



# Policy roundtable: Creating a platform for quality skills

**Impact of Skills Development Support on Small, Medium and Large Enterprises, BEE Enterprises and BEE Co-Operatives**

**Education and Skills Development**



# Key general finding from the project

Three components to the project: National Skills Survey 2010; Skills Development in Five SETAs; and Literature Review of Skills Development in BEE Enterprises and Co-operatives. Across all three, key finding: poor availability and quality of data.

- National Skills Survey 2010: of 8,732 contactable enterprises, 220 responded – response rate of 2.5%.
- Skills Development in Five SETAs: Data sources fragmented by virtue of different collection and reporting templates used. Inconsistencies in many of the data.
- Literature review on BEE enterprises and co-operatives: Very little literature on BEE co-operatives. Lack of clarity about what distinguishes BEE enterprises from non-BEE enterprises.

# Key specific findings from the project

## National Skills Survey 2010

- Gender equity largely achieved in distribution of training opportunities: female training outstripped male training by 21% in 2010
- Racial equity not achieved: 27% difference between white and black African training rates
- Low participation in learnerships (2.5% overall): 8% in BEE Co-operatives, 2% in each of BEE and non-BEE enterprises
- Overall impact of training as rated by enterprises: 3.5 on 5-point Likert-type scale. Impact on increased productivity; reduction in staff turnover; increased efficiency, resulting in financial gain; and decreased need for supervision: 2.9. Impact on incentives (improved promotion opportunities and remuneration prospects): 3.4. Measurement of impact?
- Enterprise registration with SETAs and operation of levy grant system: show widespread compliance with legislation. But over 50% of small enterprises do not claim grants from SETAs for training.

# Key specific findings from the project

## Skills Development in Five SETAs

- Africans constitute majority of workers in five sectors, but higher skill categories white dominated.
- Clear differentiation in skills levels among five sectors – banking and finance high-skill dependent, manufacturing, wholesale and retail, and mining low-skill dependent. Training requirements therefore different.
- Professional and management vacancies across all five sectors difficult to fill.
- Small companies' training needs unknown if such companies are exempt from the levy scheme.
- Geographical location a challenge for skills development: high density of enterprises in Gauteng, Western Cape, and KwaZulu-Natal. Skills development initiatives not always appropriately targeted.
- Training initiatives have benefited Africans more in lower-skilled categories than at professional and management levels.

# Key specific findings from the project

## Literature Review of Skills Development in BEE Enterprises and Co-operatives

- Constraints to skills development: complexity of training systems; lack of commitment to training; cost-benefit considerations; quantity versus quality of training; and instability in some government departments.
- Broad-based BEE not achieved: Narrow-based BEE still empowers elite and politically connected at the expense of mass of black South Africans.
- BEE co-operatives at distinct disadvantage: training benefits those with some academic and technical foundation, but most co-ops initiated by unemployed with poor technical skills, low capacity, and no business experience. Operation in economically marginal areas means training has little impact on them.

# Recommendations

1. Monitor and evaluate achievement of equity targets for training of black employees
- 2.A Commission and undertake qualitative, community-based research on BEE co-operatives for policy reform
- 2.B Monitor and evaluate impact of support to co-operatives
3. Promote and measure quality of training
4. Measure impact of training
5. Monitor and evaluate impact of support to small and micro enterprises
6. Devise and implement Training Management Information System
7. Conduct triennial sector skills surveys based upon a set of indicators common across SETA system
8. Undertake annual qualitative sectoral studies
9. Compute non-compliance-driven training by enterprises