or ensuring that poor communities enjoy universal access to essential goods and services.' Hence, he maintains that BBBEE is 'the empowerment of the elite, with nothing broad-based about it' (2007: 185).

Acemoglu *et al.* (2007) confirm that NBBEE still predominates. Their study finds that it is the politically connected individuals who benefit from BEE. To demonstrate this, they collected information on all JSE listed enterprises and compared the names of board members with those of prominent ANC members. The result was that 56 ANC politicians were found to be on the boards of directors of these enterprises. The depiction of ANC politicians and BEE enterprises by sector shows many politically connected individuals. The writers conclude that the 'dominance of the politically connected people on boards of directors suggests that in spite of the rhetoric about BBBEE, the reality is that N-BBEE is the norm' (Acemoglu *et al.* 2007: 17).

The evaluation by Acemoglu *et al.* (2007) of the impact of BEE on economic growth echoes Ndzimande's sentiments. BEE, they observe, does not change an enterprise's behaviour and productivity. The weights of the BEE Codes should therefore 'be changed to downgrade ownership and increase the importance of enterprise development and skills development (Acemoglu *et al.* 2007: 2). Acemoglu *et al.* identify the ownership element as a grey area as its meaning is not clear: there seems to be direct and indirect means of ownership, and the measurement of these different means presents a challenge. A typical example is the case of institutional investors like pension funds, which have many black investors investing in them; but the extent to which this counts as black ownership is unclear, as such investors cannot be deemed to have true ownership.

Besides, Acemoglu *et al.* point out that the proportion of shares owned by blacks was not, according to the BEE Commission, a good measurement of the success of BEE. Since many black people do not have the wealth to buy shares outright, they are often highly leveraged, hence the commission maintained that 'an enterprise shouldn't be considered as black until its owners had paid the debts incurred in buying the shares" (Acemoglu *et al.* 2007: 8). The 1998 stock market crash foregrounds the importance of this as the financing challenges resulted in the unwinding of many deals.

The concerns of Ndzimande and Acemoglu *et al.* are aggravated by the discouraging picture of BEE challenges revealed by the Minister of Trade and Industry, Rob Davies, who shows that a baseline study conducted in 2008/09 indicates that 'more than 75 per cent of enterprises in the private sector are not complying with BBBEE.' The study further reveals

that the level of compliance is even worse with regard to indirect elements of empowerment such as skills development, enterprise development and procurement, concluding that the 'overall impact of BBBEE remains modest [as] less than 5 per cent of the JSE is owned by black people.' Furthermore, the Commission for Employment Equity Report 2007-2008 indicated that 68.2 per cent of top management positions and 65.2 per cent of senior management positions were still occupied by whites.

Mohamed and Roberts (2008) identify skills development and training as key components of empowerment but also note that they are the weakest links in the empowerment chain. They cite reporting inconsistency in the Employment Equity (EE) section of the training data which 'does not take into account the fact that one individual may receive multiple training opportunities. For example, an operator on the factory floor could receive some artisan-related training, adult basic education, and health and safety training, but is counted as three persons who received training' (Mohamed & Roberts 2008: 41). In addition to unavailability of training data on the BEE enterprises they surveyed, they paradoxically identified that in some of the BEE enterprises, training opportunities were more available to white than black employees. This means that black management and ownership do not necessarily translate into skills development for black employees.

Siyakha (2010) maintains that enterprises that poach are experiencing higher staff turnover figures than those that train. This could be due to a sense of loyalty to the enterprise that offered training, employees feeling no obligation to the poaching enterprise as it has not capacitated workers. There could also be contractual agreements, which bind training recipients for a certain period to the enterprise that offered training. In some enterprises, training recipients have to work for the enterprise for a specified period before resigning or pay back the training expenses if they wish to leave their jobs. Mohamed and Roberts' (2008) investigation of some MERSETA enterprises reveals reluctance to train among some enterprises as their experience has been that trained black staff tend to be poached by other enterprises. Such victim enterprises then resort to training staff only for what they need for daily operations. They would not, for example, train a forklift driver how to use a computer as that would be considered a poor investment, since the person would not be using the skill for daily operations or might leave the enterprise to apply the skill elsewhere.

Interestingly, according to *Malaysia.jbdirectory* (2011), the South African and Malaysian governments' programmes for redressing the inequalities of colonisation by giving previously disadvantaged groups economic opportunities are beset by similar challenges. The Malaysian equivalent of affirmative action, the New Economic Policy (NEP), started in 1971 and ended in 1990. Its success is contested as one school of thought holds that it reduced the socio-economic disparity between the Chinese minority and Malay majority, while another school of thought condemns it for reducing non-Malays to the status of second-class citizens by cementing Malay supremacy. Specific requirements were introduced to achieve the 30 per cent Bumiputra (all the indigenous tribes of Sabah and Sarawak in East Malaysia) equity target, including setting aside 30 per cent of all initial public offerings (IPOs) for Bumiputra investors. Despite these measures, the NEP failed to reach the targeted 30 per cent share of the economy. The NEP drew several criticisms, being perceived as an inefficient, institutionalised system of handouts that created laziness, as it made the elite rich overnight, and for being race-based rather than deprivation-based, as rich and poor Bumiputras were entitled to the same benefits.

The NEP evolved from its goal of poverty eradication exclusively among the Bumiputra to become a national development policy (NDP) in 1991 which sought to eradicate poverty regardless of race. The NEP sought to redistribute wealth while enhancing efforts to increase economic growth, but failed in both, although the failure was not absolute because absolute poverty in the population as a whole dropped from 50 per cent to 6.8 per cent. Ironically, while Bumiputra economic participation increased, they remained under-represented in professions and in the private sector. Chinese incomes increased at a rate double that of Malays, while intra-ethnic income differences increased markedly, especially among Malays, as some politicians had a way of manipulating the system in their favour, like using nominee enterprises to conceal their ownership of corporate equity from public scrutiny.

CO-OPERATIVES AND SKILLS DEVELOPMENT

This section of the review considers the co-operatives landscape in South Africa from the perspectives of the legislative framework within which they are established, the principles underpinning co-operative establishment and their operation, the size and shape of the co-operatives sector, the role of co-operatives in economic development, and the challenges confronting the sector.

Legislative framework

The International Co-operative Alliance (ILO, 2011a) defines a co-operative as 'an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.' The new Co-operatives Act No.14 of 2005 (RSA, 2005), which repeals the 1981 Co-operatives Act, provides:

- A clear definition of co-operatives based on the internationally recognised principles of co-operatives;
- Clear regulation for the registration process of co-operatives by defining requirements and procedures;
- Rules for the functioning and operations of co-operatives;
- Clear rules for the capital and ownership structure of co-operatives;
- Regulations to govern audits, conversions, amalgamations, transfer, division and winding up of co-operative entities;
- Clear procedures for the administration of the Act by the registrar of co-operatives and the national Minister;
- For a Co-operative Advisory Board to play the role of a policy forum at a national level to ensure the implementation and realisation of the co-operative policy, legislation and support programs;
- For transitional measures to ensure that all existing co-operatives are realigned to the new law; and
- Special schedules that relate to housing co-operatives, worker co-operatives, financial services co-operatives and agricultural co-operatives.

Principles of establishment and operation

Co-operatives are established on seven principles, namely (1) voluntary and open membership, (2) democratic member control, (3) member economic participation, (4) autonomy and independence, (5) education, training and information, (6) co-operation among co-operatives, (7) and concern for community (ILO, 2011b). Crankshaw *et al* (1993) also outline these principles but add that other hallmarks of co-operatives are fair distribution of profits and limited interest in share capital.

Crankshaw *et al.* (1993) identify six types of co-operatives in South Africa:

1. Worker co-operatives (businesses that are owned and controlled by those who work in them);
2. Consumer co-operatives (a group of people who buy goods together in bulk in order to get a discount and other collaboration benefits like equitable distribution of labour);
3. Housing co-operatives (a group of people who build houses together for co-operative members and also benefit by receiving benefits such as equitable distribution of labour);
4. Community businesses (businesses that are owned and controlled by a community)
5. Marketing co-operatives (a group of people who sell their products together through one organisation); and
6. Credit unions (stokvels or savings societies through which people save for a specific purpose – for example, burial societies – and offer loans to members and/or non-members).

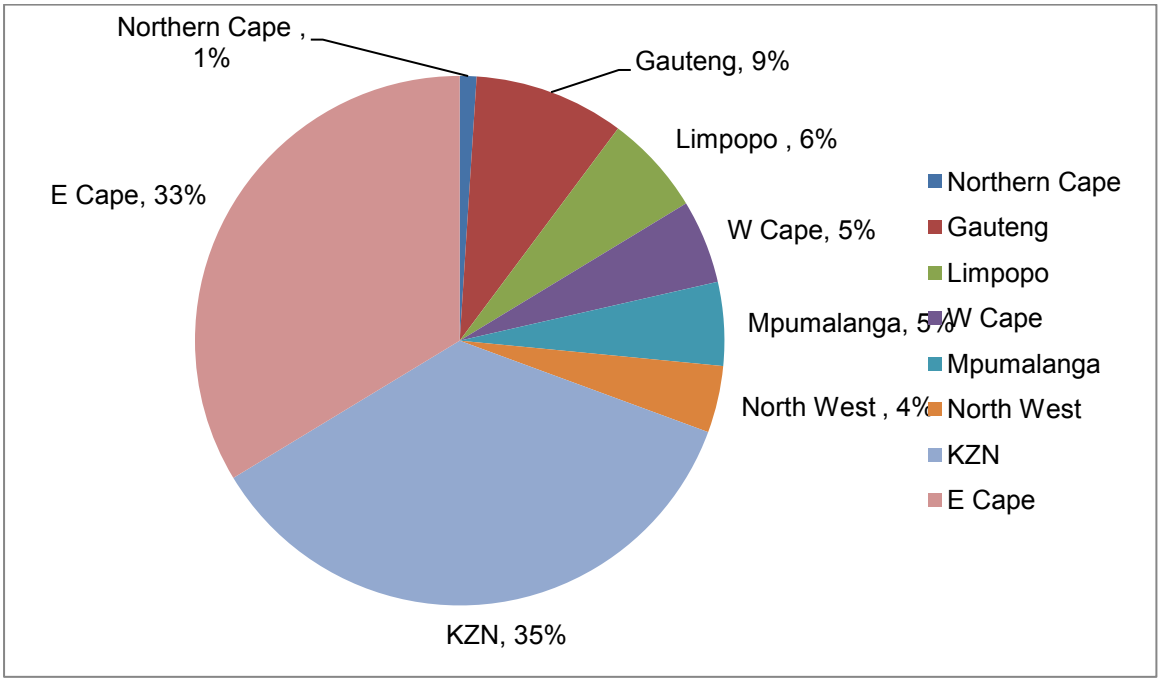
Size and distribution of the co-operatives sector

Ndzimande (2011) observes that despite the poor quality of statistics on co-operatives in South Africa, there are an estimated 22 030 active co-operatives according to the register of the Enterprises and Intellectual Property Registration Office (CIPRO). However, according to the DTI's baseline study, only 2 644 of the 22 030 active co-operatives could be confirmed to be operational. This 12 per cent "survival rate" is in stark contrast to the 86 per cent growth rate recorded between 2005 and 2009, when 19 550 co-operatives were registered, perhaps encouraged by the promulgation of the Co-operatives Act of 2005. The significant decline in the number of operational co-operatives could be attributed to the recession and to the weakening and consequent growing vulnerability of co-operatives through decreased support, training, capacity and resources.

Theron (2008) provides a breakdown of co-operatives (Figure 1.1) which shows KwaZulu-Natal and the Eastern Cape to have the highest percentage of trading co-operatives (68 per cent). Limpopo and the Eastern Cape are the poorest and second poorest provinces respectively, whereas Theron argues that the formation of co-operatives is a response to high poverty rates. With respect to the Eastern Cape this may be the case; but it is incongruent with Limpopo having only 6 per cent of co-operatives. Theron found that many of the co-operatives in Limpopo, Free State, Northern Cape and North West were in survivalist mode: some of them had provided only a cell-phone number, while half of them

had no telephone numbers at all. Theron concludes that such co-operatives have very limited prospects for expanding their operations. High telecommunication and transport costs and poor infrastructure are seen as major obstacles to expansion. Figure 1 shows the proportion of trading co-operatives by province in July 2004.

Figure 3.1: Trading cooperatives by province in July 2004



Source: Author's chart, based on Theron (2008)

Co-operatives and economic development

Theron (2008: 313) notes that the DTI's co-operatives policy acknowledges 'the role cooperatives can play in bridging the divide between the formal and informal economies and in creating employment for disadvantaged groups such as women and the youth.' The strategic positioning of cooperatives – most of them are community based and operate at local municipality level – could prove useful in speeding up the delivery of basic services, including water and sanitation, roads, energy and refuse removal. Bale (2011) argues that this proximity advantage is not fully capitalised on because co-operatives are subjected to stringent bureaucratic processes, which have a tendency to slow down service delivery.

Contemplating the bridging of the divide between the formal and informal economies, Mbeki (2003: 1-2) suggested that a stronger first-world economy would enable the tackling of the problems posed by the third world economy, but that the challenge is that people in the third-world economy are structurally disconnected from the first-world economy. Their disconnection is partly because 'many of the unemployed … have either no skills or very low skills levels. As the economy ... has developed, it has tended to require people with higher levels of appropriate education and training. This renders many of the unskilled both unemployable and incapable of starting any small business that requires one skill or another.' This foregrounds the urgency of concerted and focused training interventions for

co-operatives in their geographical and sectoral locations. Kanyane (2011: 46) observes that 'most co-operatives are initiated by unemployed people, often with low technical skills and capacity levels and no prior business experience, and who operate in economically marginal areas – hence their chances of success are reduced to an absolute minimum.' This highlights the disadvantages of centralised economic activity.

Challenges confronting the co-operatives sector

A study conducted by the National Co-operative Association of South Africa (NCASA), (2004: 4) revealed that 'like SMMEs, cooperatives face a number of major constraints including a lack of capacity (including skills and training) to operate co-operative enterprises efficiently, limited availability of start-up and expansion capital, and limited access to markets and information on business opportunities.' Other challenges include, but are not limited to, lack of demand for products, poor quality products, uncompetitive prices, lack of business management and marketing skills, lack of organisational and administrative skills and poor teamwork skills. Some of these challenges, like the lack of demand for products, are inevitable in the light of Kanyane's (2011) observation above that most co-operatives operate in economically marginal areas. Consequently it does not matter how much skills development training co-operative members receive: if the economy is still centralised, enterprises which operate at the margins are not likely to succeed.

A major challenge stems from the regulatory environment within which co-operatives operate. Co-operatives are meant to be autonomous, allowing for the voluntary meeting of people for their common economic, social, and cultural needs and aspirations. It still needs to be established if government practices are consistent with the Co-operatives Act of 2005 in relation to regulation, management, registration processes, rules for functioning and operation, rules for capital and ownership structures, and administration of co-operatives. This is crucial for assuring co-operative autonomy and success. On the one hand, for the sake of accountability, there has to be legislation, monitoring and evaluation of co-operative functioning to ensure returns on government investment in the sector. But there are unintended consequences of such intervention. One is the challenge of illiteracy, the fact that accessing government's support programmes requires completion of forms which are mostly written in English. Such an obstacle compromises the good intentions of government and leaves co-operatives struggling, notwithstanding the publicised availability of assistance.

CONCLUSION

This review has depicted some of the strides made in and the challenges confronting skills development in South Africa. The government's attempts to get all black citizens to participate in and benefit from economic development involved capacitating them through skills acquisition.

The BEE mechanisms for achieving this have not been as successful as anticipated. The government moves from the premise that skill formation is central to the success of economic development and social improvement endeavours. This review, however, has outlined some of the impediments to BEE enterprises and co-operatives not reaching their full potential in terms of skills development. The complexity of training systems, lack of

commitment, cost and benefit considerations, a focus on the number of people who receive training at the expense of the quality of training they receive, and instability in some government departments are some of the factors which have contributed to delays in the realisation of the goal of a skills revolution in South Africa. These require serious attention to be paid to the operations, structures and institutions that are responsible for skills development, the impediments to which affect economic growth and job creation.

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