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# How the global VET toolkit weakened local colleges in South Africa

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## ABSTRACT

This paper explores the contrast between the policy vision for public technical and vocational education and training (TVET) colleges in South Africa, and governance and funding models that have shaped institutional forms and functioning over time. Policy aspires for TVET colleges to play a role in social inclusion and local economic development. The paper provides a historical tracing of shifting regulatory and funding models, a local manifestation of the global shift to market-based funding, pseudo-employer-led reforms and accreditation mechanisms introduced through new public management-style public sector reform. The result is complex policy levers with conflicting governance and institutional models, producing bifurcation and weakening institutions. Colleges have been renamed, restructured, given new governance models, and shaped by contradictory and shifting programme, curriculum and qualification policy. Today, they are public institutions required to contribute to public policy goals, but treated by funding mechanisms as providers competing for contracts with for-profit and private non-profit providers. Individualised capacity building and a governance system that has at its core the idea that vocational education should meet the short-term needs of employers have undermined institutional capacity and coherence, and ability to develop institutions that can actively engage with social and economic development and inclusion.

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## Introduction

This paper explores the contrast between the envisaged social roles of public technical and vocational education and training (TVET) colleges in South Africa and the governance mechanisms that undermine their functioning in their local communities and as part of the post-school education and training system. It does this through a historical tracing of the changing regulatory and funding

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policy has affected institutional form and functioning of colleges, leading to bifurcation and weakening institutions, and constraining their contribution to social and economic development and the well-being of their communities.

The historical tracing provides a refraction of dominant global trends in the governance and funding reform of vocational education institutions. These dominant trends are driven by the idea of vocational education as needing to meet the immediate training needs of employers, through what McGrath (2012) calls as a 'global toolkit' of reforms. The 'global tool kit' seeks to facilitate vocational education that is in line with economic priorities. In line with this, government introduced a faux employer-led market. This was in the context of a society that had been deeply divided, initially, explicitly racially, but more recently economically, intersecting with race and gender. Added complexity was created through bifurcation of colleges' institutional logics, through conflicting policy, governance, accreditation, financing, curriculum, and quality assurance tools. Frequent changes to aspects of all of these, as well as substantial capacity building in a small number of colleges, have aggravated the difficulties experienced by colleges. Recently, the national government increasing its investment in supporting individual students' incomes rather than colleges' group and collective provision.

The global toolkit includes giving more power to employers through so-called competence-based qualifications and qualifications frameworks; quality assurance and regulatory systems; outcomes-based and 'institutionally-neutral' funding; and managed autonomy for public providers. Originate in reforms to vocational education in the United Kingdom (UK) and Australia, as discussed in this edition by Wheelahan and Moodie (forthcoming), this toolkit has been particularly dominant in the reform of vocational education in low- and middle-income countries.

Aspects of this reform agenda have been analysed in South African research (Allais 2011, 2014), and many aspects of the history of vocational education have also been explored (Chisholm 1989; Kallaway 1997; Badroodien et al. 2004; Gamble 2004, 2021, amongst others). This paper brings these two sets of ideas together with a focus on the public TVET colleges. It explores how governance changes have affected the functioning of colleges as institutions, and their potential roles in social and economic development.

When considering the 'social role' for colleges, researchers have invoked a social citizenship and economic transformation role as opposed to the individual labour market role associated with human capital theory (McGrath et al. 2022; Powell and McGrath 2019; 2022; Wheelahan and Moodie forthcoming). But both approaches consider individuals as well as society as a whole. The original theorists of human capital theory argued that the productivity-enhancing role of education improves individual labour market outcomes *and* contributes to national economic growth and prosperity (Becker 1993; Schultz 1961). The recent theorists cited above who argue for a re-envisioning of

vocational education using, for example, the capabilities approach, similarly look at the issue from the perspective of individual empowerment and capacity to aspire, as well as rethinking what vocational education should prepare people for. My approach is different here. I focus on the contribution of TVET colleges to industrial, social, and economic development, and their functioning as institutions in this regard, as opposed to the aspirations and achievements of individual students and graduates. I show how governance and funding reforms have weakened them as institutions, making them less and less able to fulfil socio-economic imperatives and play reflective roles in society; by implication also, less able to contribute to individual achievements.

As alluded to by Wheelahan and Moodie ([forthcoming](#)) in this edition, key to theorising the social roles of colleges is theorising them as education institutions; part of this is theorising the conditions under which institutions flourish. And as argued by Buchanan ([2020](#)), education requires ‘institutional and conceptual coherence as a set of societal structures created for the development and acquisition and application of knowledge and learning dispositions’, as well as labour conditions for educators that give them ‘time, resources, support structures, and employment conditions to develop and perform as inspiring teaching professionals ... [and] conditions of employment that support their work – stable job contracts with adequate remuneration and conditions of employment’ (Buchanan [2020](#), 14)’. Building vocational education institutions requires nurturing institutions, with a clear vision, whether it is nurturing future citizens and future workers or building local economies.

This case study of the particular manifestation of the global toolkit and how it has shaped institutions in South Africa shows the reverse of this type of institution-building. The evolution of a complex set of governance and funding arrangements has worked against broader social and economic visions for what these institutions do by working against building strong and dynamic institutions. Colleges have been renamed, restructured, given new governance models, and shaped by contradictory and shifting programme types, curricula, and qualification policy. They are public institutions required to contribute to public policy goals, but at the same time treated by some funding mechanisms as providers competing for contracts with for-profit and private non-profit providers.

The paper proceeds in the following way. It starts with a brief contextual description of colleges as part of the broader post-school system. This is followed by an overview of the global trends in reform of vocational education from a governance perspective. The core of the paper is the historical tracing of a complex set of shifting regulatory tools and policies that shape the functioning of colleges in various ways. This is followed by a brief consideration of some research findings about limited contributions of colleges in social and economic development. The paper ends with a discussion of current changes that double-down on, instead of resolving, the problems with governance and funding. The

overall aim is to show a particular manifestation of the ‘global toolkit’, intertwined with particular forms of bureaucracy in South Africa, and how both have undermined institutional capacity and coherence, and the development of institutions that can actively engage with social and economic development and inclusion.

### **Context: location of colleges in the SA post-school system**

Colleges are envisaged as key institutions in the South African post-school education and training system, playing an important role in national development goals (DHET 2013). They offer work-related programmes at senior secondary level and post-school but below degree level (ISCED 3, 4, and 5 in UNESCO terms).<sup>1</sup> They are part of a set of post-school education and training institutions including 26 universities (9 of which are universities of technology that also offer vocational qualifications), private universities and other private higher education institutions, and a vague institutional category of ‘skills development providers’.<sup>2</sup>

TVET colleges overlap with schools because much of their provision is, in terms of the qualifications framework, at the same level as the last three years of high school, which are not compulsory in South Africa. Most students have, however, completed high school. By 2018 only 11% of students were in the 15 to 19 range (NPC 2020). In terms of enrolment patterns, policy aspiration emphasises that colleges should not play a residual role in the post-school system: they should *not* be second-choice institutions for those who can’t make it to university or don’t succeed in school. In practice, their role is inescapably residual. University enrolments are by far the largest in formal enrolments in the post-school system; TVET college headcount enrolments are less than a third of university enrolments (Bawa 2013; DHET 2019; Taylor and Shindler 2016). Throughput is very low across a spread of qualification types – as low as 10% for some types of qualifications, between 20% and 30% for others, and hovering around 35% in many of the best cases (NPC 2020).

Colleges are envisaged in policy as crucial for social inclusion by enabling individuals to access work, as well as for social, economic, and educational development in their local communities and regions (DHET 2013, 2019).

### **Global trends in vocational education governance and funding reform**

Wheelahan and Moodie (forthcoming) in this edition discuss the long-term impact in Australia of reforms focused on the marketisation of vocational education, and how these have undermined social roles that colleges could play. They trace the origin of these reforms to the UK in the 1980s, and a report from the Adam Smith institute in 1984 that emphasised the notion of ‘producer capture’: the idea that producers of services provide services in ways that suit

themselves, not the users or consumers. Education institutions were redefined as 'providers', seen as particularly prone to this kind of capture because teachers claim professional expertise over curriculum.

Young et al. (2009) describes how the idea of 'provider capture' informed the original design of the National Vocational Qualifications (NVQs) in the UK. The notion that the curriculum was out of touch with the needs of industry, and did not contribute to an 'enterprise' minded population, was a dominant theme in British education reform, and was particularly prevalent in the 1980s (Dale et al. 1990; Moore and Ozga 1991; Wolf 2002; Young 2008). Education institutions were seen as 'monopolizing' provision, focused more on what staff could – or wanted to – teach than on their role as providers of a public service that needed to be responsive to employer and learner needs. Unions' role in apprenticeships was similarly seen as hindering a 'free market' in training. A major focus of reform was therefore on marketisation, which, reformers hoped, would put learners and employers in the driving seat (Jessup 1991).

This reform was part of a broader turn to marketisation associated with neoliberalism (Allais 2014; Wheelahan and Moodie forthcoming). Competition was seen as inherently good, and, in the case of vocational education, as crucial to ensure 'responsiveness'. Wheelahan and Moodie (forthcoming) in this edition trace how these ideas took root in Australia, leading to disastrous privatisation. The idea was that industry representatives or employers should specify 'competences' or 'learning outcomes', which education institutions, re-envisioned as responsive 'providers' competing in a market, then used to design their curricula. Guthrie (2009, 6), in a comprehensive review of the Australian competence-based training system, explains that the model was strongly based on the UK system of national vocational qualifications, and was 'performance oriented', like its UK counterpart.

The mechanisms, which were developed first in the UK and then in Australia, have persisted in policy reforms over 50 years, expanded into what McGrath (2012) captured in the term 'global toolkit'. As was the case in the original UK context, policymakers and development agencies look to vocational education to solve labour market crises across low- and middle-income countries. And the 'toolkit' claims to enable demand-led, responsive, flexible provision. The language of urgency, immediacy, and agility is invoked (Allais 2023b; Allais and Marock 2020); see, for example, a World Bank report released in the wake of the COVID-19 epidemic arguing that a 'great opportunity is opening up that should not be wasted to accelerate TVET system reforms that reinforce the demand-orientation of programmes so they can respond quickly to shifting patterns of skill demand' (World Bank 2020, 2).

The mechanisms of competency-based training and the 'global toolkit' can be understood as part of the idea of new public management (Hood 1995) and the notion of 'quasi-markets' or of government functioning as if its service provision happened through markets (Crouch 2011). New Public Management

broadly refers to an approach to public sector reform through forcing state institutions to operate ‘as if’ they were in a market, or to compete in markets, through a greater element on results or outcomes (Hood 1995; Pollit 1998). While described as decreasing the role of the state, as it no longer directly provides services, in many instances it has resulted in an increased state, but a state that regulates instead of providing services – because the contractualization must be managed (Hudson 2010).

Bringing this into focus is helpful in looking at how the global toolkit is introduced in many African countries that still have publicly funded vocational education. It is also important to consider the effects of this in the African context, where international organisations have emphasised the idea of rent-seeking states and used debt relief to force through privatisation (Mkandawire 2005, 2015). This paper explores how the shift to contractualization and ‘as if’ markets has co-existed with more conventional bureaucracy and funding models in South Africa. The paper shows the complexity of a combination of the ideas of the ‘global toolkit’ and previous more bureaucratic ways of managing colleges, and how these in combination undermine institutional form and function. It demonstrates the complexity of the regulatory state (Hudson 2010; Jakobi, Martens, and Wolf 2010), and how it leads to the reverse of the responsive, nimble providers invoked in the idea of new public management.

## Methodology

The core of the paper is a tracing of the history of the colleges, showing the relationship between changing institutional forms, the role of qualifications as a governance and funding tool and the complex ways in which public and private funds are allocated to the colleges. This historical tracing draws on published literature, grey literature, and on my own active involvement in high-level policy processes in South Africa. Particularly important are my role in participating in the writing of the Green and White papers for the post-school system; as well as a national plan to implement the White paper; and the Covid Skills Strategy (DHET 2012a, 2013, 2019, 2022a). I also wrote commissioned reports for the Department of Basic Education and the National Planning Commission that are drawn on (Allais 2023a; Allais and Fleisch 2023). Involvement in these high-level policy processes has contributed insights into the details of the system at the same time as giving me a bird’s eye view of how the different parts fit together.

I also include brief reflections on findings from two pieces of research focused on colleges as actors in social and economic development, the first at a company level and the second at a local economic level. The first research project explored the ways in which formal TVET programmes contribute to industrial transformation and growth at a company level in three manufacturing industries in South Africa.<sup>3</sup> It was directly concerned with the impact of colleges

on companies, as opposed to individual learner outcomes. The research consisted of a survey of 114 companies and in-depth interviews in 23 companies, as well as interviews with key individuals in government bodies, labour unions, and industry associations. The second research project conducted case studies of local skills ecosystems in five communities, with a view to exploring how TVET colleges could play a role in supporting small businesses working in installation, repair, and maintenance, thereby contributing to local economic development.<sup>4</sup> Five municipal areas were selected on the grounds that each has a TVET college and an industrial park, as well as local economic development initiatives underway. In each community, a team of researchers surveyed potential users of installation, repair, and maintenance services and conducted in-depth interviews with all actors in the local skills eco-system.

### **History: shifting institutional forms**

Aspects of the history of vocational education in South Africa are well established in the literature, and drawn on in the discussion below, which distils specifically the changing governance forms, and the ways in which they are directly related to and shaped by changing qualifications and attached funding models.

#### ***The apartheid technical colleges***

During the apartheid period, South Africa had technical colleges, which were initially developed to offer three-month theory courses to mainly white men, and some 'coloured'<sup>5</sup> men. These trimester courses were the theoretical offering offered as an integral component of the apprenticeship system (Badroodien et al. 2004; Gamble 2021; McGrath 1996). They are referred to as the 'Nated' (short for National Accredited Technical Education Diploma) qualifications, designed as trimester offerings because they were offered to learners who were employed through apprenticeship contracts in conjunction with three nine-month periods in workplaces. The Nated courses had a nationally prescribed curriculum with nationally set examinations. By the 1980s, the colleges provided a route to a school-leaving qualification, as well as post-secondary education, with three trimester certificates, also part of the Nated package of qualifications (roughly ISCED 5). If students could obtain a work placement for a year, they would obtain a National Diploma.

By the end of apartheid and the transition to democracy, the apprenticeship system was tiny, and few learners could obtain a workplacement. So the programmes offered by the colleges became separated from the apprenticeship system and offered as stand-alone trimester courses. This included a range of offerings, such as business studies which enrolled women.

The colleges were directly funded and managed by the state and functioned largely like high schools – the lecturers were employed directly by the state (through provincial governments and racially segregated departments) and bargained through the bargaining council of school teachers (Allais 2013).

### ***The 1994 transition – bifurcation between the ministries of education and labour***

After the transition to democracy, education and training were split between a Ministry of Education, responsible for schools, adult education, colleges, and universities; and a Ministry of Labour, in charge of what was called ‘skills development’. Colleges, along with schools, were placed in the hands of provincial governments. In the late 1990s an act of parliament created ‘Further Education and Training Institutions’ (Republic of South Africa 1998).

A ‘skills development system’ under the Ministry of Labour was introduced through a levy-grant system that had been negotiated during the transition, modelled on the UK and Australian sector skills bodies and qualification models (Akoojee, Gewer, and McGrath 2005; Allais et al. 2013; Kraak 2008; Kraak et al. 2004). All employers with an annual turnover larger than ZAR500,000 (approximately 30 000 USD) were taxed 1% of their payroll in order to create sector skills bodies, called Sector Education and Training Authorities (SETAs) (Republic of South Africa, Department of Labour 1997). The system was intended to create an incentive for employers to train, to enable the aggregation of information about the training needs of each sector and to support sector-wide training needs. The SETAs were key to the new governance model: they would accredit all providers and quality assure assessment. In line with new public management and ‘as if’ markets, the colleges were expected to apply for accreditation in the same way as private providers.

Another key governance tool for this system was a new national qualifications framework (NQF) that was intended to overhaul the apartheid education and training system and lead to industry-relevant qualifications, amongst other goals (Allais 2011). Autonomy and responsiveness were, according to policy aspiration, to be realised by offering new qualifications being developed through the qualifications framework, which was modelled on the competency-based training packages of the Australian vocational education system and the original National Vocational Qualifications of the UK (Allais 2014).

There was no coherent vision for vocational provision through the state. Rather, the assumption was that the qualifications framework and accreditation model would ensure that provision in general met the needs of individuals, society, and the economy. Colleges would apply for funds from SETAs against specific offerings for accredited providers. Institutions, including public colleges, would become entrepreneurial, offering qualifications desired by businesses

and marketing themselves to learners. This, it was believed, would create demand-led, responsive provision.

SETAs, in turn, had to apply to the newly created South African Qualifications Authority (SAQA) for accreditation to be quality assurers – a considerable new bureaucracy to manage this ‘quasi-market’.<sup>6</sup> The complexity of these additional layers of regulatory state proved unworkable; within a few years SETAs were deemed accredited by SAQA, and public colleges were deemed accredited to offer their core qualification offerings – the Nated qualifications. They still, however, had to be accredited by the SETAs in order to offer the *new* NQF qualifications. To manage this, colleges set up separate units or departments, engaging with different SETAs with different bureaucratic requirements and systems, and through different systems for awarding funds, to obtain accreditation and funding to hire staff, to offer the new qualifications. In the main, however, the colleges continued to do what they had always done, and what their staff was employed by the state to do: offer the Nated trimester qualifications.

During this period, the student population shifted dramatically, from 60% white and 18% black African students in 1990, to 12% white and 75% black African students by 2000 (DHET 2009). At the same time, the institutional form was changing. This was codified through an Act passed in 2006 through which the colleges were renamed and merged into 50 Further Education and Training (FET) colleges (Republic of South Africa 2006). The shift from 152 Technical Colleges to 50 FET colleges gave the colleges substantially increased autonomy, creating councils with wide-ranging powers, including hiring lecturers directly. This was supposed to be a part of enabling colleges to function as ‘responsive providers’ (Allais 2013).

Also during this period, the Ministry of Labour announced that the apprenticeship system would be entirely replaced by a new system of ‘learnerships’, offered through newly developed outcomes-based NQF qualifications. This meant that the Nated trimester qualifications would no longer have a role in the system. The then Department of Education therefore developed a new qualification, the National Certificate (Vocational) (NCV), as a vocational alternative to the National Senior Certificate offered in the last three years of schools. The regulatory and funding model for offering this qualification was somewhat similar to the Nated qualifications: colleges were given funded posts by the state, against enrolments. In other respects, NCV was very different to the trimester model of the Nated qualifications; it was designed as three full-year learning programmes, including theoretical and practical learning. It was described as a broad, knowledge-based, vocational qualification that would prepare people for skilled employment and also offer a pathway into higher education for those who selected this route (Allais 2013).

As it turned out, employers did not want to let go of the apprenticeship system for a new system that they didn’t know or trust. The Nated

qualifications were not phased out (Allais 2013). And three different qualifications lived on together, in an uneasy co-existence, with two different funding and governance models. Two qualifications (the Nated and NCV) were funded through teacher posts and managed and examined by the Department of Education against learner enrolment targets projected by the state. In contrast, the new learnerships and other programmes offered against new NQF were funded through the skills levy, offered by different staff hired by separate units within colleges that obtained accreditation from SETAs.

Two completely different institutional logics operated *within the same institutions at the same time*: a bureaucratic delivery model and an aspirationally entrepreneurial model. Lecturers who were teaching on both the Nated qualifications and the National Certificate Vocational continued to be hired by the state. Collective bargaining continued to take place through public sector bargaining processes. Completely separately, lecturers were hired on short term contracts to teach on SETA-accredited qualifications. There were qualifications with prescribed curricula on the one hand (Nated and NCV), and qualifications that prescribed only learning outcomes on the other, leaving lecturers to develop the curricula (the new NQF qualifications). The former makes responsiveness to local imperatives impossible; the latter was unrealistic in terms of workloads and professional capacity of lecturers. And staff were hired in two different ways, with little possibility for staff teaching across different types of programmes.

### ***2009-together apart under the department of higher education and training***

The qualifications and quality assurance model of the original NQF quickly revealed itself to be a crisis, with hundreds of qualifications developed but never offered, and a log jam of institutions trying to get quality assured with little evidence of quality. The framework was therefore changed substantively in 2009, along with its institutional architecture (Allais 2011). Part of this change was the creation of a new sub-framework of qualifications for 'trades and occupations', overseen by a Quality Council for Trades and Occupations (QCTO). The newly created QCTO set about attempting to develop a set of what would in most countries be called vocational qualifications, but in South Africa are now called occupational qualifications.

In 2012, the colleges were renamed again, this time to Technical and Vocational Education and Training Colleges. The new name was supposed to signal a stronger focus on the vocational side of their work (DHET 2013). Their institutional form remained much the same although they were moved from a provincial competence to a national competence. They continued to offer three sets of qualifications, associated with different funding models, levels of curriculum design and autonomy, and regulatory models.

But the accreditation model for offering the new qualifications changed: the Quality Council for Trades and Occupations was now designated as the institution that would accredit colleges to offer occupational qualifications. In practice, it delegated this work to SETAs for years, and still does in some cases at the time of writing this paper. Colleges continued to offer the occupational qualifications through specialised centres or units; hiring of staff for these programmes remained largely separate from the staff offering the Nated qualifications and NCV.

Two points should be clear from the above discussion. The first is an enormous amount of change in terms of qualification, funding, and regulatory policies, and therefore to institutional form, in a short space of time. The second is two contradictory models operating in the same institutions. While this may not in principle be impossible to manage, it has been particularly challenging for weak institutions subjected to a series of reforms. In addition, the regulation of the 'as if' market model, through the NQF and the quality assurance and funding models of the skills levy institutions, was particularly complex. I briefly describe these mechanisms.

### ***The skills-levy funding model: an overdesigned mechanism for responsiveness that prevents responsiveness***

The detail of the systems and policies can be bewildering, and changes have been made since the creation of the SETAs in the early 2000s. The SETAs themselves have been the subject of considerable evaluation, contestation, and debate, as well as a Ministerial Review (Singizi Consulting 2007; DHET 2012b; Mzabalazo and REAL 2018). They have changed over time in terms of remit and configuration and sectoral demarcation, and have been reduced from an original 33 to now 21 (DHET 2012a).

Notwithstanding these changes, in broad brushstroke terms, the system works as follows: Employers receive a portion of their levy back from their SETA on the submission of a 'Workplace Skills Plan', which outlines where their skills gaps are, and an 'Annual Training Report' against this plan. These tools are intended to enable SETAs to gain insight into what employers' skills needs are, and what training takes place. The idea was that SETAs would then aggregate employers' priorities into a 'Sector Skills Plan'. This plan would provide the basis for funding and supporting the necessary training using the remainder of the skills levy, aside from small amounts set aside for various administrative and other purposes.

The plans developed by SETAs have two main mechanisms for disbursing funds for provision. The first is designated 'funding windows' that employers and training providers can apply for. The second is bursaries. Categories for both are specified in the Sector Skills Plans, based on the aggregated data obtained from employers, analysis of labour force trends, and other research conducted

by the SETA. For a range of complicated reasons beyond the scope of this paper (see Allais 2022; Allais and Ngcwangu 2023 for an explanation of some of these), the data obtained from employers is limited, and mainly focused on employer's immediate skills needs.

Initially, the system was seen as strongly favouring private providers – in part because of how difficult it was for colleges to establish units to obtain accreditation. In 2012, new regulations encouraged SETAs to allocate funds each year to formal qualifications offered by public providers. The intention was to ensure that the skills levy supported public provision in becoming more relevant and of higher quality. But the mechanism for obtaining the funds – applying annually against funding windows – still requires specific institutional capacity that colleges were somehow supposed to develop.

The system is supposed to be 'demand-led' because it starts from employer-identified skills needs. The notion of responsiveness is premised on the idea that education and training providers, private and public, can be nimble institutions, easily able to adopt programme offerings based on the funding windows identified for the year. But these institutions, by their nature, cannot shift offerings very fast – any educational programme takes time to design, offer, and be awarded to students. An idea of vocational education as something provided for employers specifying product requirements has resulted in complex regulatory mechanisms and weak education institutions. And as discussed above, this only happens through part of the TVET colleges and through institutional forms that are at odds with the way in which the rest of the institution functions.

### ***The backfiring of a model . . . clumsy 'employer-led' steering' prevents a role in social and economic development***

To sum up the above discussion: the system currently has different sets of qualifications offered in institutions bifurcated between a centralised bureaucratic model, and a complex regulated 'as if' market model. The governance, qualifications, and funding models are not just overly complex, but at odds with themselves in various ways. Neither seems effective in its own right.

Adding to the burden of colleges in all of this complexity were two different funding problems.

First, there was a moment of dramatic expansion in order to meet targets set in a National Development Plan (National Planning Commission 2011). Enrolments for the Nated qualifications were ramped up, as these qualifications were cheaper to offer and students found them easier (NPC 2020). Until very recently, therefore, the Nated qualifications have formed the bulk of TVET enrolments. This expansion, pushed by a Ministry intent on meeting national targets, was not accompanied by expansion of funding (DHET 2019).

Second, after massive student protests shook the university system in 2014 and 2015, the student financial aid scheme, the National Student Financial Aid Scheme (NSFAS), was substantially increased, in terms of the amount of funds provided to students and the financial threshold for qualifying for funding. Some students at TVET colleges had been included in NSFAS since 2007 (DHET 2010), but at this point, the number of students covered was substantially increased (Gigaba 2018; The Presidency 2017). By 2019, 266 063 students or 81% of all students enrolled in colleges were given this funding (DHET 2023a). The effect of this has been to add another complex and potentially perverse set of funding incentives that are shaping TVET enrolments, as the living expenses are generous, in the context of extreme youth unemployment and poverty (Sachs et al. 2023). And while it looks like a big increase in funds to the TVET system, the bulk goes directly to the individual students, as opposed to building institutions.

There has been some focused institutional capacity building initiatives in the colleges in particular, through a programme called 'Centres of Specialization', focused on a small number of colleges and a small number of priority trades (Singizi 2022). However, each trade is associated with a limited number of colleges because of the cost of capacity building. Ensuring colleges have the relevant equipment and lecturers with the requisite capacity is expensive, so the model cannot be replicated system-wide. Learners have to move to study specific trades in capacitated colleges. If employers are not located near a Centre of Specialization, their local colleges are not capacitated to provide programmes in these trades. This mismatch at a local level for both youth and employers undermines the social inclusion and economic development roles of colleges. By definition the programme can only lead to a few good programmes, with limited contribution to building the capacity of the system.

In sum, there has been large unfunded expansion of enrolments against the oldest qualifications in the system; followed by the introduction of generous funding for *individual students* against two of the main sets of qualifications, and capacity building through projects. Colleges have been subjected to constant change and contradictory governance and funding models that would make it difficult for any institution to function.

In this context, it is amazing that there are still success stories in TVET colleges – pockets of innovation, colleges with good throughput rates and colleges with good relationships with employers and pathways to employment for the graduates, especially in specific sectors (National Advisory Council on Innovation 2021). But their ability to contribute to broader social and economic imperatives is shackled. I turn briefly to consider our research findings in this regard.

***Limited contributions at a company and local economic development level***

Findings from one of our research projects suggest little contribution to company-level industrialisation and growth. Companies reported little use of vocational qualifications for hiring and training and that decisions about work organisation, technology and product change were not based on availability or lack of trained graduates.

Companies mainly reported using occupational qualifications at higher occupational levels – skilled trades and technicians. At lower levels, there was less take-up even though this level of offering is core to the TVET colleges. So, in terms of production workers and machine operators, 64% of companies reported using no TVET qualifications when hiring, and 44% reported using none in training. And those that do formal training were mainly the automotive industry, with their own in-house training providers; in other words, still no relationship with TVET colleges. Clothing and Textile companies reported the *most* difficulties in finding skilled workers and also did not mention specific TVET programmes as recruitment requirements. In the Food and Beverage sector, about two-thirds of company respondents reported difficulties at finding skilled operators, and mentioned fewer TVET programmes than Automotive companies for hiring and in-service training.

In in-depth interviews, we found little engagement with industrial policy from the public TVET role players, and that industrial policy does not integrate skills. Policy levers and systems are designed nationally, with little ability for sectoral variation. So policies specifically designed around employer-specified skills needs don't contribute to sectoral economic imperatives and development.

In terms of the local economic development role of colleges, our research also suggests that colleges are playing a negligible role. In five communities, all of which have industrial parks and colleges that should be training for them, we did not find colleges to be playing a significant role in this regard. The view from industry was that colleges were not producing the level of skills that they require. They reported hiring from outside of the local area for their installation, repair, and maintenance needs, or, training their own staff. Colleges, on the other hand, reported significant challenges related to funding and old equipment, as well as rigid national curriculum models and students with weak academic backgrounds. Where we found examples of colleges with a close relationship with some local employers, there were still many problems experienced: students complained that work-experience programmes were little more than cheap labour, and employers expressed dissatisfaction with students they took on.

The historical tracing above shows that little has been done to build institutional capacity to engage systematically with employers or local economic development imperatives. Instead, as discussed above, colleges have been

subjected to constant change through contradictory and overdesigned regulatory models premised on employer-specified training needs and ‘as if’ markets of provision. The governance and funding mechanisms that shape their institutional form and institutional capacity appear to get in the way of local responsiveness, even when explicitly designed to facilitate it.

### ***New changes double down on the flawed regulatory model***

The Nated qualifications are now, finally, being phased out, particularly at the lower levels. Colleges have been instructed that this year, 2024, is the last year in which they can enrol students against the lower-level qualifications (the three trimesters of ISCED 4 equivalent qualifications); phase-out of the others will follow (DHET 2022b, 2023b). The official circulars referenced here are concerned with which qualifications are being replaced, how long the teach-out will be in place (in other words how long examinations will still be offered for students currently enrolled or who are enrolling in 2024), as well as which offerings will remain in place, and which new occupational qualifications will be brought in.

What is not discussed in official communications is the substantial change implied for funding and regulatory models, and how this will be managed. The DHET has signalled that the colleges will continue to obtain their current funding during the phasing in of this new model, but the future is unclear. The logic of the system is that the TVET colleges will finally shift to operating completely in the ‘as if’ market model. They will have to gain accreditation against registered occupational qualifications, which in turn will be designed in areas identified as occupations in high demand, based on the skills anticipation systems discussed above. They will have to obtain funding to offer specific programmes, in competition with each other and private providers.

In short: the colleges are being thrown to a highly complex regulated market model, with a highly complex and very flawed skills anticipation system as the main mechanism for determining programme choices.

### **The challenge of finding a realistic vision and accompanying institutional form in the context of chronic unemployment**

In sum, this paper has shown how reforms to South African colleges, in line with the ‘global tool kit’, through faux employer-led markets, have weakened institutions. Capacity building that has taken place has been individualised in terms of institutions as opposed to the system, and in terms of individual students. This was in the context of a society that had been deeply divided, initially, explicitly racially, but more recently economically, intersecting with race and gender. Added complexity was created through bifurcation of colleges’ institutional logics, through conflicting policy, governance, accreditation, financing, curriculum, and quality assurance tools. Frequent changes to aspects of all of these.

The picture painted above is even bleaker when considering the location of the colleges in the broader skill formation system. The colleges sit between a school system that is largely weak, a relatively stronger university system, and an economy with chronically high unemployment and little economic growth and development. Most students leaving school with reasonable levels of academic achievement are absorbed into the university system (Allais 2017). The difference in labour market outcomes for those accessing university qualifications and most other people in the labour force is massive. The pull to university is very powerful. And the gap in learning achievement between school-leavers who qualify for university and the majority who just pass is large. The intake of students to colleges is not simply young people with somewhat worse academic outcomes, but rather, young people who very poorly prepared for any study. The colleges are expected to perform miracles.

It would not be an exaggeration to say that technical and vocational education and training in South Africa faces an existential crisis. A broad vision for what vocational education is, what it can do, and what kinds of institutions are required to do it, cannot be achieved when at the same time vocational education is treated as something that should meet the short-term needs of employers. While, as discussed above, some researchers have argued for broader visions for vocational education (McGrath et al. 2022; Powell and McGrath 2019), this has not yet engaged sufficiently with what kinds of institutional forms are required, or how to build institutional capacity. What is now needed is serious consideration of institutional form, as well as what it would take to build, nurture, and support institutions, to play the kinds of roles envisaged in policy. This paper has shown why a move away from the dominant using qualifications and accreditation models, and differentiated funding, is a necessary first step.

Wheelahan and Moodie (forthcoming) show how the idea of ‘institutionally neutral’ funding, or, put another way, the idea that all education institutions, public and private, should compete for funding to ‘provide’ skills, substantially weakened previously strong vocational institutions in Australia. The significance of this paper is showing the impact of this type of reform on weak institutions, in a much poorer country. This is particularly important given that the idea of ‘institutionally neutral’ funding, as well as the other parts of the global toolkit such as managed autonomy and qualifications frameworks, remain prevalent on the African continent in reform of vocational education, where, in many cases, vocational institutions are even weaker. Alternative approaches to institution-building, linked to social and economic policy, are urgently needed.

## Notes

1. Whether it is 4 or 5 is one of the points of policy that remains unclear.

2. 'Skills development providers' is a legal term that encompasses a wide range of types of institutions – essentially all institutions offering some kind of training that don't fit into the other main institutional types. Included in this category are workplace training institutions.
3. This project was part of a larger six country study jointly funded by the Swiss National Science Foundation (SNSF) and the Swiss Agency for Development and Cooperation (SDC), through their joint research program 'R4D', under the call 'Employment (SNSF grant number 400340\_194006).' University of the Witwatersrand ethics protocol number H08/08/02.
4. This project was funded by the National Business Initiative in South Africa. University of the Witwatersrand ethics protocol number H23/08/27.
5. According to apartheid South Africa's unique racial classification system.
6. This is similar to what Keep (2007) describes as a proliferation of 'arms-length' government agencies in the UK system, because of the emphasis on qualifications as the mechanism for regulating provision.

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