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Workplace Skills Planning In the Manufacturing Sector In Mpumalanga

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A research report submitted to the Faculty of Management, University of Witwatersrand, in partial fulfilment of the requirement for the degree of Master of Management (in the field of Public and Development Management)

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ABSTRACT

Employer commitment to training is critical in improving the low skills of the South African workforce. The Skills Development Act of 1998 was introduced to regulate such training in the workplace. The Skills Development Levies Act was aimed at adding financial muscle via grants that will be paid by SETAs to companies that train their workers. Instruments such as the Workplace Skills Plans and Annual Training Reports were developed to plan and report on training that takes place within the organisation. These interventions were meant to contribute to reducing skills shortages, and improving productivity and competitiveness in the workplace. The purpose of this study was to analyse the Workplace Skills Plans and Annual Training Reports of the manufacturing sector in Mpumalanga, to find out how they are being used by employers and the SETA. The analysis points to a different interpretation and understanding by the companies and the SETA. It further points to the minimal contribution that WSPs and ATRs make towards defining sector priorities. Small companies are finding it difficult to participate in the process of workplace training and therefore need specific interventions to address their problems.

Declaration

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirement of the degree of Masters of Management (in the field of Public and Development Management) in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in other University.

Sabelo Buthelezi

30 June 2010

Dedication

This work is dedicated to my late parents Orbet and Nomuka Buthelezi who instilled in me a noble trade of perseverance, devotion and hard work. I would also like to thank my family, my wife Zandy, my children Cebo, Mfundo, Nqobile and Anele for the love and support.

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Table of Contents

List of Acronyms viii

CHAPTER 1 1

1.1 Introduction 1

1.2 Background to the study 3

1.3 Problem Statement 5

1.4 The purpose statement 6

1.5 The research questions 7

CHAPTER 2 8

Literature review 8

2.1 Enterprise training 8

2.2 An overview of skills shortage 14

2.3 Forecasting Skills Demand 19

2.4 The Supply Side of Skills 21

2.5 Legislative Framework 23

2.6 The Training levies 27

2.7 Institutional arrangement 29

2.7.1 SETAs 30

2.7.2 National Skills Authority (NSA) 33

2.8 Conclusion 35

CHAPTER 3 36

Research Methodology 36

3.1 Research approach 36

3.2 Data collection 39

3.2.1 Primary Data 39

3.2.2 Secondary Data 40

3.3 Data analysis 41

3.4 Validity and Reliability **41**

3.5 Significance of the Study **42**

3.6 Limitations of Study **43**

CHAPTER 4 ..... **44**

Presentation of research information **44**

4.1 Introduction **44**

4.2 Data on WSPs and ATR s (short term training priorities) **44**

4.1.1 The administrative details **46**

4.1.2 Demographics **47**

4.1.3 Priority skills on workplace skills planning from 2005 to 2007 ..... **48**

4.3 The Sector Skills planning priorities over the year 2005 to 2007 ..... **50**

4.4 Consultation process during planning and reporting of skills **55**

4.4 Usefulness of WSPs and ATRs as planning tools **57**

4.4.1 How does the SETA use the information from the WSPs? **58**

4.5 Poor participation on WSPs and ATRs process **59**

CHAPTER 5 ..... **62**

Interpretation of research findings **62**

5.1 Introduction **62**

5.2 Training Priorities according to WSPs and ATRs **62**

5.3 Planned training versus actual training **65**

5.4 Alignment of planned and implemented training to SSP **67**

5.5 WSPs and ATRs as planning tools **68**

CHAPTER 6 ..... **70**

Conclusion and Recommendations **70**

6.1 Conclusion **70**

6.2 Recommendations **73**

References **76**

APPENDIX 1 ..... **84**

APPENDIX2 85

APPENDIX3 87

List of Acronyms

ASGISA	Accelerated and Shared Growth Initiative of South Africa
ATR	Annual Training Report
DoL	Department of Labour
FET	Further Education and Training
ILO	International Labour Organisation
ITB	Industry Training Board
JIPSA	Joint Initiative on Priority Skills Acquisition
Merseta	Manufacturing, Engineering and Related Services Sector of Education and Training Authority
NSA	National Skills Authority
NSF	National Skills Fund
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
OFO	Organising Framework for Occupations
PSDF	Provincial Skills Development Forum
SAQA	South African Qualifications Authority
SDA	Skills Development Act
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SSP	Sector Skills Plans
WSP	Workplace Skills Plan

CHAPTER 1

1.1 Introduction

The skills shortage and attempts to curb it has been high on the national agenda. One of the Apex Priorities announced by President Thabo Mbeki in February 2008 in the State of the Nation Address was to resolve organisational issues on skills development (The Presidency 2008). According to the Accelerated and Shared Growth Initiative of South Africa (ASGISA) document "for both the public infrastructure and the private sector investment programmes, the single greatest impediment is the shortage of skills – including professional skills such as engineers and scientists; managers such as financial, personnel and project managers; and skilled technical employees such as artisans and IT technicians" (The Presidency, 2006).

"In South Africa, after 15 years of implementing bold new education and training strategies to enhance learning at work and realise a more equitable and just society, there is growing realisation that it is the time to pause and investigate systematically what works, what does not work and why. It is time to turn work and lifelong learning inside out, in order to re-examine understanding of knowledge and learning" (Cooper and Walters, 2009, p. xix).

Our skills development system does not seem to have responded quickly enough to keep pace with the current acceleration of economic growth, despite different interventions that have been put into place. Among these interventions is the use of Workplace Skills Plans and Annual Training Reports to increase the pool of skills.

This exploratory research was aimed at analysing the use of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) of the manufacturing enterprises in Mpumalanga. The analysis was conducted in respect of WSPs and ATRs submitted from 2005 to 2007, looking at the information found in these documents and the participation ratio by enterprise in the process. South Africa is one among many countries in the world that have introduced payroll training levies to finance skills development. Enterprises are expected to pay 1% of their payroll to SARS and can claim back up to 70 % of the levies paid if they implement skills development interventions. These interventions should be reflected in the Workplace Skills Plans and Annual Training Reports of each enterprise claiming the grants. Enterprise participation on the skills development process is aimed at improving enterprise training and alleviating the skills shortages that are facing the sector.

The enterprises that formed part of the research belong to the manufacturing, engineering and related services sector in Mpumalanga. One of Merseta's core objectives is to improve the skills of the workforce in the sector in order to contribute to improved productivity and competitiveness, social and economic development and rising standards of living (Merseta Constitution, 2005, p.7).The manufacturing sector in South Africa is quite wide and diverse in that it includes Agri-processing, Chemicals, ICT, Automotive, Metals, and Textiles Clothing and Footwear. The study was limited to the enterprises covered by Merseta as Sector of Education and Training Authority in Mpumalanga, which is mostly concerned with metal. Mpumalanga is the primary manufacturing base for stainless steel in South Africa, with the presence of Columbus, Samancor group and Highveld Steel and Vanadium, as well as the availability of all raw material inputs to the steel manufacturing process (Mpumalanga Economic Profile, 2007. p.26).This sector in Mpumalanga during the period of 2005 to 2007 consisted of 17 large, 64 medium and 600 small enterprises. Merseta is the Sector of Education and Training Authority that is responsible for receiving and disbursing grants in this sector.

1.2 Background to the study

The problem of skills shortage in the sector remains a challenge for large, medium and small companies. This is prominent in technical fields like that of Technicians and Artisans. According to Cohen, Sasol could not find the mechanics, welders, and riggers it needed among South Africa's 4.6 million unemployed workers, as the country's biggest firm altered its refineries to meet the government demands to phase out leaded fuel (Cohen 2005). This sentiment has recently been resuscitated by the shortage of skilled labour to build Kusile Power Station in Witbank. According to Hall and Sandelands (2009, p.21), within the South African engineering and construction sector there is a strong sense that every company is facing up to the same challenge, that of a severe skills shortage, especially with regard to artisans and supervisors.

These skills shortages are reported in a country with an unemployment rate that is far above 20%. Such skills shortages are so critical to the development of the economy that they are high on the political agenda (Hall and Sandelands, 2009, p.216). This is viewed as a threat to economic growth not only in Mpumalanga but also in the rest of the country. According to Barker the International Labour Organisation (ILO) has been unambiguous in stating that education, as well as learning and training, is an essential prerequisite for gainful participation in the new economy and thus for economic growth (Barker, 2007,p.205). South Africa's poor showing in the utilisation and development of its human resources is already damaging its international competitiveness (Barker, 2007, p.205).The skills shortage has always been identified as something that needs urgent attention within the sector.

There are incentives in the form of grants and tax exemption available to enterprises for training staff in scarce and critical skills. At this point the actual

extent of the problem is difficult to quantify as information collected from the workplace skills plan and annual training report usually differs from the scarce and critical skills list on the sector skills plan. One of the SETAs CEO was quoted by Skills Portal as saying most of the Workplace Skills Plans were fraudulent. This was referring to the quality of information that one can extract from WSPs (Skills Portal, 2009, February 26). The accuracy and reliability of information on the Workplace Skills Plan should help to improve the compilation of the Sector Skills Plan.

Some companies are submitting Workplace Skills Plans and Annual Training Reports on an annual basis. The number of companies submitting WSPs and ATRs in the Mpumalanga province for the period of 2005 to 2007 has been poor and continues to decrease. Merseta updates the Sector Skills Plan every year. It is not clear whether the training planned on the Workplace Skills Plan is implemented. It is also not clear whether such training is linked to the Sector Skills Plan scarce and critical skills list. According to a NEDLAC report the current mandatory grant system is not serving the intended purpose, namely providing reliable data on skills demand and training (NEDLAC, 2007, p.34). This view is supported by Patel who views the current mandatory grant system as ineffective and its overall impact on human resource development as unknown because there is no provision on the legislative and regulatory framework for SETAs to monitor the use of mandatory grants for internally coordinated training (Patel, 2008, p.5).

The exercise of completing a workplace skills plan and an annual training report seems to be for compliance with grant regulation rather than as a plan for helping the organisation to improve the skills of the workforce. There has been a noticeable decline from year 2005 to year 2007 of companies submitting grants in Mpumalanga and Merseta in general. In Mpumalanga the companies submitting WSPs and ATRs dropped from 230 in 2005 to 121 in 2007. This decline flies in the face of industry's concerns about the prevalence

and persistence of skills shortages in some key occupations in recent years, as well as growing concerns about the prospect of serious skills shortages and skills gaps in the future, arising from the combination of demographic change and new skills needs generated by changes in technology and business processes. According to Merseta industry experts, effective responses will require a reliable and comprehensive information base, as well as policy and program frameworks that support investment in a sustainable skills base and short-term responses where appropriate (Merseta Chamber Committee, personal communication, January 18, 2009).

1.3 Problem Statement

The persistent increase in skills shortages within the Manufacturing, Engineering and related Services sector in Mpumalanga is hampering economic growth. It calls for evaluation of strategic interventions that are put in place to curb the skills shortage and improve the skills of workers. One such intervention is the use of a Workplace Skills Plan and Annual Training Reports to plan and implement skills development interventions. What is not clear is whether training reflected on the workplace skills plan does take place. It is also not clear how skills planning take place in companies that do not submit a workplace skills plan and why they do not submit one. There were only 34 % of companies participated in the process in 2005, with the figure dropping to 21 % and 16 % in 2006 and 2007 respectively.

In South Africa the legislative environment has been put in place to help enterprises to increase the level of skills of their workforce at the company level. South African skills development is facilitated by at least four important policy documents: the Skills Development Act (1998), the Skills Development Levies Act (1999), the National Skills Development Strategy (2001), and the Human Resources Development Strategy (2001). Despite the policies that

have been put in place, the critical and scarce skills list continues to show higher numbers of skills shortages at company level. The annual Sector Skills Plan of Merseta has consistently shown an increase in skills shortages. It seems that enterprises are not using a Workplace Skills Plan as an instrument for improving the skills of their employees. After eight years of the existence of the grant system, very few enterprises in Mpumalanga were submitting WSPs and ATRs to claim the mandatory grant that can be used to invest in training. It is not clear whether those claiming the mandatory grant are using such grants to address the skills shortage outlined in the Sector Skills Plan. It is also not clear why participation in the WSPs and ATRs process is poor, despite the skills shortage that the industry is facing. The current mandatory grant mechanism may be ineffective and its overall impact on human resource development is clearly not known.

1.4 The purpose statement

The purpose of the study was to analyse the WSPs and ATRs submitted by the manufacturing, engineering and related services sector in Mpumalanga and find out how they are used by both the employers and the SETA. The planning indicated on the WSP was compared to the scarce and critical skills list of the SSP, and subsequently to the ATR, to see if the training identified gets reported as having been implemented. On the enterprise level the study was used to gain a better understanding of whether participating employers view WSPs and ATRs as useful tools to collect data for short term skills planning. The analysis served as the basis for identifying the contribution of the WSPs as a planning tool that improves the internal enterprise training in the sector, and to get some sense of whether it is performing the function it was introduced to perform. It also attempted to find out from non-participating companies why they are not participating and what alternative tools or strategies they use to plan internal training.

1.5 The research questions

The research attempted to find out how WSPs and ATRs as the planning tools are being used by employers and the SETA in Mpumalanga. The following sub-questions guided the researcher:

1. What data do workplace skills plans provide on employer short term training priorities?

2. How does the SETA use information obtained from WSPs?

3. Are WSPs and ATRs the most appropriate tools for planning and prioritising skills needs at company and sector level?

3.1 To what extent is planning on WSPs reported as implemented on ATRs?

3.2 Why do a larger number of companies in Mpumalanga not submit WSPs and ATRs despite the levies that they pay?

CHAPTER 2

Literature review

The purpose of this literature review was to build a logical framework within the academic literature and, through the process, highlight the necessity for conducting this research. According to De Vos, Strydom, Fouche and Delport (2005, p.263) researchers should learn from other scholars how they have theorised and conceptualised issues, what they have discovered empirically, what instrumentation they have used and to what effect. The review was structured by first looking at the history of enterprise training in South Africa and internationally, and then moving to the concept of skills shortage, looking at supply and demand of skills, the legislative framework underpinning skills development, and the funding mechanisms and institutional arrangements responsible for skills development.

2.1 Enterprise training

This section examined the status and distribution of enterprise training in South Africa before and after 1994. This was done in order to discover the methods and strategies that were implemented to plan training prior to the introduction of the Skills Development Act in 1998. Although the aim of the study and the literature was to look at broader enterprise training, most of the industry training takes place within the intermediate phase of apprentice, artisan and technician level. It is also at this intermediate level where there is an acute shortage of skills, therefore most of the literature used is focused on the training of semi-skilled and skilled workers.

A selection of South African and international literature was preferred as the researcher could not find relevant material on the sector in Mpumalanga province. The challenges of skills shortages in the manufacturing sector in Mpumalanga are similar to that of other provinces around the country.

Historically South Africa's education and training system can best be described as a low skills training regime, shaped largely by racial segmentation in the labour market and social discrimination in the education system (Badroodien, 2003, p.434). Kraak has termed this notion within labour markets as "craft tradition" where historically white artisans succeeded in demarcating certain jobs as their privileged preserve, shielding access to those jobs from other workers (Kraak, 1991, p.87). Most industries from the late 1960s through to the 1970s relied heavily on a cheap unskilled and semi-skilled labour force. This might be attributed to South Africa being a resource-based economy at that time. According to Mayer and Altman (2005, p.34) resource-based economies tend to grow and experience structural shifts more slowly than non-resource-based economies. They go through a phase of low wage, low productivity, that has the impact of mopping up labour surplus. As there is a labour surplus, wages are low and sectors can therefore be highly effective (Mayer and Altman, 2005, p.34).The era of a resource-based economy was followed by an attempt to move to a knowledge-based economy. The knowledge-based economy is described as an economy in which skilled and specialised human capital has become the most valuable factor of production (Boswell, Stiller and Straubhaar, 2004, p.12).

In comparison, the British economy enjoyed an adequate supply of skilled labour via the apprenticeship system after the Second World War and up to the 1960s (Gospel, 1997, p.4). During the same period in South Africa the implementation of mechanised technologies and mass production techniques meant that racial division of labour and the segmented labour market had to be reconstituted to allow greater number of Africans to be trained as semi-

skilled workers. This was the start of good news as far as industry training was concerned however, things changed in the early 80s with a decline in training. According to Badroodien (2003, p.435) the decline in Enterprise training gained momentum from 1984 to 1994. This decline on enterprise training was due to a downturn in the business cycle of 1984, with employers focusing on short courses and cost of training in areas where it was considered to be high. The view is further supported by Kraak (2004, p.65) who argues that the decline in training was evident at all three levels (high, intermediate and low) of the skills band. This decline provided a very low base from which to build and reflect a historically evolved enterprise culture which remains unconvinced of the merit of widespread training. The British apprenticeship system experienced a similar decline in the late 1960s. In Britain the failure to thoroughly reform the system made this form of skills preparation increasingly unattractive to employers in the context of changing technologies and markets (Gospel, 1997, p.8). In South Africa it is not clear whether the failure of system reforms contributed to the decline of training over and above the business cycle downturn of 1984, but proper reforms seem to be a critical success factor as can be seen in countries where apprentice training is still strong, like Germany, Austria and Switzerland (Gospel, 1997, p.24).

Following the decline in South Africa there were reformist attempts by the late apartheid state to transform the skills regime by moving the system away from its apartheid 'low skill' origins towards a reformist framework based on free market regulation, employer voluntarism, a revived apprenticeship system, and a new institutional environment structured around Industry Training Boards (ITBs), (Kraak, 2004, p.45). With these reforms the state was going to play a less important role in shaping the private sector training, and employers were going to train on a voluntary basis according to their own needs.

In both Britain and South Africa the reforms were not successful. In Britain reforms were implemented through the 1970s and into the 1980s with an uneven progress within the industry and very little success in extending apprenticeship to occupations (Gospel, 1997, p.5). In South Africa the reform proposals did not help in transforming the low skills regime as they both perpetuated and reinforced a low skills equilibrium predicated on market regulation, a weak institutional environment based on voluntarism, the continuation of a racially-defined 'Education and Training-labour market' regime, the absence of 'joined-up' state policies and social trust, and the predominance of short-termism and narrow skilling as the defining features informing investments in human capital (Kraak, 2004, p.70). Low skills equilibrium is defined as an economic system characterised by low cost, low skills and standardised production in which the majority of enterprises are staffed by poorly trained workers (Finegold, 1989 as cited in Kraak, Lauder, Brown and Ashton, 2006, p. 2). According to Mayer and Altman (2005, p.34) the more successful industrialised countries are those that simultaneously invested in human capital development so that the skills base was developed alongside the structural shifts.

In South Africa, with employers conducting training on a voluntary basis, the focus seems to be on short term rather than long term training. With the Learnership system that was introduced in 2000, determining what is short term and long term mighty be more difficult if one looks at the current Skills Programmes that are available to employers, due to their accumulative nature. These skills programmes are unit standard-based programmes that are occupationally based, and when completed, constitute a credit towards a qualification registered in terms of the NQF. They can be used for both short term and long term planning intervention in training.

With this decline in enterprise training, a new strategy and institutions were needed after 1994 to be developed so as to improve the skills of the

workforce. The improved skills were seen as something that would bring competitiveness. According to the World Competitiveness Yearbook (1994 – 1998) South Africa has consistently rated 46 out of 46 countries in the areas that include human resource development (World Competitiveness Yearbook 1994- 1998). The country's low competitive performance areas were attributed to the low skills levels of the workforce. The manufacturing sector has been among the low profitability sectors in South Africa. According to the Department of Trade and Industry Industrial Policy Action Plan 2, among the factors contributing to low profitability is the weak skills system which does not adequately respond to the need of productive sectors (Department of Trade and Industry, 2010, p.6).

Countries that have managed to improve the skills of the workforce have shown high levels of competitiveness. Singapore's top ranking in world competitiveness has been ascribed to its success in the area of skills development (Kuruvilla and Erickson, 2001, p.15). These international competitiveness ranking are based on both an objective assessment of a nation's workforce quality as well as a subjective assessment by international executives (Kuruvilla and Erickson, 2001, p.15).

South Africa was said to be facing the paradox of high unemployment, (particularly amongst young people), underdeveloped skills and shortages of skilled workers at all levels. This was seen as having a substantial impact on the country's economic development and competitiveness. Constructive measures to combat inequalities in society were also seen to be dependent on giving people the skills and experience to contribute to society. SETAs were seen as organisations with potential to assist with the achievement of sustainable and equitable economic development. SETAs were expected to devise and implement strategies that would facilitate and increase enterprise training.

Over a number of years the situation has not changed much. According to the Global Competitiveness Report 2007-2008, South Africa has an overall ranking of 44 out of 131 countries. In terms of efficiency enhancers, which include labour market efficiency, it is ranked 78 (Global Competitiveness Report 2007- 2008). An interesting question raised by Archer was: "Are there ***design flaws*** in the system to train human capital in South Africa?" No answer is currently possible, but it makes sense to identify the features of our system that warrant wider and more intensive investigation on the way to an answer (Archer, 2008, p.2). Some of the features designed to help in improving human capital are WSPs and ATRs. It is important that we periodically evaluate how these features help in supply and demand of skills.

According to Archer "*The demand for skilled labour is a derived demand. The process of economic change drives demand alterations in the labour market and consequently skill needs. The altering industrial structure is itself the result of changes in the patterns of consumer demand, technology and organisational evolution, as well as the evolving pattern of national competitive advantage that continues to change the balance of occupations, qualifications and skills required in the labour market*"(Archer, 2008, p.4).

As South Africa is experiencing an economic recession, it was expected that the demand for skilled labour might be lower than in most of the years when economy was growing. This economic downturn was expected to cause a decline in training by companies and difficulty in projecting skills that will be required during an upturn. However the recent survey by Merseta reveals that the shortage of artisans in the sector remains a major problem. Only to a very small degree has the current crisis eased skills shortages in that the lead times required by companies to find people to fill key positions are reported to have dropped (Merseta, 2009, p.55). This suggests that we cannot place a high degree of confidence in projections of skills shortages in any economic sector.

2.2 An overview of skills shortage

The term “shortage” can be viewed as a situation where the demand exceeds the supply. This is a simplistic definition which may not help in defining skills shortage. The terms skills shortage, skills gaps, recruitment difficulty and critical skills seem to be used interchangeably and rather indiscriminately. This section begins with a definition of the terms both in the international and South African context, so that we fully understand their use in literature. According to Archer (2008, p.4) the concept of skills shortage can be ambiguous without the individuals questioned about it being aware of this. UK evidence shows that some respondents (in one study of 60 % employers, companies, and recruitment agencies) take the question about shortage numbers to refer to external recruitment difficulties they have experienced in the relevant occupational labour market. The remainder of employers had a different view (about 45% because some thought it referred as well to their existing workers and thus the two choices overlapped), as reported in the Confederation of British Industry survey data.

The Australian Department of Employment and Workplace Relations have defined skills shortage, skills gaps and recruitment difficulties separately in the following manner:

Skills shortage *exists when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location. Shortages are typically for specialised and experienced workers, and can coexist with relatively high unemployment overall or in the occupation. An occupation may be in shortage even though not all specialisations are in shortage. Occupations may be in shortage in particular geographical areas and not in others. Skill shortages generally involve skills that require a significant period of training and/or experience.*

Skill gaps *occur where existing employees do not have the required qualifications, experience and/or specialised skills to meet the firm's skill needs for an occupation. Workers may not be adequately trained or qualified to perform tasks, or may not have up-skilled to emerging skill requirements. Skill gaps may apply to new employees, or where employers are unable to find suitable applicants for an occupation and recruit workers who need further training and/or experience to meet the firm's skill needs for the occupation.*

Skill gaps do not simply relate to formal qualifications. Employees in an occupation may have the necessary vocational qualifications for the occupation, but not the specialised knowledge, skills and experience needed to adapt to new technology and new methods of working.

Recruitment difficulty *occurs when employers have some difficulty in filling vacancies for an occupation. There may be an adequate supply of skilled workers, but employers are still unable to attract and recruit sufficient suitable employees. This may reflect a 'marginal' skill shortage, with the employer recruitment experiences and other evidence not sufficient to assess the occupation as being a shortage. Alternatively, recruitment difficulties may be due to characteristics of the industry, occupation or employer, such as: relatively low remuneration, poor working conditions, a poor image of the industry, unsatisfactory working hours, location hard to commute to, inadequate recruitment or firm-specific and highly-specialised skill needs* (Australian Department of Employment and Workplace Relations, 2005, p.3).

According to OECD reports the situation is similar to that of many European Union states which are experiencing serious skills and labour shortages in a number of sectors, despite persistently high rates of unemployment. Among the most widespread have been shortages of highly qualified workers in IT, and employees in the health sector, as well as consumer and commercial services (Germany), education, health and social services (Sweden), construction (France), or engineers and teachers (the UK) (OECD, 2003as cited by Boswell, Stiller and Straubhaar, 2004, p.3).

According to Boswell, Stiller and Straubhaar (2004) such shortages are not caused by an aggregate shortage of labour, but can be attributed to problems of a mismatch between labour demand and supply. Jobs remain unfilled despite high unemployment rates, because workers lack the relevant qualifications or skills, are reluctant to take up work in particular occupations or geographical areas, or have insufficient information about job opportunities. Alternatively (or in addition), employers are unwilling or unable to offer sufficiently attractive salaries or conditions to encourage occupational or geographical mobility (Boswell, Stiller and Straubhaar, 2004, p.3).

South Africa has adopted the concept of **Scarce** and **Critical** skills in its attempt to fight the skills shortage. According to Merseta SSP, the single greatest impediment to the current government public infrastructure programmes – as well as private investment programmes - is the shortage of skills. Merseta has undertaken various initiatives to identify, as accurately as possible, the sectors scarce and critical skills. These efforts involved stakeholder consultation and research projects (Merseta SSP, 2008, p.68).

The Merseta SSP uses the definitions provided by the DoL in the Framework for Identifying & Monitoring Scarce & Critical Skills as a guideline for research into the sector's scarce and critical skills. These definitions are as follows:

Scarce Skills *are defined as those occupations in which there are scarcities of qualified and experienced people, currently or anticipated in the future.*

Critical Skills *are 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) e.g. cognitive, language, literacy and mathematical skills* (Merseta SSP, 2008, p.68).

The Department of Labour framework describes the possible reasons for skills scarcity as:

a) ***Absolute scarcity:*** *suitably skilled people are not available, for example:*

- *A new or emerging occupation, i.e. there are few, if any, people in the country with the requisite skills (qualification and experience) and education and training providers have yet to develop learning programmes to meet the skills requirements.*
- *Firms, sectors and even the country are unable to implement planned growth strategies and experience productivity, service delivery and quality problems directly attributable to a lack of skilled people.*
- *Replacement demand would reflect an absolute scarcity where there are no people enrolled or engaged in the process of acquiring the skills that need to be replaced.*

b) ***Relative scarcity:*** *suitably skilled people are available but do not meet other employment criteria, for example:*

- *Geographical location, i.e. people are unwilling to work outside of urban areas.*
- *Equity considerations, i.e. there are few if any candidates with the requisite skills (qualifications and experience) from specific groups available to meet the skills requirements of firms and enterprises.*
- *Replacement demand would reflect a relative scarcity if there are people in education and training (formal and work-place) who are in the process of acquiring the necessary skills (qualification and experience) but where the lead time will mean that they are not available in the short term to meet replacement demand* (DoL Framework, 2007, p.6).

With this difficulty and ambiguity in the definition of skills shortage, it becomes even more challenging to find an inclusive model that will help to identify future skills needs. It is also noted that there may be a difference in the way that economists think of skills shortage and the manner in which the state and

the SETAs have come to define it. According to Daniels the most important aspect for an economist on any discussion of skills shortage is its relationship to productivity on the company (Daniels, 2007, p.1). The South African manufacturing sector, which constitutes a sizeable chunk of value added production, has not enjoyed sufficient dynamism. According to Davies this is mainly because the relative profitability of manufacturing has been low as a result of a number of factors including a weak skills system (Davies, 2010, p.1).

A question for companies in South Africa is whether investment in training can pay off in terms of increasing productivity. According to Kuruvilla and Erickson (2001, p.16) the average level of production in Singapore is high and the evidence suggests that the industries that are the biggest investors in training are also more productive. This view is further supported by Johanson who suggests that low investment in worker training is correlated with low firm productivity, and the 1995 World Bank report found that enterprise training in a number of developing countries including Colombia, Indonesia, Malaysia, Mexico and Taiwan is associated with higher level productivity in all five economies (Johanson, 2009, p.25). Despite the importance of training in raising productivity, a number of enterprises in South Africa and elsewhere are under-investing in training. Some ascribe this to fear of poaching or a free rider problem. Trained workers are free to move from job to job and from company to company in search of better working conditions and this leaves companies that have trained them bitter and unable to recoup the benefit of investing in training. Johanson (2009, p.27) ascribes this to market failure in training. The market failure explanation is appealing because it gives plausible reasons why the market might under-provide training and the view that market failure lead to skills shortage (Johanson, 2009, p.27). According to Gospel the main problem in terms of market failure lies with employers, since there are insufficient companies offering good quality training, the costs become high and free riding starts (Gospel, 1997, p.23).

In spite of market failure the enterprise needs skills to carry their day to day activities. With the concept of market failure in training, what comes to mind is whether workplaces are a site of learning? Should we rely on the market to correct itself in terms of supplying the necessary skills, or should state institutions intervene and close the skills gaps left by markets? According to Rainbird the workplace is enormously significant as a site of learning, both for accessing formal learning opportunities and many informal learning opportunities which result from the nature of work interaction with work groups (Rainbird, 2000, p.1). But workplaces as learning sites are also highly problematic. The workplace's primary purpose is not learning but production of goods and services, involving creation of profit in the private sector or delivery within the budget in the case of the public sector (Rainbird, 2000, p.1). These question the notion of Human Capital Theory that highlights the benefit for both employer and employee during the training process. It questions the kind of training, who decides and in whose interest it is directed. It seems there will always contradictions in terms of who takes the leading role in skills development between the state and the private sector.

Matching the supply and demand of skills remains a daunting exercise not only for South Africa but many other countries that are faced with skills shortages.

2.3 Forecasting Skills Demand

It is important to recognise at the start that there are significant differences between countries in their approaches to these issues (especially anticipation of future skill requirements). These differences reflect both different cultural, historical and institutional backgrounds, (which influence the general approach to such problems), as well as more specific differences related to data availability (which can constrain what is technically feasible). Some knowledge of the institutional framework within which such work has taken place, is very important for a proper understanding of the key issues (Wilson, 2004, p.2).

One form of obtaining data in South Africa is through the workplace skills plan documents. The reliability and usefulness of the data obtained from workplace skills plan cannot be confirmed at this point.

Employment forecasts or projections have been undertaken in various countries across the world for over 50 years. Wilson' synthesis report covers a number of countries: among others are USA (Bureau of Labour Statistics), Canada (COPS), Australia (including the MONASH general equilibrium model approach), Japan and some European Union Countries (Wilson, 2004, p.2).

Over this period there has been a continual and ongoing debate about whether such work is necessary or even feasible. Despite such concerns, most countries continue to devote considerable resources to such activity on a regular basis. These "revealed preferences" suggest that such work has real value and should continue to be supported. However, there remains a lively debate about precisely what is needed and what can usefully be provided (Wilson, 2004, p.3). The same debate can be afforded to the workplace skills plan documents in South Africa.

South Africa has in the past used different forecasting models like formal, national level, quantitative, model-based projections; sectoral or occupational studies; and surveys of employers or other groups. The institutions that conducted most of this research include, the South African Reserve Bank, National Treasury , Statistics S.A and HSRC (Woolard and Wilson, 2004).The involvement or contribution of the SETAs on the work done by these institutions is not clear. The coordination of information between the SETAs and some of these research institutions might help in finding useful information that will help to direct policy interventions in critical areas of skills development.

It is important to recognise that accurate and precise forecasts are difficult to achieve. According to Wilson, Woolard and Lee (2004, p.5) the key question to ask is not whether or not such projections are **accurate**, but whether or not they are **useful**. The revealed preferences of national governments from all over the world, who support such activity with substantial funding, suggest that they are regarded as of considerable value.

It is also clear that such work is seen as having a wide variety of different audiences and users, including careers guidance, as well as general labour market policy formation and planning education and training programmes. It can help to inform all those involved about how economic and other forces are shaping the labour markets and the general implications for those skills that will be required.

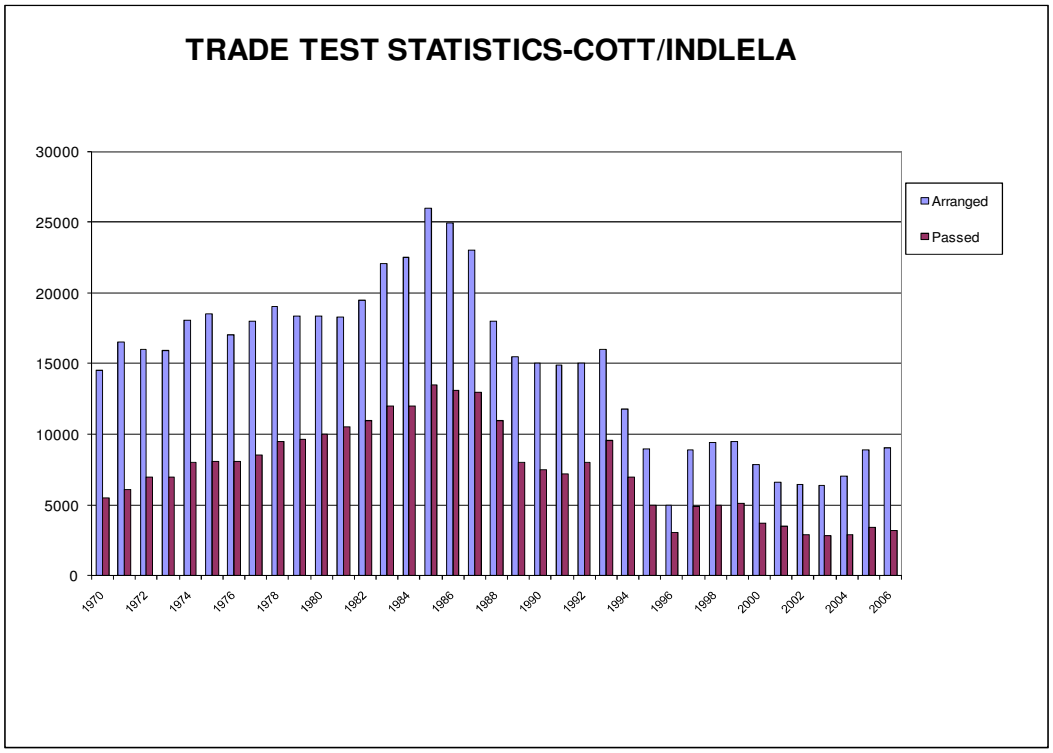
2.4 The Supply Side of Skills

One important question for training in South Africa is what the focus of training should be and which should be the most important direction it should take. As skills shortages and unemployment persists and the relationship between training and employment becomes increasingly more complex, knowledge of the labour market becomes essential. The SETAs have to play their part in providing some kind of solution.

The SETAs find themselves intermediating between these sets of institutional arrangements that help form and shape the link between labour demand and supply, including educational institutions in civil society, and training providers in the private sector and the public sector. Facilitating and easing the learner

supply pipeline by engaging with public, private and workplace training providers and providing incentives to support industry, has been the role of Merseta in the manufacturing sector (Merseta SSP 2008, p.54). The workplace training for artisan trades has been declining since 1986 as can be seen from the statistics of the Central Organisation for Trade Testing. This has a negative impact in terms of supply of skills in the sector.

Table1: Trade test statistics- COTT/ INDLELA



Source: COTT/INDLELA (2006)

Looking at the decline of workplace training, government have punted Further Education and Training colleges (FET) as central to the delivery of priority skills needed in South Africa. At this point it seems challenging to align the supply, especially from FET colleges, with the demand from industry.

By the early 1990s, Vocational Education and Training (currently referred to as Further Education and Training) systems across southern Africa were even further out of alignment with the labour market than in the 1970s and 1980s.

However, they were finding themselves increasingly influenced and pressurised by external actors with powerful views about the way in which these systems should reform (Akoojee, Gewer and McGrath, 2005, p.2). The reforms are envisaged to bring good or best possible relationships between training and employment.

These challenges of misalignment between supply and demand of skills are not unique to South Africa. According to the European Training Foundation the relationship between training and employment is becoming more and more complex: “today a particular job may be carried out by an individual whose qualification may be quite different. By the same token the same qualification can give access to a range of different jobs. Nevertheless, training and qualification to which it leads often does not ensure employment” (European Training Foundation, 1998, p.7). Other factors influencing these misalignments include uncertainty about the future on the side of both employer and individuals, fuelled by economic fluctuations and rapid changes in technology and production methods.

2.5 Legislative Framework

Since 1994 a number of laws and regulations have been put into place to govern Human Resource Development. The system of legislation has emerged to ensure that workplace skills development and training indeed takes place. It is known that industry training, as in the form of apprenticeship, has remained stronger in Germany and surrounding countries such as Austria and Switzerland where it is underpinned by a legal framework and state support, inter-firm regulation through employer’s organisations and employee involvement through trade unions and work councils (Gospel, 1997, p.9). Based on the international experience of Germany it is important that this

study consider the role that has been played by legislative framework in South Africa.

Central to the number of legislations in South Africa was the Skills Development Act of 1998 (SDA). The SDA sought to give effect to the green paper on skills development by ensuring, amongst others, the following:

- The development of skills in the economy by ensuring transferability of skills and facilitating the anticipation of new skills needs. This was done by introducing tools like WSPs and ATRs that can extract information on current training and future plans.

- An increase in levels of investment in education and training. Unlike the ITBs, all industries have to participate and contribute to the skills development levy unless they are exempted by SARS. This ensures the collection of enough revenue that will be dedicated to training.

- Encouragement of employers to use the workplace as a learning environment. The use of WSPs would encourage employers to plan training on an annual basis and report training conducted on ATRs. Each employer would also be expected to have a Skills Development Facilitator who will look at the training needs of that employer.

- The Act also sets out the establishment of SETAs, as the primary vehicle for delivery of skills development interventions and stipulates how they should be constituted – including board composition. SETAs as institutions were going to replace ITBs which were seen to be ineffective and employer- driven. SETAs would allow the 50% representation of trade unions. According to COSATU many ITBs were formed with nominal trade union representation or without relevant trade unions being aware of their registration (Kraak, 2004, p.67). In Mpumalanga Merseta Regional Committee has a 50 % each of employer and union organisation. This committee is tasked with looking at training issues at regional level and advising the Merseta board.

The financial muscle to the process was brought by the Skills Development Levies Act (SDLA) of 1999 which makes provision for the payment of a one per cent levy by employers (private sector) on the total company payroll. During the first five years, companies with an annual turnover of R250 000 and registered for Pay As You Earn (PAYE) were required to pay the levy. However, in 2005 this threshold was increased to R500 000. The Act stipulates how the funds will be utilised and the utilisation should be in line with grants regulations issued by Department of Labour. According to the Department of Labour grant regulation, all companies paying a levy can claim mandatory grants upon submission of workplace skills plan and annual training reports to the relevant SETA. A SETA must not pay mandatory grants to an employer unless the employer has submitted the Workplace Skills Plan that contributes to the relevant SETA sector skills plan (Grant Regulations, 2005.10 (2) d). The question is whether the levy-grant training system is a viable option for developing a country like South Africa? This will be discussed in brief later.

Other legislative interventions which were to advance and reform aspects of the vocational and professional education and training include the South African Qualifications Authority Act (1995), the Further Education and Training (FET) Act (1998) and the Employment Equity Act (1998). The South African Qualifications Authority Act contributed to the creation of the South African Qualifications Authority (SAQA) and in addition established the National Qualifications Framework (NQF) and empowered a wide spectrum of stakeholder groups to become involved in the generation of standards for qualifications. The Further Education Act aims to transform further education institutions so that they are in alignment with the National Qualifications Framework. The Employment Equity Act largely seeks to end discrimination in the workplace and provide for equality of opportunity in the sphere of employment. According to the Employment Equity Act, skills development should play the dual role of satisfying the needs of industry as well as a

means of redressing the inequity of the past that remains within our labour market.

This legislation was to serve as a base to launch the new strategy in skills development. In February 2001, the Minister of Labour launched the National Skills Development Strategy (NSDS). The importance of the strategy is that it shifted the focus towards target setting, monitoring and evaluation of the process of skills development in South Africa. The NSDS was intended to radically transform training and development in South Africa by improving both the quality and quantity of training to support increased competitiveness of industry and improved quality of life for all South Africans (NSDS 2001-2005).The NSDS replaced the narrow, short-termist and voluntarist model of enterprise training which predominated during the apartheid period with a new framework based on greater co-ordination and planning (to be met primarily through new institutions at the national and sectoral levels), greater stakeholder consensus and improved funding arrangements which cede to the state and the new Sectoral Education and Training Authorities (SETAs) real leverage over the direction of training initiatives (Kraak, 2004, p.116).

According to Ashton, as cited by Kraak (2004), the NSDS shares similar features with the high skill models of skill formation in Europe and East Asia. With its five year targets broken down into annual targets it can be said that it has shown some improvement since inception in the year 2000. McGrath and Peterson (2007, p.319), who have analysed NSDS data emanating from Department of Labour and four commissioned studies, suggest that the South African enterprise system has continued to strengthen and evolve under NSDS and many of the key NSDS targets have been met. This does not suggest that the battle against skills shortage is over as data still point to huge sectoral variability. While the internal dynamics of certain sectors make them harder to change through the NSDS, there is evidence of enterprise dissatisfaction and confusion regarding both the information provided by

SETAs about the levy grant procedure and the support they offer to members (McGrath and Peterson, 2007, p.320). This view is supported by Grawitzky (2007) who warned that some SETAs are not engaging sufficiently with the DoL to ensure a balance is struck between sectoral and national needs. This leads to a situation where a SETA might meet its NSDS targets, which have little or no relation to sector skills needs.

2.6 The Training levies

Training systems in many developing countries are confronted with trying to develop strategies about how to enhance their efficiency and effectiveness. While there are many elements to such strategy, one important issue is that of financing training (Canagarajah, Dar, Dar and Murphy, 2003, p.1). National training funds are an increasingly common vehicle for financing training. According to Johanson a training fund is a dedicated flow of financing outside normal government budgetary channels for the purpose of developing productive skills for work (Johanson, 2009, p.3). The most commonly used techniques for generating funds to finance training from companies have been payroll levies. A number of countries have resorted to imposing payroll taxes on enterprises which become a significant source of finance for skills training (Canagarajah, Dar and Murphy, 2003, p.1). A review of national training funds has identified over sixty countries that have, or had, levy schemes for training and most of these countries are found in Latin America, Africa and Europe (Johanson, 2009, p.1).

These payroll taxes can be implemented in the form of different models like levy-grants, training cost reimbursement, payroll tax exemption and revenue generating. South Africa, like Hungary, Tanzania and the UK, use a levy grant system (Canagarajah, Dar and Murphy, 2003, p. 6). The funds collected through these training levies can be centralised in the form of a National or

Sectoral fund according to industry specific sectors. South Africa has 23 Sectors of Education and Training Authorities. Among other counties with sectoral based funds are the UK (25), Belgium (11) and Brazil (5)(Johanson, 2009, p.15).

The Sectoral fund has an ability to focus on the training needs of a particular sector and can achieve a greater sense of ownership among the enterprises. The training levies have some advantages as well as disadvantages that need to be managed during the implementation process. Canagarajah, Dar and Murphy (2003, p.4) have noted some advantages, like their ability to promote a high degree of self-financed, employer based training. They also their contribute to the development of an employer-based training culture and they allow management of the profile and quality of training offered by employers, by establishing conditions that must be met if the given programme is to be eligible for financing from the levy based fund.

These advantages are apparent in Singapore where the number of individuals trained and firms benefiting have significantly increased since the inception of the system (Canagarajah, Dar and Murphy, 2003, Dougherty and Tan, 1997; Kuruvilla and Chua, 2000 and Kuruvilla and Erickson, 2001).

The disadvantages of the training levies include a situation where companies tend to treat levy as tax and do not engage in any training that will contribute to overall skills. In some instances training programmes that employers may have provided anyway end up being subsidized. According to Canagarajah, Dar and Murphy (2003, p.7) the bureaucracy involved in claiming reimbursement dissuades firms from submitting claims for reimbursement. An example was evident in South Korea where there was a steep decline in the number of trainees once the training levy was put in place. The reason for the decline was that there were very complicated rules governing training

requirement for the levy and criteria for approval (Canagarajah, Dar and Murphy, 2003, p. 7; Dougherty and Tan, 1997).

Another disadvantage of levy financed training is its failure in addressing the needs of small enterprises. According to Johanson, virtually all levy–financed training funds experience difficulties in fostering participation by small enterprises and this is attributed to a lack of capacity in assessing training needs of small enterprises. Small enterprise might suffer when key employees are released for training and some have cash flow problems (Johanson, 2009, p.17).

2.7 Institutional arrangement

The legislative and regulatory environment is necessary but not sufficient to drive enterprise training. Institutions are needed to drive the process of skills development forward. The Singapore Skills Development System has been successful in up skilling the workforce over the last forty years, partly due to structure of the institutions involved in skills development (Kuruvilla and Erickson, 2001, p.3). An important aspect within the Singapore Skills Development System is the channels of communication across different institutions, which exist at different levels and include high level official inter-ministry, inter-agency meetings among the bodies such as the Ministry of Trade and Industry, Economic Development Board and the Council for Professional and Technical Education (Kuruvilla and Erickson, 2001, p.5).

There were a number of institutions and statutory bodies established to support skills development in South Africa. At the centre of these institutions are the SETAs which have become synonymous with skills shortage. A criticism has been levelled against these institutions such that any debate on skills shortage and attempts to curb it cannot take place outside SETAs. According to a NEDLAC report some criticism centres on the allegation of

poor performance, slow delivery, mismatch between sector needs and SETA priorities, relevance of SETA activities to national economic growth and development requirements and lack of understanding of industry requirements (NEDLAC, 2007,p. 6).

Some of these criticisms might emanate from a fundamental misunderstanding of the role and purpose of these institutions. It is therefore important to have a discussion on these institutions and the role they play with regard to WSP, ATR and SSP provision. In Singapore skills development institutions are located within the Ministry of Trade and Industry which is responsible for broad economic development policies, while SETAs in South Africa are located within the Department of Labour. Does the structure and location of SETA have an impact on how they deliver the skills necessary for economic growth?

2.7.1 SETAs

SETAs were formally established in March 2000, two years after the SDA was promulgated. According to Macun (as cited by Kraak, 2004, p.117), SETAs can be viewed as hybrid structures of public-private interest that attempt to overcome the usual state versus market polarity as they will be run by stakeholders who will collectively decide on how best to implement skills development.

Merseta opened its provincial office in Mpumalanga in April 2001. This was to provide a platform for stakeholder engagement and form linkages with Provincial Government through the Provincial Skills Development Forum (PSDF). The PSDF supplement the SETAs' function, especially in advising the Provincial Department of Labour in Mpumalanga on strategic projects to

train unemployed people. Some of PSDF functions include, but are not limited to, aligning skills development interventions with Provincial Economic Development Strategy (PGDS) and contributing to the development of the Provincial Skills Plan.

The existence of these structures should be helping to provide signals in terms of skills required and planning that should be prioritised. They also serve as additional resources in terms of finding information about skills planning and reporting on training that is taking place in Mpumalanga.

Seta responsibilities at regional and national levels are highlighted in the Act and include the following:

- *Develop and ensure implementation of Sector Skills Plans (SSP) within the framework of the NSDS*
- *Promote learner ships*
- *Approve Workplace Skills Plans (WSP)*
- *Monitor education and training in the sector*
- *Collect and disburse grants – both mandatory and discretionary*
- *Support the development of learning materials*
- *Be accredited as a quality assurance agency to oversee the quality of both training providers and programmes* (Skills Development Act, 1998, p.10)

SETAs have a certificate of establishment which runs for five years according to the NSDS timelines. During this timeline SETA performance is measured and monitored by Department of Labour on an annual basis. At the end of five years, SETAs apply for their re-establishment in accordance with the prescription of the Government Gazette No.20442, Regulation Gazette No. 6626(notice. R1082, 1999) Regulation regarding establishment of SETAs.

Since their inception in 2000, the SETAs have recorded a few successes in addressing the skills weaknesses in the labour market. A number of SETAs have met and exceeded some of their NSDS targets. It still remains to be seen the extent to which they have improved the qualification profile of the workforce, especially with regard to historically disadvantaged and economically poor individuals and the extent to which they have improved the quality of human capital by ensuring that training contributes to individual productivity and responsiveness to new technology in the world of work.

With a combined annual budget of R5-billion, the government punted them as primary drivers of its ambitious National Skills Development strategy to accelerate economic growth by 6% and to halt the galloping unemployment rate by 2014 (Mohlala, 2008). This was not a unique expectation, as the recently established Sector Skills Council in UK was expected to identify and deliver the skills that employers need to raise productivity. According to the UK Treasury, the Sector Skills Council is at the heart of delivering the government's skills strategy (Payne, 2008, p. 93).

In a recent damning report 80% of the SETAs failed to spend a total of R600-million in 2006/07. Seta representatives blamed this on the failure of their business constituencies to claim grants for training (Mohlala, 2008). The issue of under spending is further raised by Lundall on the study of SETAs and delivery of training. According to Lundall (2003) scrutiny of the annual reports income statements of all SETAs that were part of his study showed a substantial inflow of revenue, but the levels of expenditure were significantly below the quantities of money dedicated for expenditure and disbursement. Almost inevitably, this was in every case the principal reason for the overtly flattering balance sheet status of most SETAs where the rapid rate of equity growth of these institutions is illuminated (Lundall, 2003, p.8).

It is clear that the SETAs have not been able to spend the revenues that have been obtained from the levies and most of these are meant for recycling as disbursements for companies that have complied with the conditions of training at the workplace. According to Lundall this is unnecessary ammunition for the detractors of the levy system because it either means that firms are treating the skills levy as a tax and not bothering to render claims for training undertaken or SETAs are not able to process the claims (WSPs and ATRs) that firms have rendered sufficiently quickly, Lundall (2003, p.8).

2.7.2 National Skills Authority (NSA)

The NSA, established in terms of the SDA, is supposed to advise the Labour Minister on a range of issues such as:

- On national skills policy and NSDS guidelines for implementing the NSDS. This body would have stronger advisory power than NTB. It is also represented at the Mpumalanga Provincial Skills Development Forum ensuring that provincial issues on skills development are taken through to national planning.

- The allocation of funds from the NSF. The provincial department can access funding through the NSF to support social development initiatives and scarce skills. This has a potential to serve as a pool for skilled unemployed people that industry can use.

- To liaise with SETAs on overall skills policy, the NSDS and SSPs while also conducting investigations into matters arising from the implementation of the Act. The NTB was characterised by poor coordination and lack of planning. They were dominated by bigger industries, mostly with certain geographical spread, to the disadvantage of areas like Mpumalanga that has few big industries. The NSA

ensures that there is national and sectoral planning that cuts across the provinces.

The NSA is comprised of five constituencies – organised labour, business, government (various government departments), community organisations and education and training providers. They are supposed to reach some form of consensus on key areas of policy such as the NSDS and the future direction of skills development. According to Kraak (2004, p.118) there was some continuity here with past structures, particularly the Industry Training Boards (ITBs, which have been collapsed into the SETAs) and the National Training Board (NTB, which has been dissolved into the NSA). However, the Green Paper on Skills Development Strategy argues that these bodies in the past were ineffectual, based on a voluntarist model of enterprise training and the NSA has stronger advisory powers than the NTB (Kraak, 2004, p.118). The question is whether such a representative body like the NSA is capable of influencing policy direction that will see employers investing in training, or compromises are made just to reach consensus.

The UK employer-led networks designed to identify and deliver the skills that employers need to raise productivity have raised concern as to whether they are really employer-driven. According to Payne it is true that the employers are the main group represented on both the National Learning and Skills Council and Sector Skills Councils. However these are essentially state-created institutions whose role is to deliver policy goals and targets that have already been determined by the central government often with little or no employer input (Payne, 2008, p.94). Coffield warns against a damaging assumption that says in all matters concerning vocational education and skills strategy it is appropriate to put employers in the driving seat. Employers do not want this responsibility (Coffield, 2006, p.11). The honest collaboration between the government and the private sector might be what is needed, as in the case of Singapore. The Singapore system, which is anchored and run

by the government in collaboration with the private sector, appears to debunk the conventional wisdom that government is notoriously poor at organising and administering skills development (Kuruvilla and Erickson, 2001, p.3).

2.8 Conclusion

South Africa has a history of skills shortage that dates back to Industry Training Boards and beyond. This history is not unique to South Africa but is similar to that in other developing and developed countries. The literature has shown however that there are differences in approach to respond to and solve the challenge of skills shortage. These differences might emanate from the definition attached to skills shortage, methods of forecasting supply and demand, funding mechanisms, legislative framework and institutional arrangements that have been designed to address the skills shortage.

At the company level the literature has shown that the transition of the South African economy from resource to knowledge-based will be difficult with the low skills level of workers. Since the introduction of the Skills Development Act, South Africa has not progressed much in the area of competitiveness. The short term training has continued to characterise the nature of training that takes place in the industry. It has always been a challenge for SME to participate and benefit from incentives made available for workplace training.

CHAPTER 3

Research Methodology

This chapter looks closely at the research methods used to collect information and the means of analysis.

3.1 Research approach

The research design used for the study was a purely qualitative approach. The researcher has investigated the use of WSPs and ATRs as planning tools. WSPs and ATRs analysis was done before the fieldwork so as to form the framework of the field work. This framework indicated priority areas in terms of planning and implementing training in different organisations. The researcher chose qualitative research as it allowed for more flexibility in the process of conducting research. Throughout the research process from designing the study, to data collection, to data analysis – there are no set procedures or protocols that can be followed step by step (Merriam, 1998, p.20). This flexibility allowed the researcher to adapt to unforeseen events and change direction in pursuit of meaning.

Further, a qualitative approach enables the researcher to conceive of a more detailed understanding of the subject under investigation. This is because participants give first hand information on the matter. According to Willig (2001, p.21) a qualitative approach can identify recurring patterns of experience among groups of people. The notion of seeking understanding and meaning located the study within critical interpretative methodology in qualitative research. Studies that follow an interpretive and critical stance,

concern themselves with trying to understand the actor's meaning so as to identify possible distortions in the text (Kabanda, 2009, p.3). The study was exploratory in nature since very little research has been conducted on how organisations use WSPs as the planning tool that can help with internal training and give signals as to where short term skills are required. According to Willig (2001, p.1) qualitative research involves opening up to new and possibly unsettling experiences, venturing into new territory, and discovering something new and exciting.

The study further sought to understand why only a few enterprises engage in the exercise of compiling WSPs. This was done by interviewing both participating and non-participating companies. The focus was on the number of companies interviewed rather than number of people. This was due to companies in the sector having different organisational structures hence people's roles and positions being different. Six companies were visited with two from each category of large, medium and small. The six selected companies formed a small sample but with great diversity in terms of size (small, medium and large) and participation in the mandatory grant process. Three companies from participating and three from non-participating companies were selected. In participating companies attempts were made to ensure that chosen companies have been consistent in submitting WSPs and ATRs over the period from 2005 to 2007. A similar approach was used for selecting non- participating companies. According to Merriam (1998, p.63) findings from this method of sampling provides important shared patterns that cut across cases and it derives its significance from having emerged out of a different grouping even though it has used a small sample.

It was intended that interviews would be carried out in three tiers per company as per the explanation below, but this was not always possible as in most organisations there is one person assigned to do mandatory grants claims and some small companies do not have a union representative. The key people involved are:

- Senior Training or HR Manager: this person has to do the approval and the signing off on a mandatory grant before it get submitted to the SETA. In most organisations they are also responsible for the whole Human Resource Development Strategy and WSPs and ATRs should be part of the HRD strategy.
- Skills Development Facilitator or Training Coordinator: SDF compiles the WSPs and ATRs and also signs the forms before submission. Some SDFs have been blamed for not consulting on compiling WSPs and ATRs.
- Workers union or Training committee representative: trade unions mostly complain about a lack of consultative process on compiling WSPs and ATRs, the kind of training that get prioritised and at times, the beneficiaries of training.

The information collected during the interview was supplemented by an analysis of WSPs, ATRs and SSPs. The analysis sought to find out whether training planned on the WSP was implemented and reflected on the ATRs. This indicated the extent to which the planning was carried out and implemented. The analysis also looked at the alignment of planned training to the scarce and critical skills list of the Sector Skills Plans. This was done by interviewing the Manager of the Skills Development Research unit at Merseta. This unit is responsible for compiling the SSP document.

According to the Department of Labour Guide to SSPs, analysis of WSPs received from employers, alongside other research, should inform the

development of the SSP. SETAs must therefore ensure that WSPs provide them with the required information (Department of Labour Guide to SSP 2005 -2010. p.7). As much as information from WSPs is crucial in developing the SSP, It must however be noted that information obtained from WSPs is not the only requirement for developing the SSPs, but needs to be supplemented by labour market reports, economic reports and education and training reports generated by a wide range of bodies, including other government departments and specialised research agencies.

The analysis was conducted in respect of WSPs and ATRs submitted from 2005 to 2007. The researcher did ensure a fair representation of large, medium and small companies on the analysis of WSP. In each category of participating companies that was interviewed, an additional five WSPs and ATRs were analysed. This brought the total number of WSPs and ATRs to eighteen. This method allowed the researcher to observe patterns in terms of planning and priorities that get implemented.

3.2 Data collection

3.2.1 Primary Data

Semi-structured interviews were conducted with large, medium and small enterprises. The choice of semi-structured interviews for data collection were informed by the need to give the interviewer the latitude to sequence the questions differently depending on the respondent, to elaborate on selected questions and to further probe the responses where necessary. According to Patton (as cited in Merriam, 1998, p.72), we interview people to find out from them those things we cannot directly observe, such as feelings, thoughts and intentions. We cannot observe behaviour that has taken place at some previous point in time. We cannot observe how people have organised the

world and the meaning they attach to what goes on in the world. The purpose of the interviewing then is to allow us to enter into the other person's perspective. This method of data gathering gave the respondents the space to relate their opinions, perceptions and experiences without being constrained by restrictive questions. The information was supplemented by attending Chamber focus groups that meet to discuss and endorse research on the Sector Skills Plan for Merseta. The Chamber focus group consists of industry experts in the area of skills development that meet to discuss challenges and recommend solutions to the SETA. The researcher was co-opted to this committee and participated in discussions and received minutes. Notes taken during discussions were added to the field work done by the researcher.

3.2.2 Secondary Data

Documents comprise a ready-made source of data easily accessible to the imaginative and resourceful investigator (Merriam, 1998, p.112). Using documentary material as data is not much different from using interviews. According to Glaser and Strauss (Glaser and Strauss as cited in Merriam, 1998, p.120) when someone stands in the library stacks, he is metaphorically surrounded by voices begging to be heard. The Workplace Skills Plans, Annual Training Reports, Reports from consultants and Sector Skills Plans of the manufacturing enterprises in Mpumalanga were sourced from Merseta. The WSPs provide data on employers' training priorities which should be funded by mandatory grants. These priorities should be helping the SETA to compile the Sector Skills Plans. The ATRs reflect training that was implemented during the previous year. The data on ATRs were intended to show whether what was planned indeed gets implemented and it addressed the sector need as per the SSP. The advantage to the researcher was that the data were readily available and it provided a basis that supported the inquiry during the process of interviews.

3.3 Data analysis

The data from interviews were organised according to themes while information was being collected. The main themes were around the consultation process, skills priority, planned training, implemented training and the usefulness of WSPs and ATRs beyond claiming mandatory grants. These themes related back to the research questions set earlier for this study. At the end of every day of interviewing, it was essential for the researcher to review the notes and write a report that summarized and interpreted the information obtained. This process focused and shaped the study as it progressed. It also helped the researcher to save time and look for certain patterns as the study proceeded. Although at this stage the analysis was not conclusive, the researcher started to develop some general ideas about what the collected information was leading to. Miles (1984, p.49) advocates doing the analysis during data collection as it lets the researcher cycle back and forth between the thinking about existing data and generating strategies for collecting new, often better quality data.

3.4 Validity and Reliability

The data generated through the interviews were cross checked with the findings of analysing WSP, ATR and SSP. This was done to look for patterns in terms of planning, consultation processes and reporting on skills interventions. According to Leedy and Ormrod (2001) reliability is obtained by ensuring that there is consistency in the research findings.

The researcher used multiple data collected on these documents to triangulate and confirm emerging findings. Patton (2001) advocates the use of triangulation by stating that “triangulation strengthens a study by combining methods. This can mean using several kinds of methods or data collected

from primary and secondary sources", (Patton, as cited in Golafshani, 2003).According to Patton (1990, p.23), face validity and credibility in qualitative research is more concerned with whether or not the original interviewee data presented are accurate and are a true reflection of what the respondent said, and whether contextually specific issues locate the qualitative data.

In addition the researcher referred to Inter-Chamber committees where the scarce skills list and SSP documents are ratified. The Inter-Chamber consists of the representatives of all sub-sectors of Merseta. These representatives are regarded as industry experts and meet regularly to discuss issues of training within the sector. The researcher examined the commonalities in terms of challenges that arose at chamber meetings and what the researcher found in the field when conducting interviews.

3.5 Significance of the Study

The serious shortage of skills in the manufacturing sector has the potential to dilute any government macroeconomic plan which aims to target widespread economic growth. The developmental agenda of the state will not succeed if there is a lack of necessary skills to do the job. The success of capital projects like 2010 stadiums and the building of new power stations in Mpumalanga hinges on the manufacturing sector that has to produce the necessary steel for the projects.

Despite the views that Merseta is not doing enough to address this challenge, it is crucial that skills development interventions begin to look at the role played by tools like WSPs and ATRs in helping enterprise to develop skills

within their workforce. The role played by different organisations and the SETA is important in developing necessary skills.

Given the challenges faced by enterprises and Merseta in the process of compiling and submitting WSPs and ATRs, this study will present an insight as to whether this process contributes to enterprise training. It will suggest the way forward and in relation to the use of instruments identify further research that need to be done.

3.6 Limitations of Study

The researcher is employed by Merseta which is the organisation tasked with facilitating skills development within the manufacturing, engineering and related services sector. The information given by participants may be skewed in order to support the current or future relationship of the enterprise and Merseta. During the research the researcher was open with the participants as to the outcome of their contribution and the confidentiality thereof. It was also mentioned that the study was not sanctioned by Merseta and would not have any adverse effect on the participant's organisation. Company names were not used during the interviews and data collection process. While all care was taken to have this process as objective as possible, selection was influenced by availability of the participants. Participants were also not easily accessible, especially Senior Managers, and that resulted in only SDFs and union representatives being available for the interviews. The other aspect in terms of limitations was the availability of secondary data that would support the analysis of WSPs and ATRs. Not much is documented in South Africa about the actual processes that are taking place in compiling and implementing WSP.

CHAPTER 4

Presentation of research information

4.1 Introduction

This chapter will present the data collected through document analysis and semi-structured interviews conducted within the identified sample of the organisations representative and the SETA staff members. This was done to find out how the WSPs and ATRs documents are used and understood by both the claiming organisation and the SETA.

The literature review in Chapter two has shown that availability of funds for training does not mean that training will take place. There seem to be complications in the process of implementing skills development with the specific reference mandatory grant process. This chapter will attempt to depict these complications and challenges in the form of themes that emerged during the process of analysing the WSPs and ATRs. The interviews were used to gain better understanding of how employers use WSPs and also explain the themes that emerged during document analysis. The process of data collection and analysis was done within the framework of the research questions and methodology explained in Chapter 3.

4.2 Data on WSPs and ATR s (short term training priorities)

This section analyses the format and content of the WSPs and ATRs template over the period of 3 years. It looks at what the template contains and how this content is understood by both companies and the SETA. The starting point was for the researcher to understand the template from the SETA perspective.

This was done so that the researcher could be in a position to note whether there was any different understanding and assumptions between the organisation and the SETA. This was done by asking the SETA staff working on mandatory grants about key headings of the template. Any different understanding and assumptions that emerged during document analysis was further probed during the interview process to find the meaning attached to it.

The document analysis concentrated on three specific areas, namely, skills priority, planned training (WSPs) and actual training conducted in the previous year (ATRs). The overall trend of planned and actual training over a period of three years was then compared to the trend of the sector skills plans (SSPs) for the same period. Owing to lack of consistency in submission, it was difficult to find one organisation that had submitted for three years in succession. The consistency would have allowed the researcher to observe the trend of planning and implementation over time. The researcher resorted to taking the regional trend with mixed organisations.

The table 2 below shows companies that submitted mandatory grant claims and were paid. This excluded companies that submitted claims but were not approved for payment. Among the reasons for non-payment by the SETA are the following:

- Claims that are submitted after the closing date of 30 June every year unless the company has applied for extension and been granted that by the SETA Board.
- Incomplete forms where mostly banking details are not completed, the signature page is not signed, either the WSP or ATR page is not completed or the company has failed to correct this information after it has been contacted twice.
- Inconsistent levy payment and companies do not submit the SARS form to support that there was a change in staff complement or reduction in payroll. The practice of inconsistency on levy payment is

common to labour broking companies where salaries might increase or decrease regularly depending on the project and its duration.

The researcher could not determine in all the years under review the number of companies that submitted but were subsequently not paid mandatory grants as a result of the above stated reasons. This was due data not readily available and the researcher having limited time to complete the research.

Table2: Total companies versus companies submitting WSPs and ATRs

Year	Total Levy paying companies in Mpumalanga	Total number of companies that submitted and were paid grants	Analysed
2005 WSPs and ATRs	681	230	18
2006 WSPs and ATRs	715	152	18
2007 WSPs and ATRs	729	121	18

4.1.1 The administrative details

This page on the template consists of the basic information about the organisation, like contact details, physical address, chamber, size of the organisation and so on. It is the simplest part of the template and all templates analysed had this portion fully completed; however from the SETA side the information contained here is not always up to date. The SETA pointed out that on an annual basis there are a number of companies that are not paid mandatory grants due to incorrect banking details and wrong e-mail addresses, telephone numbers and contact persons. Some forms are blank

where they have to complete banking details. It becomes difficult for the SETA to visit each one of these companies before the closing date for payments to verify the information. Some companies end up being unpaid due to incorrect administrative details. All companies interviewed had correct contact details and have never forfeited a grant due to incorrect details. The researcher could not find the actual reason why some companies have either incorrect or no banking details at all but this was a trend among small and medium companies.

4.1.2 Demographics

According to the SETA this section of the template gives an overview of the organisation population. It looks at employee data per occupation, age, race, gender and disability. Some forms were not completed on this part of the template. The demographic data can provide the organisation with employment trends in terms of:

- Age of the workforce: how many people will retire soon? Is there succession planning for purpose of retaining skills?
- Race and or Gender: Is there any over-representation or under-representation of a certain race or gender? This is to ensure that the skills development planning helps the organisation to address its employment equity plan.
- Disability will show the organisation's commitment in terms of employing and developing people with disabilities.

Most companies interviewed did not have any challenge in filling in this information except that it is time consuming. This was common in large companies where there is a large staff establishment. One respondent's comment was, "Imagine having to complete details of ±1000 people while only 150 went for training. Shouldn't we just report on planned and implemented training?" The union representative interviewed felt that those companies not completing the demographics might be hiding their Equity profile. The union

representatives felt that this was an important part that should always be completed in full. It is not clear whether the SETA uses this information to look at the profile of the sector. During this period there was no sector profiling in terms of demographics that was conducted by the SETA. This information was not used in the SSP either as all five chapters of the SSP do not have demographic information.

4.1.3 Priority skills on workplace skills planning from 2005 to 2007

According to the SETA the section involves identifying specific skills development needs of the organisation for the short to medium term. These might originate from analysis of opportunities and threats in the business environment. The output of the analysis might help the Skills Development Facilitator in determining which areas of the organisation need new skills, up-skilling, multi-skilling and refresher courses. The SDF should have a clear understanding of the organisation's strategic business priorities which might be obtained from the business plan. The skills priority should be in the form of occupations. The consolidation of the information on skills priority should help the SETA to compile the whole sector priority skills.

The majority of the WSP analysed did not indicate any skills priority for that financial year in which the plan was submitted. Those that have completed the section seem to have different understandings of what is required. Some of the companies would put broad objectives like "To develop the skills of employees and prospect for mobility" while some put occupations like "Financial Management, Sales Advisors, Technicians and Artisans". This situation makes it extremely difficult to analyse and discover from the documents what companies see as priorities in terms of future training within their organisation and the sector. This incomplete and different understanding was observed in all the documents analysed from 2005 to 2007.

During the interview process it emerged that some companies do their annual plan and use the information to complete WSP. These plans are mostly informed by future production requirements, legislative training and less of individual need and aspiration of career growth. One small company that produce steel structures has started to train apprentices in boiler- making and welding trades as they will be supplying steel structures to bigger companies that will build Kusile power station. This training would have not happened if there was no change in production and the company needed to increase its production capacity. There is always a component of legislative training that needs to be done each year. The legislative training in the areas of mostly safety, health and environment always find its way into the planning of many companies as it is mandatory that it should be carried out each year. Companies that are not complying with safety standards might face huge penalties once relevant authorities became aware of none-compliance.

Most small and medium companies have experienced the scarcity of skills, especially in the areas of technicians, service advisors and artisans. A small business owner made the comment: "*Each year we find it more and more difficult to fill positions. With fewer qualified job seekers in the market, you may either have to leave vacancies unfilled, or employ someone without the experience you were hoping for. When you eventually find the right person, it could be harder to keep him. How can small companies then justify spending a great deal of money on training someone that may not even stay for a year before moving to another company*".

Others have stopped training people in technical fields because of the high turnover of qualified people. They complain about other organisations poaching their workers. Employers outbid one another in an effort to find and keep talented team members. Large companies, especially those with training centres, seem not to have a skills shortage in the technical and artisan fields. Few indicated challenges in semi-skilled occupations like machine operators and dragline operators. There seem to be few competent operators in the industry. Those that are currently employed are not "job seekers" and that

creates a shortage for companies that place advert with the aim of employing people outside of the organisation. Job seekers in this instance refer to individuals that will move from one organisation to the next in search of a better offer of employment. The probability that a worker will change his place of residence and current occupation is much lower among machine operators.

It emerged that there should be a concerted effort to train operators. There is no much of a crisis in the area of critical skills, though there seems to be consensus ranging from small to large companies about qualified people who do not necessarily possess the required skills. The example of a shortage of welders at Sasol was mentioned: “The problem was not based on the absence of qualified welders but on welders that could weld with an acceptable margin of error,” said one interviewee from a large company. Most of them lack cognitive skills like problem solving. To close these gaps takes a lot of production time. The most common comment was, “You do not get good artisans and journeymen these days”.

4.3 The Sector Skills planning priorities over the year 2005 to 2007

Each year of WSPs and ATRs analysis was compared with the skills priorities of the whole manufacturing sector covered by Merseta. The national SSPs were used as there are no regional SSPs that could be used at this point. According to the Department of Labour the SSPs are aimed at identifying the skills needs of industrial sectors (skills shortages and gaps), as well as constraints to the effective utilisation and development of skills in relation to the objectives of the NSDS and Provincial Growth and Development Strategies (Department of Labour, 2005.p.6).

“*Some of the information needed for the compilation of the SSP will be obtained from the WSPs submitted by companies as required by the Grant Regulations, it must however be noted that information obtained from WSPS will not be sufficient and needs to be supplemented by labour market reports,*

economic reports and education and training reports generated by a wide range of bodies including other government departments and specialised research agencies" (Department of Labour, 2005. p.7). This suggests that a form of linkage should be established between skills priorities at a company level and planning at the sector level. The rationale for the linkage is to show that individual organisations do take responsibility in developing the sector scarce skills. It also gives credence to SSP once it is developed and submitted for national priority skills.

Table 3 e below shows the top five training priorities that emerged on the analysis of the WSPs and ATRs. The analysis looked at the programme that had the most appearances across different WSPs and ATRs. The programmes were then ranked from 1 to 5 according to their appearance. This was then compared to SSP priorities for each year. The programmes were recorded as they appear on WSP, ATR and SSP documents.

Table3: Planned training in 2005

Skills Priority Number	Planned Training (WSP)	Actual Training (ATR)	SSP Priorities
1	Safety, Health and Environment	Safety, Health and Environment	Fitter and Turner
2	Non Technical- Sales, HIV awareness	Non Technical- Sales, HIV awareness	Boilermaker
3	Information Technology	Information Technology	Welder
4	Technical - Spray Painter		Spray Painter
5	ABET		Motor Mechanic

The analysis shows that most planned training was in the category of Safety, Health and Environment (SHE). The area was followed by HIV training and soft skills training like short courses in computer literacy and customer care. There were very few companies that planned training around Technical skills and artisans.

Most training was reported on legislative training of Safety, Health and Environment. Despite the lag period and inconsistency in submission there was no significant difference between the training conducted in 2004 and the planned training of 2005. It was noted that none of the reported training was in technical skills. During the interview process it was said that this is due to technical training taking two to four years to complete. A company mighty plan to train an apprentice every year but will only report on completion at the end of the third or fourth year.

Table 3 provides the comparison of both planned and implemented training with the priority of the sector. Only metal and motor retail subsectors were chosen on the SSP as they are dominant in Mpumalanga. The SSP document was compiled using consultants and stakeholder forums like inter-chamber forums. It seems consultants would prefer to engage with companies directly to find information rather than relying on the WSPs and ATRs. In draft and completed SSPs there is no evidence suggesting that some information has been obtained from WSPs. Valuable information on priority skills is obtained on the list submitted by each of the five subsectors. Each subsector normally has a committee that sources information from industry then formulates a list and submits it for the purpose of SSP. Most of the reported scarce skills and skills to be prioritised were within technicians and trade workers like artisans and machine operators. According to the Organising Framework for Occupations (OFO) all five priority occupations in Table 3 above, fall within major group 3 of the framework. The OFO is a skill-based coded classification system, which encompasses all occupations in the South African context. The classification of occupations is based on a combination of

skill level and skill specialisation. Major group 3 is the broadest level of classifying Technicians and trade workers.

Table3 shows very little training planned for Technical (priority 4) and nothing on implemented training while on the SSP all five priorities fall within Technical occupations. The occupation category of Technicians and trade workers has been consistent as will be observed from the other two years analysed. The specific occupation might differ from year to year and from sub sector to sub sector but there is consistency in terms of occupation category.

Table 4: Planned Training 2006

Skills Priority Number	Planned Training (WSP)	Actual Training (ATR)	SSP Priorities
1	Plant Operators, Machine operators, mobile equipment operators	Safety Health and Environment	Fitter and Turner
2	Safety, Health and Environment	Soft skills- computer literacy, HIV awareness	Boilermaker
3	Technical		Welder
4	Soft skills, computer skills		Spray Painter
5	ABET		Motor Mechanic

Most training was planned around the semi-skilled category of plant and machine operators, and mobile equipment. This area was followed by Health Safety and Environment, Technical training and soft skills.

The analysis of the ATR shows that most training took place in the category of Safety, Health and Environment (SHE). This area was followed by HIV training and soft skills training like short courses in computer literacy and customer care. This followed the 2005 plan discussed above. The 2006 SSP priorities remained the same as in 2005.

The analysis of the two years above shows that company priorities mostly remained the same, but differ from the priorities in the sector, as can be seen from the SSP column.

Table5: Planned training in 2007

Skills Priority Number	Planned Training (WSP)	Actual Training (ATR)	SSP Priorities
1	Apprentice Training	Plant operators, Machine operators, mobile equipment operators	Fitting
2	Safety, Health and Environment	Safety, Health and Environment	Sheet Metal Trade Worker
3	Information Technology		Motor Mechanic
4	Non technical		Welding
5			Team Manager-Service Station

The analysis of 2007 WSP shows a shift in plan towards Technical training. Most companies' plans showed the intention to train apprentices. This area was followed by Safety, Health and Environmental training together with information technology. During the interview the shift towards apprenticeship was ascribed firstly to companies starting to believe that learner ship is not a replacement for apprenticeship, but an alternative. Secondly it was getting more and more difficult to replace artisans retiring and getting other offers.
The 2007 WSP started to show convergence with the SSP in terms of training in Technical fields. This could not be confirmed in terms of actual occupations as WSP use general terms like apprentice training or technical training while SSP list specific occupations that need prioritising like Fitters, Welders, and Boilermakers.
Most training was conducted around the semi-skilled category of plant and machine operators, and mobile equipment. This area was followed by Health Safety and Environment. This trend in terms of implemented training followed the priority of the WSP in 2006 with the exception that it does not show any

ABET completion. The 3 years have all shown a plan to train ABET but without any year showing completion. During the interview the non–completion of ABET was linked to high dropout and failure rate by participants. It was said people will enrol for ABET but drop out due to the level of difficulty of programmes or just lack of motivation. Working overtime was also a factor for employees that discourage people from attending ABET classes. They would rather work overtime and get an extra income rather than attend ABET classes. Some employers were also blamed for not releasing employees to attend ABET as they do not see any direct benefit of ABET in their business.

4.4 Consultation process during planning and reporting of skills

There are different processes followed and these differ from company to company. There seems to be disagreement between SDF, the Training Manager and, mostly, the Trade Union representative. As much as the employer representative would say there is enough consultation, the union would complain about lack of consultation. The SDF perception was that union member's use signing or not signing of WSPs and ATRs as a bargaining tool to show their existence within the organisation. "Our union representative refused to sign WSPs because the wage and job grading negotiation was not concluded," said SDF from a large company.

Some union members would say there is no robust engagement and the consultation is just for obtaining false legitimacy on the documents. In terms of the union, robust engagement entails who should be beneficiaries of training and what kind of training should be prioritised on WSPs. Union members feel that companies should agree on equity targets which should be achieved by implementing skills development. The union members complain about people that are sent to training like Fire Fighting, First Aid and HIV

awareness every year and such training does not add value to the lives of people. According to union members valuable training should contribute to improved productive skills, people moving from being labourers to semi-skilled and apparently skilled labour. According to the union, representative skills development planning should give people career progression, promotional opportunity and employability.

Some of the consultation processes that were said to take place at the company during the WSPs and ATRs processes are described below:

- The training committee with the SDF as the chair developed the WSP. Meetings are held every month and all training interventions were captured during the meetings.
- The transformation meeting is represented by elected representatives of all workers and union and management. The training plans are entered on the agenda so that there will be consensus.
- The training needs were elicited from all Departments through line management. These needs were submitted to an in company forum for debating and verification. A training matrix is then compiled by line managers. Priority is given to what is needed to run the production.

There seems to be a general agreement among large companies that a training committee meet to discuss the WSP. The majority of medium and small companies do not have a training committee as such; the WSP is compiled by SDF alone or the Bookkeeper or any person nominated to do that task. In some organisations it is done by external SDFs. There seem to be differences between union and employer representatives on the kind of training that should be put on WSPs and ATRs.

4.4 Usefulness of WSPs and ATRs as planning tools

Most companies felt that the intention of having WSPs was good, however the current format tool is not helping them in terms of skills planning, except in getting grants that help the company to offset training costs. The tool was said to be full of information that is not helping the organisation and it is also not clear why the SETA needs that information. Information requested has nothing to do with skills development like demographics. It is not clear why organisations should complete demographics for every staff member employed, whether they have attended training or not, because this is time consuming.

"What really worries me is what the SETA will do with all that data. If there is a clear and reasonable purpose then one does not mind putting in the effort but not in this case," said one SDF.

The introduction of the Organising Framework of Occupations by the Department of Labour has made completing of WSPs and ATRs more difficult according to an SDF from a large company. According to the Department of Labour, the OFO is a skill-based coded classification system, which encompasses all occupations in the South African context (Department of Labour framework, 2007.p.9). The companies claimed that the introduction of such codes increased difficulty in completing WSP because some specific company occupations and job titles have not yet been incorporated onto the OFO, which leads to the lengthening of the time that companies spent in completing their WSPs.

Some companies complained about requested changes not being effected despite agreements with the SETA, while others complained about too many unnecessary changes on the template. This year on year changes requires a lot of time and effort and there is no immediate assistance from the SETA to explain changes. Very few companies use the WSP for internal purposes except for claiming grants. Among those that use it for planning purposes

some indicated that the Training Committee holds quarterly meetings to monitor the progress and make adjustments where necessary. This helps in ensuring that planned training take place. Some of the companies have a standard training matrix that indicates development needs for each individual. The priority areas in the matrix are done by looking at production or divisional requirements. This will not always be in line with WSP planning.

The view of trade union representatives was that since the regulation says it was no longer compulsory for the union to sign and approve WSP, the document has become irrelevant. Even if they do not approve the plan, the company can go ahead and submit and be paid the grants. Most of the union representatives felt that most training planned is around standard operating procedures and this does not empower workers or help in addressing employment equity. Some complained that the same people are trained every year on the same kind of training. They suggested that the document should dictate to companies to do 70% training on scarce and critical skills, targeting previously disadvantaged employees and the remainder can then be done on standard operating procedures or soft skills. It was said that this would ensure that the training improves the standard of living of workers while it also addresses company needs like safety and standard operating procedures.

4.4.1 How does the SETA use the information from the WSPs?

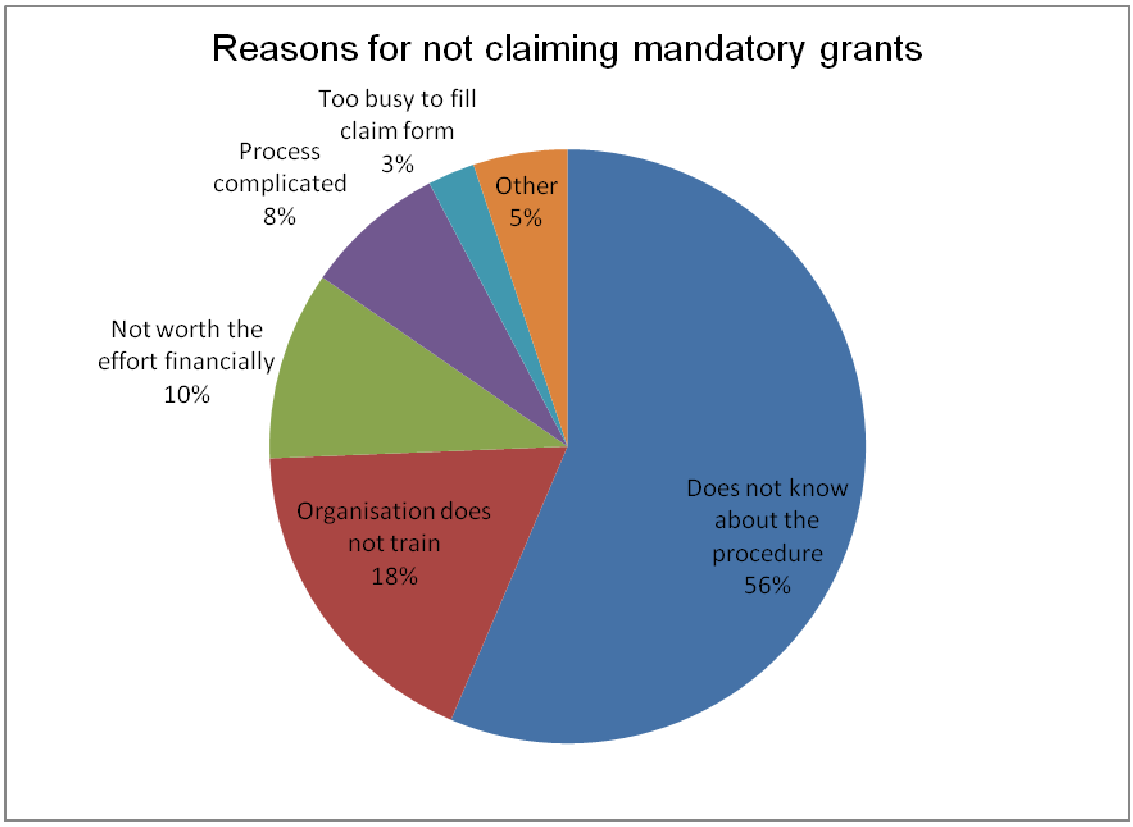
The SETA mainly uses the WSPs and ATRs as documents that justify the payment of the levy back to the company. The company can receive 50% of levies paid by simply completing and submitting the WSP. Upon the receipt of documents the SETA will ensure that the company is up to date with levy payments; secondly, it has employed the Skills Development Facilitator; and lastly, that they have completed and submitted the claim. Once these criteria have been met, the levy payment will be effected.

According to the Merseta Skills Development Manager most of WSPs information for the years under review could not be used for SSP due to the poor quality of completed WSPs and ATRs forms. The WSPs and ATRs have little information that can be collated and be used to determine sector priorities in terms of demand for scarce skills. “As much as some WSPs result from a planned process involving the accurate and reliable analysis of the skills needs in an organisation, the majority result from the mechanistic process of filling in the form and simply compiling a list of training and other statistics,” concludes the Merseta Skills Development Manager.

4.5 Poor participation on WSPs and ATRs process

WSPs and ATRs processes are not always clear to many small and some medium companies. On average there is 16% participation among small companies compared to 50% medium and 90% large. Due to the majority of levy paying companies in Mpumalanga being in the small category, this poor participation drops the total average to below 15%. The reason for non-participation differs from one category of companies to the next category. After the interview with two small companies additional questionnaires was drafted and sent to fifty companies. The responses of 38 respondents are summarised on the graph.

Graph1: Reasons for not claiming mandatory grants



Among the respondents 56% of the organisation does not know about the procedure of claiming the mandatory grants. These organisations are aware of the skills development levy that they pay to SARS every month together with other deductions like UIF. The majority knows which SETA they are affiliated to but have never engaged the SETA in terms of finding out about the claim procedure. There are a few companies in this category that indicated that they are either unsure or do not know which SETA they are affiliated to. Some of these companies do train their employees if and when necessary. They do not plan for this training in advance.

The 18% of the respondents said they do not train and as such they see no reason to claim a mandatory grant. Some comments were, "We employ people with the skills that our business needs and there is no need to train them. It is better to employ a skilled person than train a person who will leave

your business once qualified". The cost of sending out employees in a small business may mean closing down the workshop for the duration of the training. "Small companies cannot afford to do that," said one small business owner.

The 10% of the respondents said they are aware of the mandatory grant claiming process but due to the small levies that they contribute it is not worth claiming. This category of respondent might be linked to the 3% that said they are too busy to do claims. One respondent complained that the process added to the work burden. "It is not that the levy is a big hassle on its own but when you add the whole process of understanding all the paper works, then I don't have enough time to focus on my core business."

The 8% of the respondents felt that the process was complicated and as a result they have stopped claiming the mandatory grant. Some of these companies felt that support and guidance is needed for them to understand the process. Some companies claimed that the small support they received was from employer bodies but not from the SETA. They feel that the application process should be made simple for every company to participate irrespective of size. Some believe that scarce skills can be monitored through wages and adverts of a particular occupation within the sector.

CHAPTER 5

Interpretation of research findings

5.1 Introduction

In this chapter the research information presented in Chapter Four will be analysed and interpreted in an attempt to find meaning in relation to the research questions set for this report. The data analysis that followed were presented in accordance with findings of non-empirical data. The findings of both non-empirical and empirical data that were presented in themes in Chapter 4 were further broken down into smaller related themes. These themes are subjected to critical interpretative analysis that is supported by the literature review done in Chapter 2.

Analysis will attempt to uncover patterns and trends while interpretation will explain the patterns and trends. This process will generate conclusions and recommendations in the next chapter.

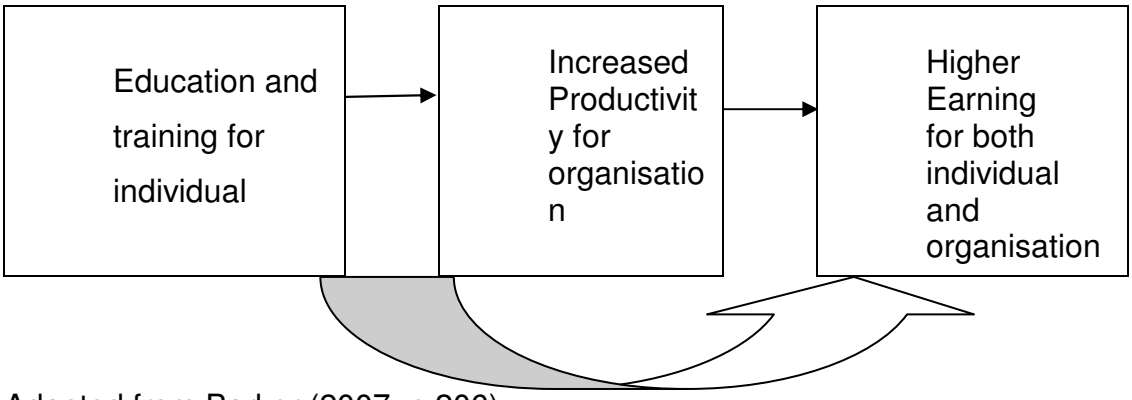
5.2 Training Priorities according to WSPs and ATRs

This section presents an analysis of the findings in this study about data that are provided by workplace skills plan documents on employer short term training priorities. There is a general sense of disjointedness and disengagement that seems to exist in the completion of documents and what companies would regard as priority skills.

The terminology and description of terminology used in the WSPs and ATRs templates seem to be confusing and not understood by SDFs. This was evident where SDF had to complete the skills priority of their organisations. Each organisation completed the skills priority section according to its own

understanding. The accuracy and reliability of compiling the Sector Skills Plan from this diverse interpretation of WSPs becomes questionable.

It was evident from interviews that most company priority plans are informed by short term production requirements and less by individual needs. The document analysis and interviews could not find evidence of long term career planning for individuals and this might further perpetuate the predominance of short-termism and narrow skilling which according to Kraak was a defining feature informing investments in human capital on the old training system in South Africa (Kraak, 2004, p.70). With short term training South Africa was unable to raise its competitiveness in the global economy. According to Mayer and Altman (2001, p.34) the more successful industrialised countries are those that show long term investment in human capital development. This long-term investment yields benefits for both individuals and the company.
Proponents of human capital theory believe that investment in education creates economic gains for individuals, organisations and society. The cycle of human capital starts with education and training and results in higher productivity which leads to higher earnings.
The figure below illustrates the interdependence between skills development, productivity and gains for both the individual and the organisation.



Adapted from Barker (2007, p.206)

There seems to be no systematic attempt in Mpumalanga companies to harmonise individual interests and wishes and their assessed requirements through a skills audit for furthering their careers with the production

requirement of the organisations that they work for. This substantiates the view of Raddon and Sung (2006, p.17) that employers are often characterised as having a limited view of skills development, with a pragmatic focus on the short-term and shareholder value. The demand for training usually occurs when there is a mismatch between business requirements and the current situation (Raddon and Sung, 2006, p.17). This highlights a situation where employers' demand for skills is reactive, as opposed to a proactive, forward-planning approach to skills development, and working to holistically raise the level of skills of workers and improve production.

This is further evident in the number of organisations that plan to train people on ABET; the completion ratio is poor as ABET is not addressing the career prospects of intended beneficiaries. This raise questions as to whether the levies paid via the mandatory grant (submission of WSPs and ATRs) process can be regarded as an investment in Education, Training and Development if their contribution towards economic prosperity of the individual, organisation and the country at large, is minimal. This is said on the basis that mandatory grant processes account for 50% of the levies paid and discretionary grant only takes 20%. This substantiates the NEDLAC view that the mandatory grants for submission of WSPs and ATRs are not serving their intended purpose i.e. providing reliable data on skills demand and training supply (NEDLAC, 2007, p.34).

The poaching of skilled workers by non-training companies poses a problem, especially for small and medium companies. Most of these companies have neither enough resources nor finance to invest in training. If they do provide the training and do not offer the market wage once the people qualify, then employees move elsewhere. It follows that since they cannot reap any part of the benefit of training employees they stop training and hope that the market will provide trained personnel. Small and medium companies seem to lack a retention strategy for newly skilled workers.

Some companies have indicated that they do not have scarce skills but rather have problems with qualified people that lack critical skills. According to Merseta SSP the supply of skills is hampered at both secondary and tertiary levels. At secondary education level the data shows a continual disappointing performance by candidates who write Senior Certificate Examinations, especially in mathematics and science subjects. At tertiary level participation rates remain low and little progress appears to have been made in encouraging young people to enter technical fields (Merseta SSP, 2009, p.52). This limits the pool of quality applicants who enter technical fields, especially unpopular fields like artisanship.

5.3 Planned training versus actual training

The majority of the companies in Mpumalanga spend a lot of their training budgets on training that is required by law such as fire fighting, safety, health and environment (SHE). On the period under review this training has been most frequently reported on both the Workplace Skills Plan and Annual Training Report. The recent research by Merseta on the effect of economic recession on training also found that most training was negatively affected by the recession, with the exception of legislated training such as safety, health and environment (Merseta, 2009, p.55).

The legislative training is critical to company operations in ensuring the safety of employees. It ensures that there are less stoppage times due to injury and loss of life; however, it is not enough to move the manufacturing sector in Mpumalanga from low skills equilibrium to high skills equilibrium. Such a move from low to high skills equilibrium is important to ensure that the manufacturing sector improves its productive rate and competitiveness.

Legislative training alone will not make much contribution to development of human capital. What makes matters worse is its repetitive nature; that is, employees are trained on the same things over and over again just so that their licenses for operating certain machinery can be renewed and this be reported over and over again for grants purposes. There is no evidence suggesting that individual employees do benefit from the kind of training planned and attended. There is also no evidence suggesting that the type of training planned is intended to improve productivity and competitiveness for the company.

This finding substantiates the view of the World Bank Report that South Africa has consistently rated low in areas of people development, which include human resource development (Global Competitive Report 1994-1998; 2007-2008). The least competitive performance is attributable to the low skills level of the workforce.

The role of the SETA in ensuring that training planned at WSP and reported on ATR advance the aims of the Skills Development Act is also not clear. Among the functions of the SETA is approving the Workplace Skills Plan which gives the opportunity to dictate the criteria under which mandatory grants should be paid. The SETA seems not to be using this opportunity and as a result companies take advantage to claim grants for doing statutory training that should be done anyway, even if there were no grants. The criteria that create a balance between statutory training and training addressing scarce and critical skills will ensure that training is supportive of business activity while improving the productive skills of workers.

With regard to planned training versus the training that gets done and reported, the study found that there is a correlation between planned and implemented training. This dispels the notion that companies are not monitoring the implementation of WSP. It suggests that monitoring should move beyond planning and implementation to find out whether such training

has any impact on company production, competiveness and individual aspirations of being developed. This lack of impact assessment both from the company that plan and implement training and the SETA as funding agency, promotes quantity over quality. The noted exception was with ABET which always appears on WSP but does not appear on ATR as completed. The non-completion of ABET will have a negative impact on the number of workers who are functionally illiterate and can access other programmes like learner-ships, skills programmes and apprenticeships if they have completed ABET level4.

5.4 Alignment of planned and implemented training to SSP

Levy-grants training mechanisms are said to have the advantage of being able to address national priorities directly (Johanson, 2009, p.53). The national priority for the purpose of this study referred to the Sector Skills Plans priorities. The sector consists of many workplaces therefore the workplace skills plan is viewed as building blocks for sector plans. The sector approach provides a platform where important skill shortages can be identified, the causes investigated and appropriate policy measures prescribed. With Workplace Skills Plans priorities differing totally from Sector Skills Plans priorities for three successive years, as shown by analysis on Table 2; 3 and 4 in Mpumalanga, it might suggest that companies do perceive sector planning as different from workplace planning. At this point there is clearly very limited data from WSPs and ATRs that can be extracted and used for compiling SSPs.

These suggest that the SSPs would remain an un-implemented document if it were not transformed into specific actions and projects that get implemented by different organisations according to their needs via WSPs and ATRs. The sector will continue to face a scarce and critical skills shortage if there are no direct interventions at company level aimed at curbing the shortage.

Among the core responsibilities of the SETA is gathering and analysing the skills demand and supply issues within their sectors, determining skills and development priorities, and identifying and supporting strategies to address these. The SETA seems to support strategies that do not necessarily address the sector priorities, as workplace skills plans are not linking to sector skills plans. The long term effect is that the skills development objectives, like improving the skills of the workforce, will not be realised as the majority of funding goes to WSPs and ATRs.

5.5 WSPs and ATRs as planning tools

The paper work involved in compiling and submitting the WSPs and ATRs to the SETA discourages some companies from using WSPs as a planning tool. As much as administrative information like contact and banking details are important for payment of grants, it is not clear what the SETA does with demographic information. This makes the output of completing WSPs and ATRs look like a result of a mechanistic process of filling in the form and simply compiling a list of training and other statistics that have no meaning for both the SETA and the organisation. There is nothing suggesting that enough energy is put on the qualitative component of the WSPs and ATRs from both the side of the SETA and the organisation. The SETA is measured by the Department of Labour on the number of large and medium companies paid mandatory grants but not on the quality of information contained on the WSPs and ATRs.

There is also no feedback to companies that are submitting WSPs and ATRs by the SETA, indicating how they are progressing in skills development. This absence of feedback suggests that there is no analysis done after companies have submitted and been paid mandatory grants.

The introduction of the Organising Framework of Occupation makes it even more difficult to use WSPs and ATRs as planning tools. It has become difficult for the many companies to keep up with terminology and changes that are introduced on the template. For companies that have adjusted their reporting system to be in line with WSPs and ATRs it was found to be costly to keep up with the system due to frequent changes. For any change made on the template the company IT system also needs to be amended accordingly. This does not entice non-participating companies to come on board and start participating and it further substantiates the view of the non-participating that the WSPs and ATRs process is not worth the effort financially.

Most organisations seem to have a narrow view in terms of using WSPs and ATRs as planning tools. In most organisations the compilation of WSPs and ATRs is the function of the SDF. SDFs seem to function in isolation from other skills planning, human performance improvement and HRD processes. The consultation process between top management, line managers, team leaders, supervisors and union representatives seems lacking in most organisations. Some union members use the training forum meetings as bargaining council meetings to address other non- training related matters like job grading and wage negotiations.

The lack of participation by important stakeholders, especially top management, compromise the legitimacy of the skills planning process and some union representatives do not positively contribute to furthering the aims of SDA in their organisations. The NEDLAC report noted that there is acknowledgement within the unions that quality of inputs by labour representatives is not always as it should be. The skills development committees require a level of knowledge and experience that worker representatives do not possess, except in cases where individuals are union senior office bearers (NEDLAC, 2007, p.21).

CHAPTER 6

Conclusion and Recommendations

6.1 Conclusion

This chapter concludes the study on the use of Workplace Skills Plans and Annual Training Reports to plan and implement skills development in the manufacturing, engineering and related services sector in Mpumalanga. The study was intended to:

- understand the data that workplace skills plan provide on the employer training priorities;
- understand how this data are used by the SETA and whether they serve the intended purpose; and
- Understand the underlying causes of poor participation in the grant system by companies in Mpumalanga.

The chapter also draws out recommendations for both levy-paying companies in Mpumalanga and the SETA on the use of the Workplace Skills Plan and the Annual Training Reports to plan and implement training.

In order to locate this study in the context of the skills shortage in South Africa and in Mpumalanga in particular, the literature review has examined the history of enterprise training in South Africa, drawing on an international perspective. The study noted that as much as the body of literature on the subject is limited in South Africa, international experience provides useful insights that relate to local challenges. This has given background understanding on the implementation and the use of the levy-grants system to finance and encourage industry training at national and sector level. The literature review has further attempted to give clarity to an ambiguous term of skills shortage in order to find common understanding on the usage of the

term. The literature review has further looked at the possible constraints on the supply and demand for skills with the understanding that a match between the two provides a possibility of reducing the skills shortage. The institutional arrangements together with the funding mechanism and legislative framework were done in an attempt to make sense of structures and systems that are responsible for policy and implementation of skills development. The WSPs and ATRs were analysed as one of the critical pillars of implementation.

The analysis of WSPs and ATRs data seems to suggest that across large, medium and small companies, the majority of planned training was in the area of legislative training. This type of training is important in ensuring that there are fewer accidents in the workplace but does not necessarily contribute to developing higher skills, which are needed by the manufacturing sector in order to improve productivity and competitiveness. The example can be clarified by comparing sector priorities on the SSP and company priorities on the WSPs and ATRs. In determining the priorities of WSP it seems that companies are not conducting skills audits to find the skills level and potential development of people in an organisation. The consultation process where it happens seems to create conflict between the SDF, Management and trade union representatives on what should be prioritised.

The completion of data on the WSPs and ATRs seems to be open to different interpretation by companies. The different interpretation seems to be the cause of poor and unreliable data collected from WSPs and ATRs. This was evident in data completed on the skills priority section of the document. Due to the quality of data contained in the documents, it appears the SETA only uses the documents to pay mandatory grants and not sources of information for skills planning.

WSPs and ATRs could be used to plan and report training at company level as the study has found in some large and medium companies. There was also evidence that most planned training gets reported on the ATRs, with the exception of ABET. It seemed that there was a lack of coherence in company

planning and sector planning. Company priorities seem be driven by immediate need and legislative requirements while sector priorities seem to focus on training that will address the skills shortage.

There seems to be a lack of communication and support given to small companies by the SETA. This was evident by the number of companies that could not understand the claim procedure. The study noted that the situation of poor participation by small companies in levy-financed training is not unique to Mpumalanga, but follows national as well as international trends. The Merseta sector in Mpumalanga is dominated by small companies and lack of support and communication to these companies might lead to overall poor participation in mandatory grants.

It can be concluded that levy-grants schemes have the potential to have a positive impact on quality and quantity of training of workers in countries that put up a concerted national integrated approach to implement it (like Singapore and Malaysia). In some countries the levy-grant system has been engulfed by a lot of challenges such that it has failed to show positive results (e.g. Kenya, Tanzania, and Togo). In South Africa the levy-grant system (SETA system) is relatively young, established in a complex challenging environment of high expectations, changing policies and often heated constituency debate. The system has shown some positive results in some areas like discretionary grants, but it has also experienced teething problems in the area of mandatory grants (WSPs and ATRs). There is a great deal of work that needs to be done to improve and refine the system so that it can work for the Manufacturing sector in South Africa and Mpumalanga in particular. The challenge is for employers and employees to understand, implement and take ownership of workplace and skills legislation, and improve the country's skills levels.

6.2 Recommendations

In light of the conclusion drawn from the study above certain recommendations can be made, as follows:

The purpose of completing WSPs and ATRs should be clarified beyond the documents being a means of planning legislative training and receiving grants from the SETA. At the organisational level the document has the potential of forming the basis of skills planning. Skills planning should be recognised and exploited as an instrument for enhancing individual and organisational performance and improving competitiveness. Skills planning should therefore be a continuous, planned and structured process that is influenced by SETA requirements, but not dependent upon it. Planned training initiatives should be aligned to broader plans in the overall business strategy. SDFs, together with training committees where they exist, do not necessarily have a mandate to change the deeply entrenched context of staff development within an organisation unless it is part of overall business strategy.

SDF and stakeholder forums should be conducted by the SETA to ensure that stakeholders have the same understanding and interpretation of what is required when completing WSPs and ATRs. There was a perception from SDF and employer representatives that union members are derailing the company planning and submission of the WSPs. The union representatives can only fulfil a valuable and contributing role if they are trained in the mechanism of the Skills Development Act, Skills Development Levies Act, WSPs and ATRs processes. There should be a collective responsibility between the trade unions, employers and the SETA to ensure that there are workshops for capacity building for training committee members. This will ensure that roles and responsibilities are understood by all members in the committee.

The poor completion rate for people on ABET programmes should be a cause for concern for both the company and the SETA. They are both spending time and resources on planning and implementing ABET. The SETA should investigate whether the current format of ABET is suitable for adult learners and whether it can be used as a bridging course to start other programmes like skills programmes, learner ships and apprenticeships. The progression will serve as an incentive to adult learners and encourage them to sacrifice time and attend late classes. The role of employers should not be limited to enrolling people on ABET, but more importantly, it should include active encouragement of workplace learning. Motivation of workers to take up training should go beyond subsidising such training. It may include the provision of paid time-off for training, recognition of acquired skills and creating career progression. The small companies that cannot afford paid time off should devise plans that will allow people to attend training.

The current format of WSPs and ATRs should be improved to encourage the majority of companies to use them as planning tools. The improvement might be such that the document becomes not only a mechanism for refunds but also an integral part of the Human Resources Development plan of the organisation. From the SETA the process of submitting mandatory grants should not end after grants are paid but need to be taken a step further and state that after so many years of submitting you have developed to this level and these are the areas that you need to concentrate on. This will serve as the feedback that some companies are looking at receiving from the SETA. This calls for a clear analysis of mandatory grants submitted by each organisation. If demographic information is an attempt to find out how the company address Employment Equity, then it needs to be analysed to find out whether it addresses the SDA requirement of 85% Blacks, 54% Women and 4 % Disabled. From the company side WSP should link with the Human Resource Development so that it fits the objectives of the business strategy.

The analysis of WSPs and ATRs has shown that the majority of companies in the Merseta sector in Mpumalanga are small and not participating in a grants process. Explicit programmes should be developed to target small enterprises in Mpumalanga that will make it easy for these organisations to access training. These programmes could include intensifying the use of the voucher training system where small companies can access training using pre-approved vouchers, and simplifying administration involved in claiming grants. These programmes should differentiate between skills training that are legally required (Safety, Health and Environment) and training that leads towards relieving scarce and critical skills with much focus on the latter. This will create a pool for skilled people within the small and medium companies and reduce the problem of poaching from each other. The small and medium employers also need to devise ways of retaining newly skilled workers for the period necessary to make the investment made in training, profitable.

The SETA has not established a strong presence in the SME sector, especially in small towns. The SETA needs to strengthen advocacy and support programmes so as to help the 56% of the small companies that do not know about the claim procedure.

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APPENDIX 1

List of respondents interviewed

Name	Designation	Organisation	Size
Nkabinde, E	Training Manager and SDF	Highveld Steel and Vanadium	Large Metal Company
Hlabangwane, J	Trade union Representative	NUMSA- Highveld Steel and Vanadium	Large Metal Company
Anonymous	HR Manager	Large Stainless steel	Large Metal Company
Cronje, L	SDF	Scheffers Mechanical Engineering	Medium Metal Company
Mnisi, F	SDF	Numbi motors	Small Motor Company
Lebeyane , S	Trade union Representative	NUMSA- Middelburg Ferrochrome	Large Metal Company
Cuba , K	SDF	Manganese Metal	Large Metal Company
Anonymous	SDF	Company A	Small Motor Company
Anonymous	SDF	Company B	Medium Motor Company
Anonymous	Trade union Representative	Company C	Medium Motor Company
Anonymous	Trade union Representative	Company D	Small Motor Company
Dr. Salim Akoojee	Research and Development Manager	Merseta	SETA
Semodi Phiri	Senior Administrator	Merseta	SETA

APPENDIX2

Interview questions

Please complete this table

NB. Name of the person or organisation will be kept confidential. No details of this information will be divulged to any other person or third party.

1. Company information	
Name of Company (optional)	
Chamber	
Size	
Interviewee name	
Designation	
Tel. No	
E-mail	

2. What data do WSP provide on the employer short term training priorities?
2.1 If your company is submitting WSPs and ATRs, how does it gather information that is put into the WSPs and ATRs? How does this information gathering happen? 2.2 Does the company use this information in planning? If so, how is it used? If not why is it gathered? Prompts- What drives the short term training need? Is it skills shortage, production, individual need Ect? 2.3 Does the company have any particular **Scarce Skills? (**Scarce Skills referring to those occupations in which there is scarcity of qualified and experience people currently or anticipated in future e.g. an occupation where you cannot find a person within 6 months). What are these occupations? 2.4 How does the company address scarce skills currently?

2.5 Does the company have **Critical Skills** shortages? (Critical skills refer to top up skills within an occupation that could be generic or specific. Generic would include cognitive skills like problem solving, language and literacy. Specific will be within an occupation to fill up a gap that might have arisen due to change in technology e.g. ICT skills 2.6 How does the company address critical skills?
3. Are WSPs and ATRs correct tools for planning and prioritising skills need in your company?
3.1 Do you view the WSP and the ATR as useful skills planning tools? Why/ why not? Can you give examples? 3.2 Do you think information requested by these tools helps your organisation to plan and improve internal training? Can you give examples? 3.3 Does this planning help the organisation to identify scarce and critical skills? How? 3.4 Is there any other tool that your organisation uses for skills planning? What are these tools and how are they used?
4. Why is there such a poor participation on WSPs and ATRs in Mpumalanga?
4.1 How do you find using WSPs and ATRs? Are they clear? Do you experience any difficulties with them? Give examples? 4.2 What do you think is the best way of reporting scarce and critical skills in the sector? Could it be done differently or in a better way? Give examples? 4.3 Why are people not submitting WSPs and ATRs? What would have to change to get more participation in your view?
5. Additional questions developed for none-participating companies- appendix 3

APPENDIX3

Additional questions for none-participating companies

Please complete this table

NB. Name of the person or organisation will be kept confidential. No details of this information will be divulged to any other person or third party.

1. Company information	
Name of Company (optional)	
Chamber	
Interviewee name	
Designation	
Tel. No	
E-mail	

Your organisation has been paying levies for the period 2005 to 2007 but has not completed Workplace Skills Plan to claim mandatory grant. Could you cross the reason that might contribute your organisation not participating on the process?

1. The company is not aware about the claim procedure..... ☐.
2. The organisation does not train any workers. ..... ☐.
3. The claiming process is not worth the effort financially..... ☐
4. The process of claiming mandatory grant is complicated..... ☐.
5. The organisation is busy with production and has no time to complete claim forms..... ☐
6. Any other reason not mentioned above?..... ☐

   Specify.....
   .....