South Africa

National Skills Survey, 2003

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Executive summary: National Skills Survey 2003

Introduction

The HSRC was contracted by the Department of Labour to conduct a survey of enterprise training across all sectors of the South African economy in 2003. This survey, named the National Skills Survey (NSS), was conducted three years after a "Baseline Survey of Industrial Training in South Africa" was completed in October 2000.

The aim of the NSS 2003 was to assess the overall impact of the National Skills Development Strategy and the impact of the levy-grant scheme on skills training in South Africa, in large, medium, and small enterprises. In doing so, the research was expected to reveal training patterns at the level of the Sector Education and Training Authorities (SETAs) which are understood to be key intermediary structures that must through various means coordinate, regulate and incentivise training in South African workplaces.

IMPORTANT NOTE TO THE READER: Analysis of the data from the NSS 2003 was undertaken using two enterprise size categories:

a. **Chapter 3 uses the following size categories: small (11-49), medium (50-149) and large (150+) which are based on the indicators of the National Skills Development Strategy**
b. **Chapters 4 & 5 use the following size categories: small (11-50), medium (51-100) and large (100+) for the purpose of analyzing the entire dataset obtained for the NSS 2003.**

All analysis in this report which cites data refers to the (b) size category except for Chapter 3

Training rate

A training rate is a key measure of the distribution of access to training among employed workers.

- In the NSS 2003, the training rate among permanent employees in private enterprises calculated, was located on a continuum between 24% and 41%.

- This training rate compares favourably with comparative data for the OECD countries. South Africa's training rate measure is similar to that achieved by southern European countries such as Spain and Italy, but is lower than the Nordic countries, France and the United Kingdom.

NOTE: Further references to training rate calculations are based on the 24% training rate. This is because complete disaggregated data by enterprise size, SETA, and occupational code is available for the purpose of detailed analysis based on Questions 3.3 and 3.4 in the questionnaire

- The training rate for non-permanent employees (eg: part time) was less than half the training rate for permanent employees. This indicates that employers strongly prioritise training of permanent employees

- The training rate among joint venture (28%) and foreign (34%) enterprises was higher than that of South African enterprises at 24%, though foreign and joint venture enterprises are unevenly distributed across economic sectors.

- Training rates varied significantly between Sector Education and Training Authorities (SETA) from the highest, mining (59%) to the lowest, health and welfare (10%). The broad services sector had the highest training rates (eg: financial services (37%) and other services (40%))

- Training rates across occupational codes were highest for service and sales workers (32%) and lowest for professionals (17%). Of concern were the low training rates recorded for technicians (19%) and craft and skilled trades workers (23%). There was variation in training rates within occupational categories according to race. In two instances, much higher than average training rates were recorded for African employees: African managers (36%) with next highest, white managers (24%); and African elementary workers (28%) with next highest, Coloured elementary workers (14%).

Training access and equity

Given the history of racial discrimination in South African society there are substantial equity challenges to be addressed with respect to training access and its probable influence upon future employment and career opportunities.

- Training rates by gender revealed significant disparity between male (27%) and female (21%) workers. The gender disparity in training rates was widest in large enterprises (20% female to 28% male).

- Training rates by race showed that African workers on average received more training (26%) than coloured (23%) or white (24%) workers. Indian workers received the lowest levels of training access (18%). Higher training rates for African workers suggested that provision of training access in South Africa is beginning to work in favour of former disadvantaged groups. In particular, African workers in the insurance (27%), services (46%) and transport (31%) SETAs also had significantly higher levels of access to training than other racial groups.

- The training rate for disabled employees was roughly one-third of the training rate for permanent employees.

Expenditure on training

Expenditure on training is a key measure of the level at which enterprises are willing to invest in skills development among their employees. In South Africa, expenditure on training within the ambit of the levy-grant scheme is an important indicator of the extent to which enterprises have bought into the scheme.

- Average training expenditure per trained employee was R3 691 for 2002/03. The average training expenditure capita was R1 613. The potential average rebate per capita based on an anticipated maximum disbursement of 50% of the 1% of payroll levy was calculated to be R 398. This means that enterprises on average contributed R1 213 per capita, from their own funds towards employee training. In other words the financial contribution of private enterprises was, on average, three times the value of the reimbursement.

- Expenditure on training differed according to enterprise size, with small enterprises expending R1 070, medium sized R1 025 and large enterprises R1 864 per employee.

- The average expenditure as a percentage of payroll across all enterprises was 2%. Investment in training also differed considerably at the SETA level, with the mining sector showing the highest average expenditure on training as a percentage of payroll at 4.9% followed by transport (2.7%), tourism and hospitality (2.6%) and health and welfare (2.6%).

- A significant proportion of enterprises (64%) indicated the intention to increase their training expenditure in 2003/04. This is encouraging since it reflects stability in the proportion of enterprises expressing the intention to increase training over the previous period of 2002/03, which stood at 60%.

Training delivery modes

- The pattern of involvement in training types clearly favoured the more formal and structured modes of training (eg: courses presented in-house or by an external agency, skills programmes) rather than informal modes (eg: on-the-job training and mentoring). However, in the energy and manufacturing sectors, much higher levels of on-the-job training were recorded than in other sectors.

- Growth in the Learnership system depends on the orientation of sector skills plans, available funds, and employer interest. The latter aspect is least within the control of the SETAs, but is crucial for the success of the Learnership system. Therefore, the intention of employers to initiate learners is critically important. In 2003, 50% of employers expected to initiate learnerships for current employees, while 39% expected to initiate learnerships for new employees the following year. The energy, insurance and secondary agriculture sectors reflected the highest level of intentions to initiate Learnerships for current employees, while the intentions to initiate Learnerships for new employees were strongest in the police and security, financial, and energy sectors.

- In most sectors, employees participated to a greater extent in registered Apprenticeships than in Learnerships. The only exceptions were the financial services and police & security sectors. However, these proportions are quickly changing as more Learnerships are being registered.

Training to standards

Training standards are a useful mechanism for enterprises to ensure quality of human resources, harmonise skills with international practice, and formalize employee competencies. In 2002/03, 12% of those employees engaged in training did so according to local or international standards. More employees were trained according to South African standards than international standards. The share of employees trained to SAQA/NQF standards was 4%. The education (42%) and financial services sectors (42%) had the highest proportions of employees training according to standards.

High performance workplaces

What constitutes training has in recent years encompassed a broad range of activities that may be referred to as 'human resources development' practises. A number of these practices are grouped with 'high performance work practices', a 'basket' of human resource activities may be assembled to raise levels of employee productivity and involvement.

South African enterprises did report some use of practices such as the 'annual performance review' and 'teamworking'. However, very low levels of buy-in to practices characteristic of the high performance work practice model (eg: quality circles, self directed teams) were evident. Incentive-based practices (eg: profit sharing, group compensation) were implemented to an even lesser extent. The low take-up of such practices must be understood against the historical background of strong hierarchies and low levels of trust in many South African workplaces.

Skills needs

- Turnover

In 2002/03 12% of workers left their jobs. Employee turnover has a complex relationship with skills needs and the inclination of enterprises to train. The biggest factors causing turnover

were given as 'loss of employees to other establishments', followed by 'loss of employees through illness'. Higher than average levels of loss on account of illness were registered in the forestry, chemicals and mining sectors which may reflect the impact of HIV/AIDS on the workforce.

- Strategies for meeting skills needs/shortages

Enterprises indicated that they would emphasise the improved retention of employees, which is important since this implies an approach oriented towards sustaining human resources rather than replacing them. Within this orientation, training must figure strongly to ensure that the skills of workers with lengthening tenure are updated, and as a condition of service that is sufficiently attractive to employees to induce them to stay on.

Skills underdeveloped or lacking

Remarkably, respondents did not identify any skill area as particularly severely underdeveloped or lacking. The most prominent area was on the need for 'IT professional skills' followed by 'general IT user skills'. This implies that specific/technical and general IT skills are underdeveloped within the professional occupations, and general IT skills are viewed as lacking across occupational categories.

The next most prominent skills considered to be underdeveloped or lacking were 'communication skills' which have generic application, and 'management skills' which may be occupation specific in more hierarchical organisations, or may be more generic in enterprises with a flattened organisational shape. These results suggest that there is relatively strong interest in 'soft' skills among employers.

At the SETA level, literacy skills were identified as underdeveloped or lacking in the primary agriculture, food and beverage, and forestry sectors. Overall, the primary agriculture and forestry sectors registered the widest range of skills as underdeveloped or lacking.

Occupations needing skills upgrading

The occupation identified as most needing skills upgrading in 2002/03 was: 'agricultural and fishery workers'. This occupation is to a great extent associated with primary economic activities (agriculture, fishing and forestry). The skills needs for this category corroborate other data to the effect that literacy and other skills are underdeveloped or lacking in the agriculture and forestry sectors. It must be observed that while this occupational category is deemed as having the highest need, in the same year it had the 3rd lowest training rate. This suggests that skills upgrading needs identified in this occupational group were not matched by the supply of training opportunities. However, the lag between perceived need/demand and supply is to be expected, and it is the agility of enterprise response that will be of interest.

Factors causing increases in the propensity to train in the 2003/04 year

The strongest influence on intentions to increase training was the need to improve 'quality standards and achieve customer service objectives' which corroborated the high training rates observed for the 'service and sales worker' occupational category observed earlier.

Another strong driver of the intention to increase training was the setting of 'productivity targets' which suggests that enterprises are buying into the idea that there is a potential link between training and increased productivity.

Increases in demand for products and services was the third highest factor cited as a reason for increasing training.

Training Infrastructure

- Strategic training documents

There are several key documents associated with rational and transparent enterprise planning for training activities. The proportion of enterprises reported to be in possession of these documents was as follows: a business plan (52%), a Workplace Skills Plan (50%), a specific budget for training (37%) and training records (54%). Medium and large enterprises reported much higher levels of possession of the documents in question than small enterprises. Significantly, 44% of small enterprises kept training records, though only 38% had workplace skills plans, which suggests that a proportion of small enterprises were monitoring and recording training outside of the requirements of the formal skills-levy process.

- Person or structure responsible for training

Across all enterprises, 57% had either a training manager or a training facilitator responsible for training and 14% had a training committee. This suggests that training related responsibilities were allocated in 7 out of 10 enterprises. However, 29% of enterprises did not have any person or group responsible for training. This situation was most pronounced among small enterprises where about one third had nobody responsible for training.

- Composition of the training committee

The composition of training committees influences the extent to which employees can make inputs about the training they receive. Training committees composed from management alone (43%) were most in evidence in small enterprises. Large enterprises had the lowest proportion of management only training committees and the highest proportion of training committees comprising both management and union representatives (44%).

Involvement in the NSDS

The intention of the National Skills Development Strategy is to improve the levels and broaden the distribution of skills in the South African workforce. It can only do so to the extent to which enterprises participate in the various facets of the strategy. Key entry points are the extent to which enterprises register, pay levies and claim grants.

- Registration of establishments with SETAs

The participation rate was very strong in the 'large' establishment size category, with over nine in every ten establishments registered, but this dropped off to 55% for small establishments. There were sharp differences in registration between SETAs, from a high in the financial services sector (93%) to a relative low in the health and welfare sector (44%). Though enterprises should be registered, reducing the number of establishments not registered is important – otherwise the levy-grant system will be operating as an additional 'tax' that does not have a demonstrable impact on establishment training behaviour. Of concern was that nearly 10% of enterprises indicated that they were 'unsure' of whether they were registered or not. This suggests the need for clear communication between SETAs and enterprises.

- Establishments claiming grants

Establishments claimed grants as follows: small 27%, medium 59% and large 83%, with an average of 39% overall. This means that there were strong size effects on participation in the scheme. Furthermore, there were strong SETA related differences in the proportions of enterprises claiming grants, ranging from financial services where 76% claimed, to chemicals where 24% claimed.

- Establishments not claiming grants

The reasons given by enterprises for not claiming grants are important for understanding how to increase participation. There are two reasons that draw attention to how the SETAs communicate with prospective members. One in four respondents indicated that they 'do not

know about them' and nearly one in five respondents indicated that the grant applications were too complicated. Improved SETA performance in these dimensions should increase the levels of participation.

Also important are the perceived costs and benefits of participation in the grant scheme from the view of enterprises. One in ten respondents indicated that they 'do not have time' to complete the applications, and 23% declared that making applications was, in their view, not worth the effort financially.

The reasons given for not claiming grants were not strongly affected by enterprise size.

Enterprise rating of SETAs

Large and medium enterprises expressed reasonable satisfaction with SETA services. Small establishments clearly rated SETA services more poorly than large establishments. In most of the categories of service, the ratings of SETAs by small establishments are on average 0.5 mean points below the ratings of large establishments. This may be because the SETAs do provide a better service to the large establishments. Or it may be that the SETAs find it difficult to provide services of an equivalent quality to the small establishments because of administrative, logistical and other difficulties.

Implications

- **Participation**

Given the newness of the Levy-Grant system and the magnitude of the challenge posed by the National Skills Development Strategy (NSDS), the rate of training volume and expenditure compares well internationally.

- **Differences in skills development activity between enterprise sizes and between sector education and training authorities**

The Department has already sought to differentiate skills development targets by enterprise size. The survey data appear to confirm the wisdom of such a strategy. However, sectoral differences are more significant and warrant greater attention. There are strong sectoral variations in training volumes and practices. Findings in this regard highlight the need to explore the extent to which weak sectoral performances can be addressed.

- **Sector education and training authorities**

The survey provides evidence that there is growing enterprise engagement with the new skills development architecture, but there is clearly much more to be done. There are wide sectoral variations across much of the data in this report. In a number of cases, this is attributable to historical differences between economic sectors in respect of their development. Nonetheless, it appears that some of the differentials between sectors may also be related to the performance of SETAs themselves. As the Minister of Labour has made clear, SETA performance is uneven and, in some instances, unacceptable. Clearly there is a need for improvements in performance, especially with regard to SETA services to small enterprises. However, overall satisfaction with SETAs has achieved reasonable levels given the newness of these structures. These findings do not support arguments for the abandonment of the SETA system.

- **Skills shortages**

In spite of widespread concerns about skills shortages, the NSS 2003 found no strong evidence that enterprises perceived there to be major skills shortages or skills gaps. Particularly high levels of skills need were not identified for any skill type or occupational

category. However, skills shortages need to be seen in the context of the overall dynamics of change in the labour market and in the economy.

- **Learnerships and apprenticeships**

Participation in Learnerships is increasing rapidly. However, it is clear that sectoral variations are marked both in current and intended Learnership participation. This is not surprising given both the differentiated sectoral history of participation in apprenticeship and variations in projected skills needs for the future. There is a case for a particular focus on those sectors where these two dynamics encourage little engagement with the Learnership system.

- **Equity**

The data presented reinforce the Department of Labour's own assertion that there has been good progress towards racial equity targets for training. On the other hand, access to skills provision for the disabled remains far off target. The findings also show that unequal access to training is still segmented by race and gender within occupational categories and enterprise size categories – the gender gap in training participation is worst in large enterprises. These findings highlight the need for a continued effort to meet the race and gender targets and the importance of obtaining better coherence between the Department's employment equity and skills development activities.

- **Participation in the levy grant system**

The participation of small, medium and large enterprises in the NSDS is mixed. The high proportions of medium and large enterprises claiming grants are very encouraging, while grant claims by small enterprises are less impressive, but this seems to be in line with much of the international experience.

- **Training according to standards**

There is some engagement with training aligned to the National Qualifications Framework (NQF), but this is not as intense as might be expected and is uneven across sectors. A better understanding of the barriers to implementing the NQF is required. It may be worth exploring whether some sectors or occupations are particularly resistant to formal qualifications or have entrenched preferences for international qualifications.

- **High-performance work practices**

One aspect of the Department of Labour's vision for skills development since 1994 has been to expand high-performance work practices that are beneficial to the economy, to enterprises and to individuals. The international literature observes that such practices have the greatest impact when implemented in combination with each other. The NSS 2003 data reveal that such combinations and synergies are uncommon in South African workplaces.

The first NSDS identified Investment in People (IIP) as the standard for high-performance work practices. Progress against the target has been very modest across the economy. It is therefore important to consider whether Investment in People remains the correct tool and, if so, how its roll-out can be accelerated.

- **Quality and outcomes**

There is a need to examine the quality and outcomes of training more closely. This would be an important task for the Department of Labour to support during the second NSDS at two levels: the workplace and the broader economy. The latter refers to the impact of skills development and training upon poverty, unemployment and accelerated broad-based black economic empowerment. The NSS 2003 did not obtain data relevant to testing the broader economic impact of the NSDS. Given the importance of assessing the contribution of workplace training to national development goals, this level of analysis may well be incorporated into future surveys of skills development and training.

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Chapter 1: Introduction

Andrew Paterson

1.1 The importance given to skills development and training

Over the past two decades many developed and developing countries have put in place a variety of policies to foster skills training in public and private enterprises (Tan & Batra 1996; Tan 2001), based on the idea that through upgrading workforce skills, better social and economic outcomes could be achieved. It is held that economic competitiveness and national well-being rest crucially on the development of the skills, adaptability and motivation of the workforce. This is underscored by the observation of Felstead et al. (1999: 3 – 4) that despite the regularity with which skills training and education systems have been reviewed over the past twenty years, the notion that the skills and knowledge of a workforce are key determinants of competitiveness has endured.

1.2 Aim of the National Skills Survey of 2003

The National Skills Development Strategy (NSDS) seeks to develop the skills of the South African workforce, to utilise the workplace as an active learning environment, to promote self-employment, and to secure work opportunities for new entrants into the labour market.

The policy framework to support these aims – which includes the Skills Development Act of 1998, the Skills Development Levies Act of 1999, the National Skills Development Strategy of 2001, and the Human Resources Development Strategy of 2001 – has created a new institutional and financial structure for the planning, incentivising and co-ordination of training. The framework represents a co-ordinated approach to flexible labour market regulation and national skills development.

The extent to which this approach has produced changes in training activities in South African workplaces is of considerable strategic importance from the perspective of not only government and employers, but also of workers and work-seekers.

Arising from this strategic interest, the Terms of Reference for this study were: "To design, administer, analyse and report on a survey of skills development in firms in South Africa".

In pursuit of the objective of "determining the current state of skills development in companies in South Africa", the research reveals patterns in skills development at the level of enterprise size and at the level of the sector education and training authorities (SETAs). SETAs are understood to be key intermediary structures – between government on the one hand and private and public organisations on the other hand – that must through various means co-ordinate, regulate and incentivise investment in training (DoL 2001: 2).

1.3 The Skills Development Levies Act (1999)

In the past, levy grant schemes in South Africa generally failed to stimulate training because of the voluntarism implicit in these systems. However, the 1999 Skills Development Levies Act, which lies at the heart of the NSDS, provides for a national (not industry-based) levy grant system based on a 1 per cent tax on payroll for the following reasons:

> A levy-grant scheme is an efficient mechanism to the extent that those that pay the levy are able to benefit directly by claiming the grant to compensate them for costs incurred whilst training in defined areas.... The levy-grant scheme enables government to better leverage enterprise training through the conditions which are

required to be met in order to access the grant – a leverage which is strengthened when [the state] provides a matching fiscal contribution in priority areas (DoL 1997: 67).

The leverage afforded to government via the levy grant scheme lies in the division of the funds acquired. The Skills Development Levies Act proposed an 80/20 per cent share allocation. Eighty per cent of total levy revenue (minus the administrative costs of running the SETAs) will be re-allocated to enterprises that train through grants from the SETAs. Twenty per cent of total revenues collected will be retained by the state to form a National Skills Fund (NSF) to be used for strategic priorities identified by the government and the National Skills Authority.

In this study, the current levels of levy payment and of claiming against the levy will be explored, with particular emphasis on the reasons for compliance or non-compliance with the requirements. Information acquired on levy payments and claims will be examined in relation to the propensity to train, in order to assess the extent to which the levy grant scheme influences training behaviour.

1.4 Developments in the NSDS 2001-2005 since its inception

Since 2000 the training environment has changed in a number of ways that are material to the aims of this project. First, the SETAs have undergone significant development in terms of: levels of organisation; capacity to assess the size and shape, and identify the key needs of, economic sectors; and capability to monitor progress towards stated goals. All these aspects contribute towards the development of sound sectoral skills plans (SSPs) and support the roll-out of appropriate SETA services to enterprise members.

Second, employers have had time to involve themselves in the implementation of key components of the new training dispensation, through appointing skills development facilitators, developing workplace skills plans (WSPs) and employment equity plans (EEPs), and submitting claims for grants based on their implementation of accredited training programmes such as learnerships.

Third, the Department of Labour has made progress in focusing the NSDS. A number of success indicators were identified in the annual implementation report for the National Skills Development Strategy, namely that by March 2005 (Department of Labour 2002: 3):

- 70 per cent of workers must have at least a level 1 qualification of the National Qualifications Framework;
- at least 75 per cent of enterprises with more than 150 workers must be receiving skills development grants and the contribution towards productivity, and employer and employee benefits must be measured;
- a minimum of 15 per cent of workers must have embarked on a structured learning programme, of whom at least 50 per cent have to have completed their programme satisfactorily;
- at least 40 per cent of enterprises employing between 50 and 150 workers must be receiving skills development grants and the contribution towards productivity, and employer and employee benefits must be measured;
- an average of 20 enterprises per sector (to include large, medium and small enterprises), and at least five national government departments must be committed to, or have achieved, an agreed national standard for enterprise-based people development; and
- at least 20 per cent of new and existing registered small businesses must be supported in skills development initiatives and the impact of such support must be measured.

The information analysed in this study is intended to contribute towards a better understanding of data obtained by government as it seeks to measure its progress towards

meeting the key success indicators identified above. The National Skills Survey seeks to assist in understanding some of the key characteristics of current performance described in terms of the NSDS indicators alluded to above. It seeks to do so with special reference to two key dimensions – enterprise size and SETA.

1.5 The HSRC Enterprise Training Survey of 2000

At an early stage of implementation, it was deemed critical to assess the impact of the levy grant scheme as a key element within the overall Labour Market Skills Development Programme. Consequently, in 2000 the Department of Labour in collaboration with the European Union commissioned a consortium led by the Human Sciences Research Council (HSRC) to conduct a 'baseline study' to establish training conditions before the activation of the levy grant system. That study was duly completed (Kraak et al. 2000).

The sample used in the 2000 survey focused on two categories of enterprise: 678 small, medium and large enterprises (SMLEs), and 87 very small and micro enterprises (VSMEs). Different methodologies and separate instruments took account of differences in enterprise operation and the availability of human resources information for the different sizes of enterprise from large to micro. A postal/telephonic survey was conducted with the SMLEs, and a fieldwork questionnaire survey with the VSMEs.

1.6 Key findings of the HSRC Enterprise Training Survey of 2000

On account of the different survey methodologies applied to the SMLEs and VSMEs respectively, this report will refer only to that component of the HSRC Enterprise Training Survey of 2000 that deals with training in SMLEs.

Skewing of the occupational structure: It was clear from the survey that training practices remained highly skewed in terms of race and gender. However, it was revealed that the category of craft workers had undergone significant change over the past decade. Forty-nine per cent of craft workers were African in 2000, in sharp contrast to the minority position of Africans in apprenticeships less than a decade previously. The baseline survey further revealed that

- women constituted 28,1 per cent of employees trained in the professional/managerial occupational categories, but constituted 57,9 per cent of employees trained in the clerical/administrative occupational categories; and
- Africans constituted 16,4 per cent of employees trained in the professional/managerial occupational categories, whereas 71,3 per cent were Whites. Africans constituted 83,6 per cent of employees trained in the 'operative' occupational categories, whereas only 4,9 per cent were Whites.

Training rate: The study established that the training rate in South African enterprises lay between 16,4 per cent (which constituted the likely minimum level of training activity) and 44,9 per cent (which signaled the uppermost limit of training activity). It was estimated that the real training rate for the economy as a whole was likely to be between 20 and 30 per cent of the total workforce.

Critical skill shortages: Unsurprisingly there was overwhelming confirmation in the survey that all firms communicated a need for more highly trained technicians, artisans and technically competent operatives.

Factors inhibiting investment in training: The data suggested that for enterprises cost was a key determinant of their training decisions and that South Africa had yet 'to make the paradigm shift from cost-cutting to productivity-enhancing approaches to economic growth' (Kraak et al. 2000: iv).

1.7 Other research on workplace training in South Africa since 1999

In South Africa, national enterprise surveys have focused mainly on issues such as investment conditions (e.g. direct foreign investment, the low rates of fixed investment by South African enterprises, investment behaviour in knowledge-intensive sectors), or specific sectors (e.g. agriculture) and, more recently, on HIV/Aids issues in enterprises.

'Industrial training' or 'enterprise training' at the national or even regional level in South Africa is not a social science domain in which research studies have accumulated very quickly, especially since the methodology required to achieve results of acceptable validity and reliability is large-scale and expensive, and is therefore usually commissioned by government or a donor agency.

It is also to be expected that if such research is undertaken by different research agencies, and under the supervision of different clients, that there will be differences in the key research questions asked, and in the selection of the methodology. Furthermore, budget and time constraints strongly influence the choice of methodology, which requires a pragmatic 'match' between the research questions asked and the resources available. Thus, even though a set of training surveys ostensibly cover the same issues, they may produce significant differences in results, which may be the cumulative effect of several – possibly small – methodological decisions independently made within each research project.

A scan of the survey reports on enterprise training in South Africa reveals a set of different research outcomes. Enterprise training survey research is relatively underdeveloped in South Africa, so the variation in findings within this small group of studies presents a particular problem for persons attempting a synthetic analysis of the available literature. Take for example Badroodien's review article (2004) on enterprise training in South Africa, in which he cites data from five surveys – including the HSRC (Kraak et al. 2000) survey – with reference to a key universal indicator of training, the 'training rate' (Table 1).

Comparison of the surveys shows that they differed methodologically. Not all of these studies attempted to cover training across the full range of enterprise sizes. Furthermore, the unit of study differed between the surveys. For example, the World Bank studies were spatially restricted to Gauteng Province, which means that the results cannot be generalised across the country, especially if training activity is likely to show spatial variation.

Table 1: Aggregate training rates according to five enterprise training surveys (percentage)

Training rate	Human Sciences Research Council (2000)	First World Bank Report (Chandra 2000a)	Second World Bank Report (Chandra 2000b)	P-E Corporate Services (2001)	Bureau for Market Research (2002)	
Estimated training rate for SMLEs	16- 44	33		91		
Estimated training rate for SMMEs	10		24 – 30		18 – 29	

Kraak et al. (2000), P-E Corporate Services (2001), Chandra et al. (2000a, 2000b), Martins and Van Wyk (2002)

There are two important implications arising from this observation. First, it is important to analyse results based on an understanding of the methodology whereby they were achieved, which Badroodien is at pains to do. For example, Badroodien (2003) argues that the extraordinarily high rate of training reported by P-E Corporate Services can be attributed to a disproportionately high number of large firms with a large annual turnover included in that survey.

Second, none of the five surveys is a repeat. The history and sociology of surveys show that national skills surveys will inevitably change over time, as conditions in the workplace change, and also as the strategic preoccupations of government change – as reflected by evolving legislation or by shifting priorities for measuring the impact of government programmes. Nonetheless, the 'knowledge value' generated by the small group of studies available in the literature would be considerably enhanced where one or more of the surveys were repeated. Subject to resources available, the same survey repeated – with a basically similar methodological structure – can provide useful time-series data. These are some of the benefits that can derive from consecutive iterations of the current survey.

1.8 Improvements brought into the 2003 National Skills Survey

Based on the issues raised above, the design and methodology of the 2003 National Skills Survey were developed to establish continuity with the earlier 2000 survey.

Changes were also brought about in the design of the 2003 survey in order to improve its performance relative to the 2000 version. In their report, Kraak et al. (2000) made a series of observations regarding the sampling, methodology, make-up of the instruments and the conditions within which the fieldwork of the 2000 survey took place. In each of these areas of research design, particular difficulties and shortcomings were identified. Some of these difficulties included:

- The questionnaire design used in the main survey of medium and large enterprises was too complex, resulting in response rates that were lower than expected.
- The constraints on overall sample size limited the number of SETAs covered, and necessitated the combining of certain SETAs (e.g. Primary and Secondary Agriculture) into one sample group.
- The response of sampled enterprises was slow, necessitating a change in the survey fieldwork method (from electronic data gathering to a telephone-based approach).

For the 2003 National Skills Survey these observations were taken into account so as to improve on the design and reduce the implementation difficulties that were encountered in the 2000 study. A key decision was to increase the sample size of the 2003 National Skills Survey so that acceptable numbers of responses could be recorded within the key data categories for analysis. In addition, the questionnaire design was simplified and given more focus, and more SETAs were included in the sample frame.

Furthermore, what was needed was a design that would be sufficiently robust and stable to enable the Department of Labour to obtain information on skills training in the private sector on a longitudinal basis. It was therefore important to improve upon the original survey methodology without compromising the opportunity for comparison between iterations of the same survey so that continuity between the 2000 and the 2003 study would be maximal. The underlying intention was to ensure that the continued monitoring of skills training in South African workplaces improves the reliability of the data and robustness of the design.

Finally, it is important to also record that the 2003 version of the National Skills Survey focused on the private sector and on SMLEs. A separate study of VSMEs and of skills development in the public sector are currently under way.

A full account of the design and methodology of the HSRC 2003 National Skills Survey is provided in Chapter 2.

1.9 Organisation of the report

The rest of the report is structured as follows:

Chapter 2 Research design and methodology

This chapter provides a detailed account of key strategic decisions with respect to the entire research project from sampling procedures, to fieldwork activities through to the analysis of data.

Chapter 3 Training in private enterprises in South Africa through the lens of the National Skills Development Strategy (NSDS) indicators

The NSDS seeks broadly to develop the skills of the South African workforce, to utilise the workplace as an active learning environment, to promote self-employment, and to secure work opportunities for new entrants into the labour market. In order to monitor progress in the implementation of the NSDS, the Department of Labour framed a set of five objectives that are linked to twelve success indicators. There are also three cross-cutting equity targets – 85 per cent black, 54 per cent female and 4 per cent people with disabilities – that are applicable across all of the objectives and indicators. The equity targets are aimed at addressing the huge disparities in educational, skill and wage levels in the working population in South Africa. Through analysing data from the National Skills Survey of 2003 against the NSDS objectives, indicators and equity targets, this chapter seeks to improve our understanding of the impact of the NSDS on skills development in South Africa in large, medium and small enterprises.

Chapter 4 Training rates and training expenditure in small, medium and large enterprises in South Africa

This substantive chapter first describes the key dimensions of private sector employment in the South African economy. It proceeds to analyse in depth the training rates by enterprise size, by local or foreign ownership, by SETA and by permanent or non-permanent employee contracts. Thereafter training rates are examined according to race and gender with a view to understanding equity issues in access to training. Based on this foundation, the chapter then explores the distribution of training expenditure as a percentage of payroll with reference to enterprise size and SETA. Training expenditure is also expressed as an average expenditure per trained employee and as an average expenditure spread over all employees. Lastly, training expenditure by enterprises is compared with their expected levy payments to establish levels of investment in training over and above the legislated amount of 1 per cent of payroll.

Chapter 5 The nature of training in small, medium and large enterprises in South Africa

Having covered matters relating to training incidence, access, intensity and investment in the previous chapter, this part of the report on SMLEs focuses on key characteristics of training, relating to: types of training resorted to, delivery methods, recruitment and human resource development practices, skills gaps by occupational category, training infrastructure and factors raising the propensity to increase training in the short term. The chapter also addresses themes that are of critical importance in the early years of the implementation of the levy grant system, namely: the participation of enterprises in this system and the rating of SETA services by participating enterprises.

Chapter 6 Conclusion

The brief concluding chapter draws out the key lessons learned about the implementation of the National Skills Development Strategy from the 2003 version of the National Skills Survey.

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Chapter 2: Research design and methodology of the National Skills Survey 2003

Jacques du Toit

2.1 Type of design

The research objective was to determine the extent of skills development in South African workplaces. This required an analysis of skills training in a large number of small, medium and large enterprises (SMLEs), which in turn required a survey design using specific sampling techniques and standardised instruments. The findings also had to be generalisable with an acceptable degree of accuracy. A cross-sectional survey design was therefore deemed appropriate for the National Skills Survey 2003, which was conducted between June and August 2003.

2.2 Defining the target group

The research project targeted enterprises across the entire spectrum of economic activity, and the sample therefore included all Sector Education and Training Authorities (SETAs) with significant private sector activity (Table 1), as well as the range of enterprises from small to medium to large enterprises.

It is important also to record that this project focused on the private sector. The decision was based on the following factors:

- The database that was envisaged as the source of information for sampling consisted of enterprises registered for tax purposes with the South African Revenue Service (SARS). Although some government entities were registered, this database was therefore inadequate for a survey of public sector organisations.

The structure of government departments is extremely complex both at and between national and provincial levels. The development of a separate sampling frame for public entities was not part of the brief of this project.

The decision not to include the public sector meant that the following SETAs associated with government line function activities were ruled out of the survey:

- SETA 6 Diplomacy, Intelligence, Defence, and Trade
- SETA 14 Local Government, Water and Related Services
- SETA 21 Public Services

However, in the following SETAs there is significant private sector activity, and for this reason, the private enterprises within these SETAs were included in the survey component:

- SETA 7 Education and Training Development Practices
- SETA 11 Health and Welfare
- SETA 19 Police, Private Security, Legal and Correctional Services

Table 1: List of Sector Education and Training Authorities (SETAs)		
Acronym	#	SETA
FASSET	1	Financial and Accounting Services
BANKSETA	2	Banking Sector Education and Training Authority
CHIETA	3	Chemical Industries Education and Training Authority
CTFL	4	Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
CETA	5	Construction Education and Training Authority
DIDETA	6	Diplomacy, Intelligence, Defence, and Trade and Industry Sector Education and Training Authority
ETDP SETA	7	Education, Training and Development Practices Sector Education and Training Authority
ESETA	8	Energy Sector Education and Training Authority
FOODBEV	9	Food and Beverages Manufacturing Industry Sector Education and Training Authority
FIETA	10	Forest Industries Sector Education and Training Authority
HWSETA	11	Health and Welfare Sector Education and Training Authority
INSETT	12	Information Systems, Electronics and Telecommunications Technologies
INSETA	13	Insurance Sector Education and Training Authority
LGWSETA	14	Local Government, Water and Related Services Sector Education and Training Authority
MAPPP	15	Advertising, Publishing, Printing and Packaging
MQA	16	Mining Qualifications Authority
MERSETA	17	Manufacturing, Engineering and Related Services Education and Training Authority
POSLEC SETA	19	Police, Private Security, Legal and Correctional Services
PAETA	20	Primary Agriculture Education and Training Authority
PSETA	21	Public Services Sector Education and Training Authority
SETASA	22	Secondary Agriculture Sector Education and Training Authority
SERVICES	23	Services Sector Education and Training Authority
THETA	25	Tourism and Hospitality Education and Training Authority
TETA	26	Transport Education and Training Authority
W&RSETA	27	Wholesale and Retail Sector Education and Training Authority

NOTES:
1 The NSS 2003 focused on private sector training. The following SETAs were therefore not surveyed as they are majority public sector based.: SETA 6, SETA 14, and SETA 21.
2 The data refers only to private sector providers of goods and services. In SETAs with public and private sector activity, the data would therefore refer to private schools (ETDP), private hospitals (HWSETA), private security companies (POSLEC) etc.
3 There are altogether 25 SETAs. There are no SETAs numbered 18 and 24. The numbers in the column marked '#' therefore refer to the official SETA number.

2.3 Sample frame issues

All survey research depends upon the availability of a sample frame of the population of subjects constituting the focus of the research. The sample frame consists of a comprehensive list of entities – or in this case enterprises – that can illustrate the size and boundaries of the target group as well as provide the necessary contact information for research communication purposes.

Comprehensive sample frames are often lacking in developing countries, which makes the interpretation and generalisation of research findings problematic. In South Africa, the same problem exists with respect to research on enterprises. Ideally, a comprehensive and up-to-date list of enterprises, comparable basic information and contact details had to be available per enterprise in a SETA. Instead, enterprise data from the SETAs varied considerably in quality and the datasets were structured differently. Hence the SETA datasets were not considered appropriate for the purposes of this research, although we may expect an improvement in the situation in the future.

For the purposes of this study, it was therefore necessary to obtain data from a single source that would provide the best quality of data across all sectors. South African Revenue Services (SARS), a national institution, provided these data. A comprehensive list of skills levy-paying enterprises, as at February 2003, was obtained from SARS for sampling and contact purposes. Therefore, all findings from the survey component in this report can be generalised to all active, private, levy-paying enterprises in South Africa during February 2003 (with the exception of enterprises in SETAs 6, 14 and 21).

The original sample frame describing the target group, as supplied by SARS, consisted of 274 183 enterprises. This was refined by removing the records of all enterprises that: were estates, had been de-registered, could not be traced, or had closed down. The small number of enterprises in the government SETAs 6, 14 and 21 were also removed. This yielded 223 761 enterprises, which are shown stratified by employment size and SETA in Table 2.

Table 2: Sample frame of enterprises disaggregated by employment size and SETA

SETA		Size groups according to number of employees						TOTAL
		Micro (1-5)	Very Small (5-10)	Small (11-50)	Medium (51-100)	Large (100+)	Unspecified	
FASSET	1	4 694	1 112	954	258	98	2 411	9 527
BANKSETA	2	709	161	139	63	65	294	1 431
CHIETA	3	921	460	637	201	153	629	3 001
CTFL	4	1 008	483	755	344	249	834	3 673
CETA	5	6 189	2 442	2 815	630	227	3 369	15 672
ETDP SETA	7	2 331	1 307	1 369	295	92	1 457	6 851
ESETA	8	1 285	469	337	68	28	746	2 923
FOODBEV	9	1 026	578	828	283	161	810	3 686
FIETA	10	798	469	656	223	129	611	2 886
HWSETA	11	9 360	2 489	1 670	339	143	4 051	18 052
ISETT	12	2 942	824	824	366	145	1 416	6 517
INSETA	13	2 212	434	333	111	83	1 079	4 252
MAPPP	15	3 172	1 103	1 132	404	151	1 990	7 952
MQA	16	772	305	461	215	206	659	2 607
MERSETA	17	9 060	4 512	5 453	1 502	681	4 797	25 905
POSLEC SETA	19	1 889	742	668	248	108	1 261	5 116
PAETA	20	2 239	1 076	1 882	532	254	1 106	7 089
SETASA	22	593	285	506	214	160	303	2 060
SERVICES	23	26 397	5 113	4 423	1 211	368	11 706	49 208
THETA	25	4 075	1 691	1 964	366	160	2 198	10 444
TETA	26	2 773	929	1 087	381	234	1 519	6 903
W&RSETA	27	13 159	4 666	4 634	879	276	4 442	28 056
	Total	97 574	31 640	33 706	9 093	4 060	47 688	223 761

The 223 761 enterprises in the SARS database were allocated into size groups on the basis of their employee numbers (Table 2). The size categories used were: Small (11 to 50 employees) Medium (51-100 employees) and Large (51-100 employees). This study was not intended to survey the Very Small and Micro- enterprise categories and the columns referring to these size groups are included to show the distribution of all enterprises from the SARS database by size.

A number of enterprises could not be grouped into one of the five size groups because data on their employee numbers were not available. This created a limitation, since these enterprises could not be sampled by size, which was a key analytical factor in the National Skills Survey. In order to deal with this problem, the number of enterprises for which size information was not available - the 'Unspecified' group - was reduced by a technique that involved the use of data on the skills levy paid by these enterprises as a proxy for their employment size. For this, average skills levy payment amounts were calculated for each

size group (see Table 2 for sizes) based on enterprises for which data on size and skills levy payment were available. From these calculations, average levy payment ranges for each size group were created, which allowed categorisation of enterprises of unspecified size – provided their levy amounts were available. The 'Unspecified' column in Table 2, therefore, consists of enterprises for which neither employment size nor levy payment data were available, and therefore could neither be grouped nor sampled by size criteria.

The exclusion of the 47 688 'unspecified' enterprises created the possibility of bias. This would have been the case if this group proved to be significantly associated with factors impacting on the research question. To explore this possible danger, enterprises in the sample frame were simply grouped into a 'specified' group (i.e. consisting of enterprises for which size data were available and could be categorised into one of the employment size categories) and an 'unspecified' group. A series of cross tabulations with selected factors were run that were available in the sample frame so as to explore possible relationships between the two groups. Table 3 summarises phi-coefficients and significance levels of these relationships.

Table 3: Results of cross tabulations between 'specified' or 'unspecified' enterprises and selected actors

Factor	Phi-coefficient	Significance (p)
Has payroll	.508	.000
Date business started	-.331	.000
Active/not active	.321	.000
Exemption from levy	-.101	.000
SETA	.083	.000
Has other branches	-.032	.000
Language preference	.006	.010

Actual cross tabulation results are not presented above, but phi-coefficients show that there were significantly strong relationships (at the 95 per cent confidence interval) between the 'specified' or 'unspecified' enterprises with respect to: whether enterprises had a payroll, the date the business was started, and whether the enterprise was active or not active. Cross tabulation results revealed that the 'unspecified' enterprises were: likely not to have a payroll, likely to have commenced before 2000, and more likely than 'specified' enterprises to be an estate, not traceable or de-registered.

This strongly suggests that the 'unspecified' enterprises were (a) an older group of enterprises that failed to provide particulars in general, or (b) a group with characteristics that were not applicable to the target group. On the basis of these findings the 'unspecified' group was excluded from sampling.

2.4 Sampling technique

A stratified random sampling technique was used, as information had to be presented at two key levels, namely by SETA and by employment size. The sample frame was therefore stratified according to 22 SETAs and three employment size categories, which yielded a sample frame of 66 cells (see Table 2). A minimum return rate of 30 responses from enterprises for each cell was decided upon to enable the application of certain inferential statistical tests per cell. Therefore, the survey aimed to obtain a sample of about 1 980 responses (30 responses X 66 cells). Assuming a response rate of about 30 per cent, a total of about 6 000 enterprises had to be sampled to obtain 1 980 responses.

It is evident from Table 2 that certain cells in the sample frame with relatively low frequencies might have yielded lower than the required minimum response rates, given response attrition during the research process, i.e. refusals, delays, inaccurate contact information etc. The risk

of low response rates was considered carefully. Several models of attrition were applied in order to identify what the lowest expected response rates might have been in each cell. Upon consideration of these models, it was decided to go ahead with the sample frame described. However, in order to counteract the impact of cells that were considered likely to have a lower than minimum response rate, a number of procedures were put in place. These included telephonic follow-ups and the use of replacements to ensure an optimum response rate across SETAs and size categories.

Datasets of enterprises in each of the 66 cells were then randomly sorted, which allowed for top-to-bottom random selection of any appropriate number of enterprises in each cell.

Due to the perceived importance of very large enterprises regarding skills training, it was decided that a number of them had to be purposefully sampled. Therefore, the ten largest enterprises (in terms of employees) in each cell from Group 5 (>100 employees) were placed at the top of the randomly sorted dataset of that particular cell. It was assumed that at least one of these ten enterprises in each cell would have responded to the survey. At least one or two enterprises from most cells in Group 5 did indeed respond to the survey, ensuring the inclusion of important responses from very large enterprises from most SETAs.

2.5 Questionnaire design and pilot testing

A number of questionnaire design workshops were held during which items for the questionnaire and the format of different questions were discussed extensively to ensure that measuring of the key objectives of the research would be valid. Subsequent to this, the design, layout, coding and wording of the questionnaire were carefully considered to ensure its sensitivity to the context, cultural and language differences etc. of the diverse target group.

Given the magnitude and significance of this research project, and in accordance with good practice, the questionnaire was pilot-tested for comprehensibility and efficiency as data-capturing tool. Respondents at four large and four medium enterprises and two small enterprises were interviewed for this purpose in the Pretoria-Johannesburg area, this region being closest to the project office.

2.6 Call centre and postal strategy

Due to the costs associated with face-to-face questionnaire administration and the national scope of the research, a postal survey was deemed most feasible. An independent call centre was contracted to facilitate the telephonic administration of the postal survey. The brief given to the call centre included

- contacting enterprises and identifying an appropriate contact person, such as a skills training facilitator or human resource manager, to respond to the survey;
- briefing the respondent about the survey;
- determining the willingness of the respondent to participate in the survey;
- updating postal and contact details of the respondent; and
- keeping a statistical record of the outcome of calls for planning purposes and to assess the overall feasibility of using a call centre for survey administration in the future.

This strategy was considered an essential function to: alert potential respondents to the survey, establish a 'relationship' with the respondent, ensure higher levels of accuracy in targeting the postal questionnaire to the correct person, reduce the number of non-responses on account of incorrect address details etc. The use of a call centre entailed a highly structured approach whereby a number of workshops had to be held to design a 'call flow

The more recent expanded understanding of the term 'skill', which includes a veritable galaxy of 'soft', 'generic', 'transferable', 'social' and 'interactional' skills that are barely distinguishable from the personal characteristics, behaviours and attitudes of workers, has made the assessment of its meaning and the measurement of its dimensions that much more complex.

At the same time, the expanded definition has facilitated greater 'buy-in' from stakeholders. Payne (1999: 30) argues that the broader reading of the term has collapsed the huge chasm between the levels of skill found in 'high' and 'low' skill sectors of economies, and that this broad reading has also led to both employers and employees 'buying in' to the need to train (Keep & Mayhew 1999: 10 – 11; Payne 1999: 29).

Similarly, given previous narrow (practitioner) understandings of 'skill', the new era has also witnessed a much broader reading of the term 'training'. Felstead et al. note that for training rates to be better understood 'a much more elastic meaning attached to training' is needed (Felstead et al. 1997: 44). However, while a broader reading of the term 'training' is probably necessary so as to include all forms of training and not prejudice one above the other, the conflation of different forms of training has made it very difficult to adequately define the nature of such training or to assess its impact.

In the workplace environment where questionnaire respondents do not necessarily have the conceptual clarity (or even the patience and time) to distinguish between 'training' categories, a broad reading of 'training' will often have the effect of collapsing all training – of short or long duration, of face-to-face or distance form, or provided informally or formally – into a single undifferentiated category or measure.

Skills training initiatives can be understood very narrowly on an accounting basis and are thus measured and evaluated according to 'hard' counts of the number of employees being trained, the time expended on training, and the funds allocated. Ridoutt et al. (2002) caution that such 'evaluations' do not adequately reflect training levels within enterprises. A survey of New Zealand employers, for example, found that informal training and improvement of skills on an everyday basis in the workplace were considered more important for improving skill levels within enterprises than formal training (Ridoutt et al. 2002: 12).

Furthermore, accounting-based measures of training lead to the underestimation of real training activity in the enterprise. Ridoutt et al. (2002: 8) note that 'unrecognised training' in smaller and medium-sized enterprises is often not acknowledged as valid enterprise training. In this regard, they assert that training support may well be far more valuable if the emphasis on volume of training is shifted to highlight the nature and quality of training activities, thereby placing greater focus on effectiveness and efficiency. This approach is pertinent, especially to small businesses engaging in training.

The definition of training applied in this survey was: any 'activity that improved the skill levels or capacities of employees to do the type of work they are doing or have done before, or gave them the skills or capacities to do a completely different type of work, either on-site or off-site'. This is a broad definition and covers formal to informal, short to extended, and face-to-face to distance training. This broad approach was necessary so as not to prejudice any form(s) of training in 'measuring' training activities. The aim was to apply the same definition on a recurrent basis over time, so that change could be observed.

As indicated, the current survey questionnaire emerged in large part from an intensive series of workshops between the research team and the Department of Labour where it was decided to use a very broad definition of training. This was methodologically defensible but contrasts with the NSDS's focus on structured training. In future Surveys it will be important

to revisit the relationship between the National Skills Survey, its international comparability, and the NSDS indicators.

2.11 Lessons learned

Some important lessons were learned in the application of the research design and methodology of the National Skills Survey, and may prove valuable in future surveys or longitudinal research.

First, it is important to have access to an accurate, complete and relevant sample frame. The SARS dataset that was used, though the best available, was not ideal since it was incomplete, preventing many enterprises from being grouped by size. The development of a quality and standardised database across all SETAs will greatly assist sampling for all kinds of research on enterprise training.

Second, the decision to utilise a call centre to determine the relevant contact person in the sampled enterprise before posting the instrument and the telephone reminder to that person were in retrospect justified by the satisfactory response rate achieved. The use of a call centre was also necessary to ensure that response rates would be acceptable, especially as private sector enterprise respondents are said to be suffering from 'respondent fatigue' on account of frequent requests for information from government departments.

Third, however, attention must be drawn to the following aspects that limited the response rate:

- It is important to ensure the participation of sampled enterprises that do not do any formal training, because a survey like the National Skills Survey still applies to them. Even though the questionnaire provided for enterprises to record zero or near zero training activity, some respondents discarded the questionnaire.
- In some instances, small enterprises in the 11 – 50 employees group perceived the questionnaire to be tailored towards larger enterprises. This may be avoided by modifications to the printed instructions and the instrument itself.
- In some instances, employee data should not be requested on a very low level of disaggregation, because the enterprise itself may not have kept such detailed records or respondents may simply be unable to report on such low levels. This situation can yield unreliable results.

Fourth, even though the questionnaire had been refined in an exhaustive consultative process by the Project Steering Committee, the research team was acutely aware of the need to create a balance between lengthening the questionnaire and maximising prospective returns. In this respect, some questions may be dropped or asked at intervals, especially questions on slowly changing aspects related to training (Mason & Wilson 2003: 18).

Fifth, with respect to creating the appropriate infrastructure and incentives for respondents we report that

- the running of a dedicated query line by an HSRC project team member to address queries by respondents facilitated responses from some enterprises; and
- an incentive is likely to increase response rates.

Sixth, on a technical level, we concluded that we should be clear at the outset with respondents of enterprises with more than one branch or subsidiary company which branch or subsidiary company should be reported on.

Seventh, although the National Skills Survey has produced reliable data on the incidence of training in several dimensions (e.g. enterprise size, SOC code, gender, race, SETA), it has become clear through analysis of international comparative data that a standard head-count measure provides an incomplete measure of training, and that a continuous measure of the resources invested in training would be more informative. This is also because it is difficult to obtain accurate data on training volume especially where the definition of training is broad, such as in the case of the National Skills Survey. This suggests that 'it is best to utilize both participation and volume measures to gauge the level of training, rather than relying solely on one or the other, since they have different strengths and weaknesses' (OECD, Ch. 3: 143). In order to obtain a stronger and more robust measure of training intensity, it is important for a future National Skills Survey to combine data on incidence with data on duration (e.g. average duration in course hours per trainee).

Lastly, it was observed that too strong an emphasis on accounting-based measures of training may lead to the underestimation of 'real' training activity in the enterprise. Indeed, the project team is aware of the limitations of overreliance on quantitative data and the importance of balancing data bearing on the quantity of training with data that reveal the qualitative characteristics of training. Felstead et al. (1997) point towards a number of options for broadening our understanding of basic quantitative data. Our concern is that the National Skills Survey of 2003 as a 'stand-alone' has the potential to highlight a number of important issues and questions. But as a defined project, it will not have the means to conduct detailed analysis to answer these questions.

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Chapter 3: Private enterprise training in South Africa with reference to the National Skills Development Strategy 2001 - 2005

Andrew Paterson and Simon McGrath

3.1 Introduction

The National Skills Development Strategy (NSDS) seeks broadly to develop the skills of the South African workforce, to utilise the workplace as an active learning environment, to promote self-employment, and to secure work opportunities for new entrants into the labour market.

The policy framework to support these aims – which includes the Skills Development Act of 1998, the Skills Development Levies Act of 1999, the National Skills Development Strategy of 2001, and the Human Resources Development Strategy of 2001 – has created a new institutional and financial structure for the planning, incentivising and co-ordination of training. The framework represents a co-ordinated approach to flexible labour market regulation and national skills development.

In order to monitor progress in the implementation of the NSDS, the Department of Labour framed a set of five objectives that are linked to 12 success indicators. There are also three equity targets – 85 per cent black, 54 per cent female and 4 per cent people with disabilities – that are applicable across all of the objectives and indicators. The equity targets are aimed at addressing the huge disparities in educational, skill and wage levels in the working population in South Africa.

Through analysing data from the National Skills Survey of 2003 against the NSDS objectives, indicators and equity targets, this chapter seeks to improve our understanding of the impact of the NSDS on skills training in South Africa in large, medium and small enterprises.

Information on achievements in terms of the NSDS is publically available from official Department of Labour reports. Data on NSDS implementation against targets are reported in the implementation reports on the National Skills Development Strategy, as well as in the preliminary annual reports (DoL 2002a, b, c, d, DoL 2003a, b). However, although some reference will be made to these data, the main aim is not to engage in a comparative exercise but to focus on analysing the data from the National Skills Survey 2003, particularly because, unlike the Department of Labour data, the survey data captured firms that did not comply with NSDS obligations and therefore complement the Department of Labour data.

The objectives and indicators of the NSDS are given in Table 1.

Table 1: Objectives and indicators of the National Skills Development Strategy		
	Objectives	**Success indicators**
1	Developing a culture of high quality life-long learning	1. By March 2005, 70% of workers have at least a Level One qualification on the National Qualifications Framework. 2. By March 2005, a minimum of 15% of workers have embarked on a structured learning programme, of whom at least 50 per cent have completed their programme satisfactorily. 3. By March 2005, an average of 20 enterprises per sector, (to include large, medium and small enterprises), and at least five national government departments, to be committed to, or have achieved, an agreed national standard for enterprise-based people development.
2	Fostering skills development in the formal economy for productivity and employment growth	1. By March 2005, at least 75% of enterprises with more than 150 workers are receiving skills development grants and the contributions towards productivity and employer and employee benefits are measured. 2. By March 2005, at least 40% of enterprises employing between 50 and 150 workers are receiving skills development grants and the contributions towards productivity and employer and employee benefits are measured. 3. By March 2005, Learnerships are available to workers in every sector. (Precise targets will be agreed with each Sector Education and Training Authority). 4. By March 2005, all government departments assess and report on budgeted expenditure for skills development relevant to Public Service, Sector and Departmental priorities.
3	Stimulating and supporting skills development in small businesses	1. By March 2005, at least 20% of new and existing registered small businesses to be supported in skills development initiatives and the impact of such support to be measured.
4	Promoting skills development for employability and sustainable livelihoods through social development initiatives	1. By March 2003, 100% of the National Skills Fund apportionment to social development is spent on viable development projects. 2. By March 2005, the impact of the National Skills Fund is measured by project type and duration, including details of placement rates, which shall be at least 70 per cent.
5	Assisting new entrants into employment	1. By March 2005, a minimum of 80,000 people under the age of 30 have entered Learnerships. 2. By March 2005, a minimum of 50% of those who have completed Learnerships are, within six months of completion, employed (e.g. have a job or are self-employed); in full-time study or further training or are in a social development programme.

Source: Department of Labour (2001) *National Skills Development Strategy April 2001 – March 2005* Pretoria

Only some of these indicators concern us in this study, given the focus of the NSS 2003 on small, medium and large enterprises, and the nature of a survey of this kind. These indicators were drawn from the set of indicators specified in the NSDS for which there were targets attached and which were specified in such a way that performance could be tracked against numerical data emanating from the NSS 2003. The discussion will proceed per indicator, after which some closing observations will be made.

3.2 Developing a culture of high-quality lifelong learning (objective 1)

This objective focuses upon the extent to which access to structured training is increasing and the spread of practices relating to high-performance workplaces (see Ashton & Sung (2002) for a review of such practices internationally). In the NSS 2003, data were collected on: all training (whether structured or unstructured); the proportion of all training that was structured; and the extent of use of high-performance practices by employers. The data; thus, had relevance to both indicators 1.2 and 1.3 applicable to objective 1. In addition, the survey asked about training expenditure.

3.2.1 Participation in training (indicator 1.2)

The NSS 2003 provided data on training participation through a number of measures. First, there were data on how many firms were engaged in training. Second, there were data on what proportion of employees participated in training. Third, the latter measure was disaggregated according to whether employees were permanent or non-permanent and whether or not they were disabled.

Enterprise participation in training

The proportion of enterprises that indicated that they exposed their employees to some form of training was a comparatively blunt measure, since it did not distinguish between an enterprise that

provided training for a single employee or an enterprise that trained all employees. Nevertheless, Table 2 shows that six out of ten South African private sector enterprises provided some employee training in 2002/03. There was a clear differentiation in the propensity to train across enterprise size: Only 19 per cent of large firms did not train, but a high proportion (45 per cent) of small firms reported no training activity.

Table 2: Enterprises reporting employee participation in training by enterprise size in 2002/03

	Yes		No		Group total	
	N	Row %	N	Row %	N	Row %
Small 11-49	15 722	55	12 830	45	28 551	100
Medium 50-149	6 178	72	2 424	28	8 602	100
Large 150+	2 249	81	537	19	2 786	100
Total	24 149	60	15 791	40	39 939	100

NOTE: The numbers of enterprises as well as any numbers of employees given in this or any subsequent table are derived from a statistical weighting procedure. In the weighting procedure, data from the returns of the sample survey are adjusted proportionately to reflect the actual enterprise numbers in the sample frame. In this way the results of the survey can be compared with the actual population of enterprises described by the sample frame. The discussion in this chapter refers to a population of 39 939 enterprises with a total employment count of 2 849 797 employees.

Training reported by SETA (Table 3) reveals a wide range of activity levels, from highs of 85 per cent in banking, 78 per cent in information and communication technologies and 77 per cent in mining, to a low of 43 per cent in chemicals. There was a wider variance in enterprise training activity reported between SETAs than between enterprise sizes.

Table 3: Enterprises reporting employee participation in training by SETA in 2002/03

		Yes		No		Group total	
		N	%	N	%	N	%
FASSET	1	701	69	316	31	1 018	100
BANKSETA	2	208	85	36	15	244	100
CHIETA	3	595	68	276	32	871	100
CTFL	4	727	58	518	42	1 245	100
CETA	5	1 383	43	1 870	57	3 253	100
ETDP SETA	7	944	71	395	29	1 339	100
ESETA	8	177	50	177	50	354	100
FOODBEV	9	792	69	356	31	1 148	100
FIETA	10	676	74	234	26	910	100
HWSETA	11	906	69	402	31	1 308	100
ISETT	12	911	78	253	22	1 164	100
MERSETA	13	256	58	187	42	443	100
MAFPP	15	962	67	471	33	1 432	100
MQA	16	603	77	179	23	782	100
MERSETA	17	3 744	57	2 806	43	6 550	100
PUBLIC SETA	19	813	74	278	26	1 091	100
PAETA	20	1 390	57	1 029	43	2 419	100
SETASA	22	542	65	287	35	829	100
SERVICES	23	2 917	62	1 821	38	4 738	100
THETA	25	1 329	60	903	40	2 232	100
TETA	26	939	63	547	37	1 486	100
W&RSETA	27	2 634	52	2 449	48	5 083	100
Total		24 149	60	15 791	40	39 939	100

Employee participation in training

A clearer measure of company engagement with training is the 'training rate' which may be defined as the proportion of employees who received training in a given period (the 2002/03 financial year in the case of the NSS 2003). Two training rates were used. In both cases, the number of employees who received training was divided by the total number of employees. Two rates emerged because of the ways in which different questions were answered. Respondents were asked for

(A) data giving a summary of the total number of personnel that were trained in the permanent, non-permanent and disabled employee categories (question 3.2 in the NSS questionnaire); and

(B) data on training by occupation, gender and race within the permanent employee group only (questions 3.3 and 3.4 in the NSS questionnaire).

In (A) the intention was to compare training rates *between* the different (permanent, non-permanent and disabled) employee categories. For (B) the aim was to consider training rates *only within* the permanent employee category in greater detail, for instance, by race.

The aggregate 'training rate A' (based on the data from question 3.2) was 38 per cent (Table 4). These data enabled an analysis of the proportionate training access between permanent, non-permanent and disabled employees. For permanent employees, the training rate was actually 41 per cent (See Table 4 and 5).

Table 4: Training rates for permanent employees in comparison with rates for non-permanent and disabled employees in 2002/03

	Question in the National Skills Survey	Employee group for which data were required	Disaggregation of data required	Training rate
A 3.2	Please estimate the number of employees who participated in training during the 2002/03 financial year by: • permanent, non-permanent and disabled	All employees	Data by permanent, non-permanent and disabled	38% for all employees 41% for permanent employees
B 3.3 and 3.4	Please provide a breakdown of estimated numbers of permanent employees who participated in training during the 2002/03 financial year by: • occupation group and gender	Permanent employees only	Disaggregated by occupation and gender	25%
	Please provide a breakdown of estimated numbers of permanent employees who participated in training during the 2002/03 financial year by: • occupation group and population group		Disaggregated by occupation and race	

Training rate (A:) Training rates of permanent, non-permanent and disabled categories of employee

Permanent employees had better access to training than non-permanent workers. About 15 per cent of employees in private enterprises worked on a non-permanent basis in South African enterprises and their training rate was less than half that of permanent employees (Table 5). This differentiation was probably based both on the perception that those in non-permanent posts would be more likely to leave and, thus, worth less investment, and on the practical problems of arranging training for those staff who were contracted on a non-permanent or non-full-time basis.

Table 5: Training ratios for permanent, non-permanent and disabled employees by enterprise size in 2002/03 (%)

Enterprise size	Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	[illegible] (permanent, non-permanent)	[illegible] All employees
Small 11-49	27	15	18	26
Medium 50-149	35	21	24	33
Large 150+	46	19	13	43
Total	41	19	16	38

Disabled employees, whether permanent or non-permanent, were even less likely to get access to training, with only 16 per cent of them being trained compared to 41 per cent of permanent employees (excluding the disabled). This clearly points to discrimination against disabled personnel. In addition, large enterprises appeared to have been doing particularly badly in providing training to their disabled employees.

Training rates among non-permanent and disabled employees varied considerably across SETAs (Table 6). At the SETA level, training among non-permanent employees was closer to parity with that of permanent employees in the banking, education, forestry, mining and transport sectors. Among disabled personnel, high levels of training were provided in the transport, education, financial services, and information and communication technology sectors..

Table 6: Training ratios for permanent, non-permanent and disabled employees by SETA in 2002/03

SETA		Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	Disabled employees (permanent and non-permanent)	Training ratio: All employees
FASSET	1	53	03	55	51
BANKSETA	2	54	50	38	54
CHIETA	3	46	22	35	45
CTFL	4	22	03	25	21
CETA	5	40	12	14	32
ETDP SETA	7	45	35	70	44
ESETA	8	35	16	44	31
FOODBEV	9	41	04	17	36
FIETA	10	42	49	21	42
HWSETA	11	40	12	41	39
MERSETA	12	50	30	47	48
MSETA	13	29	00	07	24
MAPPP	15	25	03	16	23
MQA	16	56	92	06	58
MERSETA	17	45	13	16	41
POSLEC SETA	19	36	01	05	36
PAETA	20	25	05	05	22
SETASA	22	26	12	28	24
SERVICES	23	54	14	25	50
THETA	25	45	22	10	42
TETA	26	49	45	64	49
WRSETA	27	34	24	21	33
Total		41	19	16	38

These data reveal that 16 per cent of all personnel who were disabled received training. It was necessary to calculate the share of the disabled in all training rather than the proportion of those trained within this group in order to assess progress towards the NSDS target, which requires that disabled employees should receive a 4 per cent share of all training opportunities. Disabled personnel represented 0,68 per cent of the population of permanent employees and received a 0,28 per cent share of all training of permanent employees. The training levels among disabled employees were comparatively low, but the extent to which the NSDS target was approached was directly affected by the low numbers of disabled personnel in permanent employ. This is because the absolute share of training achieved by disabled employees was numerically represented in relation to the existing number of disabled employees who were actually employed, rather than as a comparative measure.

The 2000 HSRC survey of training in South Africa indicated that participation in training could be located on a continuum between 16,4 and 44,9 per cent (Kraak et al. 2000: 48). The 2003 NSS

showed that the training rate for permanent employees could be located on a continuum between 25 and 41 per cent. This information clearly signifies an improvement because the minimum level of training measured at 25 per cent was higher than the minimum level of training given for the earlier period.

All further analysis of training rates that addresses training exposure within the category of permanent employees by race, gender and occupation will be undertaken using the aggregate 'Training rate B', which was calculated to be 25 per cent. Where appropriate, these data will be reported by size and by SETA.

Training rate (B): Training rates of permanent employees disaggregated
The training rates expressed in the tables below and in all further tables that deal with equity in access to training will refer to training within the ranks of permanent employees only. The training rate used was 25 per cent, which means that permanent employees across all enterprises were exposed to training on a one-in-four ratio.

SETAs
At the sectoral level, there was wide variation in training between a high of 61 per cent in mining and a low of 9 per cent in health (Table 7). Strong training propensity was reflected in the services (44 per cent) and financial services (35 per cent) sectors, while relatively low training rates were also reflected in the insurance, chemicals, energy, and food and beverages sectors, all of which had training ratios of 15 per cent or less.

Table 7: Training ratio by SETA in 2002/03 (%)

SETA		%	SETA		%
FASSET	1	35			
BANKSETA	2	24	MAPPP	15	16
CHIETA	3	23	MQA	16	61
CTFL	4	27	MERSETA	17	21
CETA	5	13	POSLEC SETA	19	29
ETDP SETA	7	26	PAETA	20	18
ESETA	8	13	SETASA	22	21
FOODBEV	9	15	SERVICES	23	44
FIETA	10	26	THETA	25	26
HWSETA	11	09	TETA	26	24
LGSETT	12	23	W&RSETA	27	28
INSETA	13	11	Total		25

Enterprise size
This aggregate ratio could be broken down according to enterprise size, where the lowest training ratio of 22 per cent was in the small category. The highest ratio was in the medium category (27 per cent), which was only marginally higher than the training rate in the large category (26 per cent) (Table 8).

Occupational category

Large variations in training access were also experienced between occupational categories (Table 8). Service and sales workers received training on a one-in-three ratio. This suggests that service quality had become increasingly important in the workplace.

It is noticeable that large enterprises showed a much lower tendency to train technicians. This deserves further attention.

Table 8: Training ratio by enterprise size and occupational category in 2002/03 (%)

Occupational category	Small 11-49	Medium 50-149	Large 150+	Group total
Managers	24	31	21	24
Professionals	30	40	09	18
Technicians	31	35	14	20
Admin/sec	23	30	20	22
Service/sales	24	37	35	33
Agriculture	10	16	32	19
Craft/skilled trade	19	22	25	23
Operators	33	24	29	29
Elementary	14	18	36	27
Total	22	27	26	25

Among agricultural workers, training increased in line with increases in enterprise size. This suggests on the one hand that agribusiness could afford to invest in training in a sector that was showing ongoing technological modernisation, whereas the economic activities of small agricultural enterprises were dominated by low-level labour requirements – or these enterprises did not have the resources to train.

A surprisingly depressed average training rate was recorded for professionals, which was driven down by low training rates recorded in the large enterprise category. On the other hand, large enterprises showed a markedly higher rate of training among elementary workers, which suggests that adult basic education and equity-based programmes were being implemented on a relatively large scale in this size grouping. The fragmented modes of training provision in South Africa have complex origins but the relatively high training ratios for craft and skilled trades and operators occupational categories may be partially explained by the need of employers to recruit and internally sustain a stable and skilled workforce through specific vocational training acquired on the job. By comparison, the low rates of training among professionals can be attributed to the tendency for employees in this occupational category to independently acquire qualifications prior to securing a job (Kraak 1991 40-44; Kraak 1994).

3.2.2 Proportion of training that was structured and aligned to the National Qualifications Framework (NQF)

Training according to external training standards confers several potential advantages to an enterprise and to the employees receiving such training. At the enterprise level, training according to external standards can ensure that internal training processes meet particular quality requirements, are harmonised with international practice and ensure that employee competencies can be accredited. Another advantage of formalising various forms of training and accrediting training on the NQF is that 'it should become possible (in future analytic surveys) to disaggregate "training" in a more sophisticated way ...' (McEvoy 2000: 19). Nevertheless, there is a danger in making too close a link between the quality of learning and its formality. A series of recent publications about learning and knowledge in the workplace have observed that the value and quality of informal workplace learning is frequently underestimated (Lave & Wenger 1991; Ashton & Sung 2002; Fuller et al. 2003).

The data show that 30 per cent of employees were engaged in training, trained according to external standards in 2002/03 (Table 9 and Table 10). This reflects a small increase from the 28 per cent reported in the 2000 study of training (Kraak et al. 2000: 62).

NSDS target 1.2 specified: 'By March 2005, a minimum of 15% of all workers to have embarked on a structured learning programme'. This target – of 1 398 033 workers – was reached by March 2003 (Department of Labour 2003b: 18). If training according to a national or international standard is taken as a proxy for a 'structured learning programme' as given in NSDS target 1.2, then the 217 106 employees who trained to standards in 2002/03 represented 7,6 per cent of all persons employed (2849 797) in the enterprise population of this study. A certain proportion of those receiving training according to standards would have participated in programmes that ran over more than one year. Therefore, in 2002/03 the total of those completing a structured learning programme would have been less than the 217 106 recorded as being engaged in structured learning. Nevertheless, on the basis of this information it seems likely that the NSDS target 1.2 will be comfortably exceeded.

Of interest is that small and medium enterprises engaged more strongly with external benchmarks, both having higher proportions of their training according to standards (Table 9). This may be because large enterprises were in a position to design, implement and sustain their own internal training programmes based on internal corporate requirements.

Table 9: Permanent employees engaged in training according to standards by enterprise size in 2002/03

	Training according to standards						
	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards	All employees trained	Total trained to standards	% of all employees trained to standards
[illegible]	15 109	19 331	6 308	9 720	130 308	50 468	39
[illegible]-149	19 865	14 707	13 605	6 818	149 499	54 995	37
[illegible] 150+	30 804	41 976	20 261	18 601	443 484	111 642	25
Total	65 777	76 014	40 175	35 140	723 290	217 106	30

Within the population of employees that were trained according to some form of benchmark, nationally recognised standards were utilised in two thirds – 65 per cent – of the cases. Within this category, SAQA/NQF standards were being utilised in 30 per cent of the cases. Overall, internationally recognised standards accounted for about one third of structured training programmes.

Table 10: Permanent employees engaged in training according to standards by enterprise size in 2002/03 (%)

Size	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards	Total trained to standards
Small 11-49	30	38	13	19	100
Medium 50-149	36	27	25	12	100
Large 150+	28	38	18	17	100
Total	30	35	19	16	100

Note: SAQA/NQF and ISO were isolated out as currently the two largest standards frameworks referred to in South African training. ISO9000 refers to certificates conferred by the International Standards Organisation with numbers in the 9000 range for quality control purposes. Other international standards include Pitman, Microsoft, City and Guilds etc.

Given the centrality of the NQF to the national education and training vision it is particularly regrettable that only 9.0 per cent of those receiving training did so in accordance with NQF standards. Moreover, this implies that less than 3 per cent of all workers actually received NQF-aligned training during 2002/03.

At the SETA level, the pattern of 'affiliation' to different structured training benchmarks was diverse (Table 11). This suggests that each sector may have had its specific training needs met by a combination of different standards that applied to occupational groupings, skills levels and skills needs. The importance of international standards would have depended on the extent to which the sector needed to assert the competitiveness of its workforce, product and service standards in a global market. This was clearly the case with the information and communications technology, mining, banking, services, and health and welfare sectors.

The SAQA/NQF framework was well entrenched in the wholesale and retail, transport, financial services, chemicals and services sectors, but showed much lower levels of attractiveness to sectors such as the mining, health and welfare, information and communication technology, and police and security sectors. Of particular interest is that the latter sector had by far the strongest affiliation to another nationally recognised standard.

Regarding overall commitment to training standards at the sectoral level, the data showed that certain SETAs had a much higher level of recourse to structured training, such as transport, financial services, education and manufacturing. Low use of training based on external standards was evident in the chemicals and health and welfare sectors.

Table 11: Permanent employees engaged in structured training by SETA in 2002/03 (%)

SETA		SAQA/NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards	Total trained to standards	% of all employees trained
FASSET	1	51	16	24	9	100	79
BANKSETA	2	24	13	0	63	100	17
CHIETA	3	47	19	15	19	100	23
CTFL	4	20	54	10	17	100	14
CETA	5	15	68	9	8	100	4
ETDP SETA	7	30	40	0	30	100	77
ESETA	8	27	59	14	0	100	48
FOODBEV	9	28	14	52	6	100	60
FIETA	10	28	64	1	8	100	34
HWSETA	11	7	40	16	37	100	8
ISETT	12	6	18	34	42	100	48
INSETA	13	44	25	7	23	100	20
MAPPP	15	23	43	1	33	100	19
MQA	16	8	12	70	10	100	12
MERSETA	17	24	40	23	13	100	72
POSLEC SETA	19	1	89	2	8	100	54
PAETA	20	11	60	7	23	100	11
SETASA	22	14	22	28	36	100	43
SERVICES	23	47	15	11	27	100	11
THETA	25	11	49	1	39	100	39
TETA	26	63	26	7	5	100	92
W&RSETA	27	63	22	4	11	100	19
Total		30	35	19	16	100	30

3.2.3 Training expenditure as a percentage of payroll

The value of enterprise investment in training activities is a crude but powerful measure of enterprise commitment to the training of employees. In South Africa, levels of investment in training are of further interest, given that the levy grant scheme was specifically introduced to encourage higher levels of training expenditure in the workplace.

In 2002/03, training as a percentage of payroll (Table 12) was 2,1 per cent. There was a small increase in expenditure between small and medium enterprises, but large enterprises spent substantially more on training as a percentage of payroll. This is in line with international trends

that show expenditure on training to increase with enterprise size. An examination of how expenditure was applied at the employee level showed that for 2002/03, medium enterprises invested more on each trained employee than did large and small enterprises.

Table 12: Training expenditure by enterprise size in 2002/03 (ZAR)

	A Average expenditure on training per TRAINED employee	B Average expenditure on training across ALL employees	C Anticipated levy allocation per ALL employees	D Training expenditure as a % of payroll
Small 11-49	2 549	1 105	1 368	1,0%
Medium 50-149	4 309	1 571	1 961	1,1%
Large 150+	3 681	1 748	1 609	2,8%
Total	3 627	1 653	1 638	2,1%

Training expenditure is seldom distributed in programmes that involve all staff in training in a particular year, and this means that training could be concentrated on a particular employee group. It is thus important to obtain a comparable measure of relative training investment over all employees in an enterprise, or grouping of enterprises. In order to do this, the total training expenditure was divided by all employees to obtain a measure of training expenditure on all employees in a given year.

When the average expenditure per trained employee (Column A Table 12) is compared with average expenditure across all employees (Column B Table 12), the biggest difference in amounts occurs in the medium enterprise category. This means that the allocation of funds for training in medium enterprises was concentrated on a smaller proportion of employees, and on training with a higher value, than was the case with the small and large enterprises. The reasons for this would need to be investigated further.

The data suggests that in the case of small enterprises there was lower per capita expenditure on training but that this expenditure was allocated more equitably across all employees. This may reflect the tendency among small enterprises to prefer spreading the benefits of training across employees. However, this would preclude the option of sending a smaller number of employees for higher-value training and may have the consequence of perpetuating low-skills training strategies in small enterprises.

Given that the data provided a picture of expenditure on the part of enterprises, it was possible to compare this expenditure with the anticipated disbursements of the levy given back to enterprises on a per capita basis. The anticipated levy allocation was calculated by taking 1 per cent of payroll – the skills development levy – and then taking 60 per cent of the levy amount (the mandatory grant disbursement based on receipt of workplace skills plans and implementation reports from employers). The mandatory rebate was taken as a standard for comparison since the different instruments obtaining rebates – such as discretionary grants – could lead cumulatively to a rebate exceeding 60 per cent overall. But this could not be captured on a disaggregated basis from the survey. The theoretical rebate proportion of 60 per cent was then divided by the number of employees so as to generate a value that represented the 'average' anticipated rebate benefits for each employee that could be accrued through the levy grant system (Column C Table 12).

This comparison showed that the real average expenditure declared by small enterprises of R1105 was 19,2 per cent less than the R1 368 they were entitled to claim in rebates, based on their payroll costs. Similarly, for medium enterprises, it would appear that actual per capita expenditure was 22,6 per cent under what they were entitled to claim rebates for. In large enterprises, the declared per capita expenditure exceeded the maximum rebate amount that could be anticipated for the levy grant scheme. This suggests that on average, large enterprises were probably spending 9.0 per cent more on training than their expected 60 per cent rebate from the levy grant scheme.

Among the SETAs, there was a large variation in expenditure on training as a percentage of payroll (Table 13): from 5 per cent in mining to less than 1 per cent in the forestry; clothing, textiles, footwear and leather; energy; secondary agriculture, and wholesale and retail sectors.

High average expenditure per trained employee was evident in the financial services, manufacturing, education, information and communication technology, and media, advertising, printing and packaging sectors. In the food and beverage and insurance sectors, the expenditure on trained employees was more than four times training expenditure averaged across all employees, which suggests that in these two sectors, high-value training was concentrated on a particular group of employees. In some sectors, enterprises were investing in training beyond what the levy-grant scheme specifies. This was a characteristic of the mining, services and education SETAs.

Table 13: Training expenditure by enterprise size in 2002/03 (ZAR)

		Average expenditure on training per TRAINED employee	Average expenditure on training across ALL employees	Anticipated levy allocation per ALL employees	Training expenditure as a % of payroll
FASSET	1	8 345	4 474	3 936	1,2%
BANKSETA	2	4 843	2 546	4 727	1,9%
CHIETA	3	4 104	2 036	1 350	1,9%
CTFL	4	2 974	1 023	1 185	0,9%
CETA	5	1 687	613	2 105	1,8%
ETDP SETA	7	7 378	3 790	2 263	2,2%
ESETA	8	1 300	356	622	0,8%
FOODBEV	9	3 269	678	2 974	1,3%
FIETA	10	975	443	2 958	0,3%
HWSETA	11	3 098	1 862	2 794	2,8%
ISETT	12	6 661	2 433	1 769	1,5%
INSETA	13	4 990	1 106	4 764	2,2%
MAPPP	15	6 451	1 582	2 371	2,1%
MQA	16	3 513	2 311	634	5,0%
MERSETA	17	7 808	4 005	4 400	2,1%
POSLEC SETA	19	1 234	472	461	1,7%
PAETA	20	816	233	363	1,2%
SETASA	22	2 274	557	1 612	0,9%
SERVICES	23	1 904	1 386	562	2,0%
THETA	25	4 373	2 166	2 154	2,9%
TETA	26	1 951	1 177	512	2,8%
W&RSETA	27	1 734	779	1 189	0,9%
Total		3 627	1 663	1 638	2,1%

Changes in the pattern of training expenditure were an important measure of the level of seriousness with which enterprises were addressing skills development among their employees. For this reason, training expenditure as a percentage of payroll reported in the HSRC survey of training in 2000 was compared with data from the NSS of 2003. The 2000 survey data were unweighted and were based on a smaller sample size, which made detailed comparison at the SETA level indicative rather than definitive. However, on an aggregate basis, this comparison suggested that expenditure on training increased from 1,3[1] per cent to 2,1 per cent over the period

[1] These data are based on 'Table 10.2 Training expenditure over past financial year' in Kraak et al. (2000: 90), but have been amended because the dataset of 102 enterprises in the 2000 survey contained data for private and public enterprises such as the large parastatal organisation, Eskom, whereas the 2003 National Skills Survey focused on private sector enterprises only. For this reason the data for Eskom was removed from the 2000 dataset, and training expenditure as a percentage of payroll was recalculated.

between 2000 and 2003 (Kraak et al. 2000: 90). This is a sign of increased commitment to skills development among enterprises.

3.3 Fostering skills development in the formal economy for productivity and employment growth, and stimulating and supporting skills development in small business (objectives 2 and 3)

As the NSS 2003 focused on small, medium and large enterprises – enterprises with more than ten employees – this section analyses both objectives 2 and 3 of the NSDS, which do distinguish between enterprise sizes. In considering skills development by enterprise size, data on access to grants and use of workplace skills plans (WSPs) will be examined. The NSS 2003 also requested data on levels of registration and satisfaction with SETA, which will be considered here in order to enrich the picture of how companies view the SETAs to which they are affiliated.

3.3.1 Access to grants in large, medium and small entrprises (indicators 2.1, 2.2 and 3.1)

The levy grant system is the central mechanism within the NSDS structure that encourages participation by enterprises in training activities. For this reason, the proportion of enterprises claiming grants was an important indicator of participation.

The NSS 2003 data for grant claims (Table 14) – 85 per cent of large enterprises claimed and 66 per cent of medium enterprises claimed – can be compared with Department of Labour data on grants received. The departmental implementation report of March 2003 showed that 72 per cent of large enterprises and 51 per cent of medium enterprises received grants in the year ending March 2003 (Department of Labour 2003b: 24 – 25), the target for large enterprises being 75 per cent and for medium enterprises 40 per cent.

The NSS 2003 data confirmed the extent to which the system had been adopted in large and medium enterprises. The differences between the figures for grant applications and grants received could be ascribed to the time-lag between the submission of a grant claim and the reimbursement of the grant. This was a positive achievement, since it implied that all of the antecedent elements and structures in the levy grant process were activated for nearly nine out of ten large enterprises and two thirds of medium enterprises. These proportions also suggest that the 'system' was working at these size levels.

There was greater difficulty in capturing small enterprises in the system, yet 29 per cent of small enterprises reported having claimed grants in the past year, which exceeded the target of 20 per cent set for 2005. The Department of Labour (2003b: 30) reports that by March 2003, 9,7 per cent of small enterprises had received grants. Small enterprises exceeded the target in absolute terms by a smaller margin than medium and large enterprises, but the proportionate gain over the target was significantly larger than in the other two categories. The small proportions of small enterprises in the country receiving grants brings the aggregate level of grant claims across all South African enterprises (with more than ten employees) down to 41 per cent.

Table 14: Enterprises claiming grants by size in 2002/03

	Yes		No		Group total	
	N	%	N	%	N	%
Small 11-49	7.984	29	19.610	71	27.594	100
Medium 50-149	5.509	66	2.848	34	8.357	100
Large 150+	2.272	85	396	15	2.668	100
Total	15.764	41	22.854	59	38.618	100

Statistical analysis showed that a significantly larger percentage of enterprises with low training rates did not claim grants. Even though causality could not be inferred, the association between these two behaviours was important. The implication is that enterprises which claimed grants were more likely to have higher training rates, indicating a coincidence of desired training-related activities.

The pattern of grant claims among SETAs (Table 15) was extremely variable, ranging from 78 per cent in the financial services sector and 72 per cent in the banking sector, to 27 per cent in the health and welfare, 23 per cent in the chemicals and 20 per cent in the education sectors. These differences could be ascribed, *inter alia*, to a number of factors such as the size of the sector, the number of small enterprises in the sector, the level of organisation of the sector and the past history of training in the sector. For example, the large proportion of enterprises that claimed grants in the financial services sector could in part be ascribed to a high proportion of small consulting and professional service firms in that sector that needed to pursue continuing professional development in various professional fields.

Notwithstanding the existence of material and historical conditions that impacted on the extent to which enterprises in particular sectors were claiming grants, this large variance may also be ascribed to differences in the capacity of the SETAs themselves to administer and support the levy grant system.

Table 15: Enterprises claiming grants by SETA in 2002/03

		Yes		No		Group total	
		N	%	N	%	N	%
FASSET	1	773	78	220	22	993	100
BANKSETA	2	176	72	68	28	244	100
CHIETA	3	385	45	478	55	863	100
CTFL	4	758	61	487	39	1 245	100
CETA	5	698	23	2 310	77	3 008	100
ETDP SETA	7	262	20	1 077	80	1 339	100
ESETA	8	96	28	246	72	342	100
FOODBEV	9	631	55	517	45	1 148	100
FIETA	10	288	33	590	67	877	100
HWSETA	11	338	27	917	73	1 255	100
ISETT	12	704	62	431	38	1 135	100
INSETA	13	247	57	186	43	433	100
MAPPP	15	788	55	645	45	1 432	100
MQA	16	352	46	416	54	768	100
MERSETA	17	2 880	45	3 498	55	6 378	100
POSLEC SETA	19	419	41	612	59	1 030	100
PAETA	20	875	37	1 510	63	2 385	100
SETASA	22	439	57	328	43	768	100
SERVICES	23	1 429	31	3 136	69	4 564	100
THETA	25	703	34	1 363	66	2 065	100
TETA	26	576	42	791	58	1 367	100
W&RSETA	27	1 948	39	3 029	61	4 977	100
Total		15 764	41	22 854	59	38 618	100

3.3.2 Use of workplace skills plans in large, medium and small enterprises (Indicators 2.1, 2.2 and 3.1)

One of the key benchmarks for the management of any enterprise is its capability and desire to engage in strategic enterprise planning. A workplace skills plan (WSP) was an indicator that the enterprise had engaged in a process that would lead to the development of a plan for training and development of employees. In the NSDS, the development of a WSP is given as a formal

requirement for enterprises in order to qualify for a grant payment. Statistical analysis showed that a significantly larger proportion of enterprises that had WSPs also claimed grants.

However, the data in Table 16 show that enterprises that claimed to have developed WSPs exceeded the number of enterprises that reported claiming grants. This could mean that a number of enterprises had submitted their WSPs and were in the process of claiming grants at the time of receiving the NSS 2003 questionnaire. As can be seen from the table, the proportion of enterprises that claimed to have a WSP was 10 per cent higher than the proportion of enterprises that actually claimed grants.

Table 16: Enterprises having workplace skills plans by size in 2002/03

	Yes		No		Group total	
	N	%	N	%	N	%
Small 11-49	10 430	39	16 069	61	26 498	100
Medium 50-149	6 203	76	1 967	24	8 169	100
Large 150+	2 509	94	169	6	2 679	100
Total	19 142	51	18 204	49	37 346	100

At the SETA level, the distribution of enterprises having WSPs revealed a similar variance to the distribution of those claiming grants (Table 17). SETAs with low numbers of enterprises reporting that they had WSPs had a larger proportion of small enterprises in their membership, such as the education, energy and wholesale and retail sectors.

The sectors that reported high proportions of WSPs included the banking, information and communication technologies, financial services, and secondary agriculture sectors.

Table 17: Enterprises with workplace skills plans by size in 2002/03

		Yes		No		Group total	
		N	%	N	%	N	%
FASSET	1	728	73	265	27	993	100
BANKSETA	2	204	84	40	16	244	100
CHIETA	3	456	55	369	45	824	100
CTFL	4	709	60	479	40	1 188	100
CETA	5	1 259	44	1 626	56	2 885	100
ETDP SETA	7	464	36	822	64	1 286	100
ESETA	8	118	37	201	63	319	100
FOODBEV	9	648	59	446	41	1 095	100
FIETA	10	481	56	373	44	854	100
HWSETA	11	623	49	646	51	1 268	100
ISETT	12	879	77	256	23	1 135	100
INSETA	13	278	67	135	33	414	100
MAPPP	15	886	62	546	38	1 432	100
MQA	16	484	70	210	30	694	100
MERSETA	17	3 452	55	2 796	45	6 248	100
POSLEC SETA	19	502	57	378	43	880	100
PAETA	20	1 064	48	1 166	52	2 230	100
SETASA	22	559	73	209	27	768	100
SERVICES	23	1 807	40	2 696	60	4 503	100
THETA	25	1 097	51	1 066	49	2 163	100
TETA	26	658	53	587	47	1 245	100
W&RSETA	27	1 784	38	2 895	62	4 680	100
Total		19 142	51	18 204	49	37 346	100

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3.3.3 Reported registration with SETAs

SETAs are the instruments through which the NSDS is co-ordinated at the level of economic sectors. All enterprises paying the levy should be registered with a SETA, as it is through SETAs that grants are paid. Overall, 63 per cent of enterprises reported being registered with a SETA (Table 18). There was a clear size dimension in the registration pattern: 95 per cent of large firms reported registration but this fell to 56 per cent for small enterprises. An additional 9 per cent of enterprises were unsure about their registration status.

Table 18: Enterprises reporting registration with a SETA by size in 2002/03

	Yes		No		Unsure		Group total	
	N	%	N	%	N	%	N	%
Small 11-49	15 008	56	8 832	33	3 035	11	26 875	100
Medium 50-149	6 324	78	1 397	17	386	5	8 107	100
Large 150+	2 555	95	121	4	25	1	2 701	100
Total	23 887	63	10 350	27	3 446	9	37 682	100

Although reported registration was far from universal, it compared extremely favourably with 1999/2000 data, in which only 7 per cent of enterprises reported an affiliation with a SETA or an industry training board (ITB) (Kraak et al.: 2000). While the shift from voluntarism has not yet resulted in 100 per cent registration, it does appear to have resulted in a massive shift in participation in sectoral bodies.

3.3.4 Satisfaction with services provided by the SETAs

The services provided by the SETAs were an important factor in creating the conditions within which enterprises would engage with skills development activities. For this reason, enterprises were asked to rate SETA services according to a set of service activities on a five-point scale ranging from 'Poor' (1) to 'Excellent' (5) (Table 19).

Table 19: Enterprise rating of SETA services by size in 2002/03

	Small 11-49		Medium 50-149		Large 150+		Group total	
	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev
Advice and support concerning Learnerships	2,4	1,3	2,7	1,2	2,9	1,3	2,5	1,3
Internet site and web pages	2,5	1,3	3,0	1,1	3,1	1,1	2,7	1,2
Promptness in paying grants	2,5	1,3	3,0	1,1	3,1	1,2	2,7	1,2
Provision of information about courses, programmes and training	2,4	1,3	2,7	1,2	2,7	1,2	2,5	1,3
Provision of information about grants	2,3	1,3	2,8	1,2	3,1	1,2	2,6	1,3
Provision of sector skills plans	2,2	1,3	2,8	1,2	3,1	1,3	2,5	1,3
Provision of free training	1,9	1,2	2,4	1,3	2,7	1,4	2,2	1,2
Responsiveness to queries	2,6	1,3	3,1	1,2	3,0	1,2	2,8	1,3
Submission procedures	2,6	1,2	3,1	1,2	3,1	1,2	2,8	1,2
Other	1,5	0,9	2,4	1,6	2,8	2,0	1,7	1,2
Total	2,3		2,8		3,0		2,5	

The ratings showed that, overall, enterprises were most satisfied with the responsiveness of the SETAs to queries and least satisfied with the provision by SETAs of training free of charge to the employer. Almost all the ratings fell in a narrow band between 2,5 and 2,8, suggesting a mid-point degree of satisfaction with SETA performance. In the light of the generally negative press coverage of SETAs, this should be seen as a relatively satisfactory evaluation of a young set of institutions. However, the gradient of ratings from small to large enterprises did suggest either that SETAs were performing better in their service of large enterprise clients or that large enterprises were better equipped to communicate with and draw from SETA services.

3.4 Assisting new entrants into employment (objective 5)

3.4.1 Enrolment in Learnerships and apprenticeships (indicator 5.1)

A 'Learnership' is a central vehicle of the skills development strategy of the Department of Labour, and a major focus for the disbursement of discretionary grants. There are two types of grant to support Learnerships: a grant to offset the costs of implementing Learnerships for 'current employees' (Referred to as 18.1 type Learnership), and a grant for subsidising learners who as 'new employees' were unemployed immediately before starting the Learnership (Referred to as 18.2 type Learnership).

The NSS 2003 did not elicit data on Learnership numbers from enterprises. The data cited below was sourced from the Department of Labour database for the period coinciding with the NSS postal survey. The distribution of learners registered for Learnerships in 2003 was uneven, with much higher levels of registration of learners in particular sectors (Table 20). The financial services (30,5 per cent), services (20,6 per cent), and manufacturing (13,2 per cent) sectors accounted for nearly two thirds of all learners registered for Learnerships. It is striking that financial services, which was one of the smallest sectors in terms of employment size (1,1 per cent), had by far the largest share of learners registered. Another sector that had a large share of learners in Learnerships (5,3 per cent) from a small sectoral employment base (1,6 per cent) was the information systems, electronics and telecommunications technologies sector. The services sector achieved a 20 per cent share of Learnership registration from a 7,2 per cent share of total employment in small, medium and large enterprises in South Africa.

Overall, there was a greater proportion of 'current employee' than 'new employee' Learnerships registered (56 per cent compared to 44 per cent).

Table 20: Learners registered in Learnerships by June 2003 by SETA

		Number registered in Learnerships for current employees (18.1)	18.1 as a % of all Learnerships per SETA	Number registered in Learnerships for new employees (18.2)	All learners registered in Learnerships	SETA share of all learners registered for Learnerships %
FASSET	1	8 924	85,5	1 517	10 441	30,5
BANKSETA	2	132	47,5	146	278	0,8
CHIETA	3	279	66,7	139	418	1,2
CTFL	4	1 384	77,1	410	1 794	5,2
CETA	5	158	70,2	67	225	0,7
ETDP SETA	7	0	0,0	800	800	2,3
ESETA	8	133	62,1	81	214	0,6
FOODBEV	9	362	93,5	25	387	1,1
FIETA	10	182	100,0	0	182	0,5
HWSETA	11	1 193	66,6	598	1 791	5,2
ISETT	12	0	0,0	1 808	1 808	5,3
INSETA	13	45	80,4	11	56	0,2
MAPPP	15	120	71,9	47	167	0,6
MQA	16	0	0	0	0	0,0
MERSETA	17	2 514	55,7	2 000	4 514	13,2
POSLEC SETA	19	27	38,6	43	70	0,2
PAETA	20	209	62,0	128	337	1,0
SETASA	22	48	46,6	55	103	0,3
SERVICES	23	2 071	29,3	4 997	7 068	20,6
THETA	25	133	7,2	1 703	1 836	5,4
TETA	26	0	0,0	307	307	0,9
W&RSETA	27	424	67,2	207	631	1,8
Total		19 177	55,9	15 101	34 278	100,0

Source: Department of Labour quarterly reports from SETAs

There were 159 Learnerships that were approved and for which there were learners registered by June 2003 (Table 21), compared to 136 active Learnerships in March 2003 (Department of Labour 2003b: 26). The number of Learnerships registered varied across sectors, but some Learnerships had a far higher number of learners registered than others. On a sectoral level, the financial services Learnerships had a very large average number of learners registered, whereas in the media, advertising, printing and publishing sector the average number of learners was much smaller. A number of conditions influenced these figures, including the size of the sector and the age of the Learnership (new Learnerships would have had low cumulative registrations). However, this suggests that some Learnerships may also have been more efficient in relation to the cost allied to developing them.

Table 21: Learners registered in Learnerships by June 2003 by SETA

		Total number of Learnership programmes offered per SETA	Total number of learners registered	Average number of learners registered per Learnership programme
FASSET	1	4	10 441	2 610
BANKSETA	2	5	278	56
CHIETA	3	12	418	35
CTFL	4	19	1 794	94
CETA	5	4	225	56
ETDP SETA	7	4	800	200
ESETA	8	7	214	31
FOODBEV	9	8	387	48
FIETA	10	nd	182	-
HWSETA	11	9	1 791	199
ISETT	12	4	1 808	452
INSETA	13	7	56	8
MAPPP	15	11	167	15
MQA	16	nd	0	-
MERSETA	17	9	4 514	502
POSLEC SETA	19	1	70	70
PAETA	20	8	337	42
SETASA	22	1	103	103
SERVICES	23	23	7 068	307
THETA	25	10	1 836	184
TETA	26	9	307	34
W&RSETA	27	4	631	158
Total		159	34 278	216

Source: Department of Labour quarterly reports from SETAs

3.4.2 Planned participation in 18.1 and 18.2 Learnerships (Indicators 5.1 and 5.2)

In 1999/2000, 43 per cent of enterprises indicated that they planned to implement Learnerships by 2001, and 51 per cent of enterprises signified their intention to implement Learnerships by 2004 (Kraak et al. 2000: 76).

Respondents to the NSS 2003, indicated whether their enterprises expected to initiate Learnerships in the year 2003/04. A higher proportion of enterprises expected to initiate Learnerships for current employees (50 per cent) than for new employees (38 per cent) (Table 22). This was roughly consistent with the shape of Learnership registration that favoured current employee (18.1) Learnerships. The tendency was for both medium and large firms to express

stronger intentions to initiate Learnerships for current employees, while intentions with respect to new employee Learnerships (18.2) did not show much variance across the enterprise size groups.

Table 22: Enterprises expecting to initiate Learnerships by size in 2002/03 (%)					
		Small 11-49	Medium 50-149	Large 150+	Total
Current employees (18.1 Learnerships)	Yes	49	53	56	50
	No	51	47	44	50
	Total	100	100	100	100
New employees (18.2 Learnerships)	Yes	38	39	40	38
	No	62	61	60	62
	Total	100	100	100	100

The initiation of Learnerships is dependent on the priorities in the Sector Skills Plan, the funds available to support Learnerships in SETAs, and the levels of interest among employers. Strong intentions to initiate Learnerships for current employees were signaled by enterprises in the energy, insurance and secondary agriculture sectors (Table 23). Intentions to implement Learnerships for new employees were strongest among enterprises in the financial services and police and security sector.

Of concern was the relatively low level of learners currently registered (Table 22) and the very low level of intention to establish Learnerships (Table 23) in the primary agriculture sector.

Table 23: Enterprises expecting to initiate Learnerships by SETA in 2002/03 (%)							
		% of enterprises expecting to initiate Learnerships for current employees			% of enterprises expecting to initiate Learnerships for new employees		
		Yes	No	Total	Yes	No	Total
FASSET	1	43	57	100	59	41	100
BANKSETA	2	42	58	100	33	67	100
CHIETA	3	48	52	100	40	60	100
CTFL	4	53	47	100	28	72	100
CETA	5	51	49	100	40	60	100
ETDP SETA	7	42	58	100	37	63	100
ESETA	8	72	28	100	56	44	100
FOODBEV	9	61	39	100	54	46	100
FIETA	10	48	52	100	47	53	100
HWSETA	11	40	60	100	39	61	100
ISETT	12	52	48	100	51	49	100
INSETA	13	69	31	100	51	49	100
MAPPP	15	51	49	100	37	63	100
MQA	16	51	49	100	42	58	100
MERSETA	17	50	50	100	35	65	100
POSLEC SETA	19	56	44	100	59	41	100
PAETA	20	42	58	100	10	90	100
SETASA	22	64	36	100	42	58	100
SERVICES	23	54	46	100	43	57	100
THETA	25	53	47	100	46	54	100
TETA	26	63	37	100	51	49	100
W&RSETA	27	45	55	100	27	73	100
Total		50	50	100	38	62	100

3.5 NSDS equity targets

Given the highly unequal access to both employment and training in the past, the NSDS places a strong emphasis on equity, which it treats as cross-cutting targets. As data on disability have already been presented, the focus here will be on race and gender.

3.5.1 Gender

In 2002/03, 22 per cent of females and 28 per cent of males in permanent employment received training (Table 24). This means that males received 27 per cent more training than females. However, the shape of access varied across enterprise size, with large enterprises showing the largest differential and poorest performance in training access by gender. On the other hand, small enterprise training practices suggest that females were slightly advantaged.

Table 24: Training ratio by gender and enterprise size in 2002/03 (%)

	Small 11-49	Medium 50-149	Large 150+	Group total
Female	23	26	20	22
Male	21	27	30	28
Total	22	27	26	25

Female employees were particularly at a disadvantage in the technician, professional, craft/skilled trade and operator categories (Table 25). This is an indication that inequitable access to training was hampering the development of human capital in these categories. Females enjoyed a marginally higher level of training access in service and sales work and the agricultural occupations, which are associated to some extent with gender segmentation.

Table 25: Training ratio by gender and occupational category in 2002/03 (%)

Occupational group	Female	Male	Total
Managers	22	25	24
Professionals	13	24	18
Technicians	10	28	20
Admin/sec	21	25	22
Service/sales	35	32	33
Agriculture	20	19	19
Craft/skilled trade	13	24	23
Operators	20	31	29
Elementary	28	27	27
Total	22	28	25

3.5.2 Race

In aggregate terms, the training ratio for Africans was higher than for other race groups (Table 26), which suggests that some positive progress was being made with respect to bringing about redress in the skills levels of disadvantaged groups. In contrast, Indians had a markedly lower aggregate training rate – at least five per cent lower than the other race groups.

There was a clear pattern of racial differences in training access between small, medium and large enterprises. Training rates of Africans rose steadily from small to large enterprises, which suggests that large enterprises were more able to monitor and respond to racial equity needs in their labour force. Given the number of small enterprises in the country, it is worrying that the training rate for Africans in such enterprises was below that of Coloureds and Whites.

Table 26: Training ratio by race and enterprise size in 2002/03 (%)

	Small 11-49	Medium 50-149	Large 150+	Group total
African	19	25	32	28
Coloured	27	24	21	23
Indian	17	23	16	18
White	25	33	19	23
Total	22	27	26	25

Training ratios by race and occupation (Table 27) show that African managers, administrative and secretarial workers and elementary workers were exposed to markedly more training opportunities

than the other race groups. These data suggest that equity programmes were taking effect across these categories, which could lead to the production of high-level management skills as well as the development of low-skill elementary workers.

It is of concern that in the technicians category there were low levels of training opportunities for African and coloured employees. This probably in part reflected the disadvantages experienced by black learners at school in the gateway subjects of science and mathematics.

Table 27: Training ratio by race and occupational category in 2002/03 (%)

Occupational group	African	Coloured	Indian	White	Group total
Managers	34	16	18	23	24
Professionals	16	10	16	19	18
Technicians	16	13	22	23	20
Admin/sec	27	21	17	21	22
Service/sales	33	35	22	35	33
Agriculture	19	19	-	26	19
Craft/skilled trade	21	27	19	25	23
Operators	27	35	19	23	29
Elementary	30	13	05	10	27
Total	28	23	18	23	25

3.5.3 Equity targets expressed in terms of the NSDS

The discussion of equity above was based on the calculation of training rates, which referred in percentage terms to the proportion of employees receiving training *within* each gender or race category. For instance, an aggregate training rate for Africans of 28 per cent meant that 28 out of 100 Africans employed received some form of training in the year 2002/03.

But these ratios did not reflect the share of training received by Africans as a proportion of all employees. Therefore it is necessary to calculate the distribution of all training *across* all race groups. This is presented in Table 28.

Table 28: Training access by race 1999/00 to 2002/03 (%)

	NSDS target	1999/00		2002/03	
African	85 black	48	69 black	56,3	73,3 black
Coloured		12		13,6	
Indian		9		3,4	
White	15	32		26,7	

Note: Totals may not add to 100 on account of rounding off. Data for 1999/00 from Kraak et al. (2000).

As can be seen from Table 28, the years between 2000 and 2003 show a slight increase in the share of training obtained among black employees. Similarly, a small change towards the NSDS equity targets is reflected in the gender balance in Table 29.

Table 29: Training access by gender 1999/00 to 2002/03 (%)

	NSDS target	1999/00	2002/03
Female	54	30	33,3
Male	46	70	66,7

Note: Data for 1999/00 from Kraak et al. (2000)

While the analysis in Table 29 refers to equity in terms of overall access to training among all workers, Table 30 describes the equity profile of the workforce with reference to workers involved in particular forms of training. The proportion of black workers, women and disabled workers was calculated as a proportion of all those participating in NQF Level 1 programmes, which were the equivalent of the General Education and Training Certificate (GETC) Grade 9, and the Adult Basic Education Level 4. Black representation among learners in NQF Level 1 was approaching the target proportion, but participation of women was very low. Access to structured learning affords the advantaged access to employment choice and opportunities. Women had a better share of

access to structured learning than to all forms of training together. What is of concern is that black workers had a much smaller share of structured learning than of all training opportunities. This suggests that the distribution of structured learning opportunities disproportionately benefitted coloured, Indian and white workers.

Data on training proportions by disability varied widely between the overall proportion of 0,28 per cent calculated for the NSS 2003 and the proportion of the disabled who engaged in NQF Level 1 and structured learning. In both instances the proportionate share of training among disabled persons was lower than that calculated for the NSS 2003.

Table 30: Workers achieving NQF Level 1 or participating in structured learning programmes by race, gender and disability in March 2003 (%)

	Target	NQF Level 1	Structured learning
Participation in training by race	85% black	77,5%	54,5%
Participation in training by gender	54% women	20,4%	40,5%
Participation in training by disability	4% disabled	0,04%	0,08%

Source: Department of Labour (2003b: 49)

3.6 Conclusion

This chapter suggests that there has been reasonable progress towards the NSDS goals according to the NSS data. There are clearly challenges ahead, but it needs to be remembered that the system is still very young. In this light, progress is generally relatively successful. Table 31 sets out in summary form the 'performance' of small, medium and large enterprises against these targets for ease of reference.

The key features of training against NSDS targets are briefly summarised below.

Overall, 60 per cent of enterprises reported that they provided training opportunities to their employees in the previous year. The training participation rate of employees was between 25 and 38 per cent. However, this aggregate figure obscured the below-average training rates in technician and craft levels, and in professional and management levels. These findings are of concern given the importance of these occupations to growth across a wide range of economic sectors.

While the overall amount of training was reasonable and formal training was reported to be far more common than informal training, it needs to be stressed that only 30 per cent of formal training was reported as being structured. More seriously, less than 3 per cent of all employees had exposure to NQF-aligned training in the previous year. These findings are potentially disquieting in the light of the official emphasis on structured learning. Clearly there is a difficult task ahead to ensure NQF alignment, and this is confirmed by international experience.

The survey data suggest that any shift towards high-performance work practices is limited. Few practices were widespread and there was restricted use of such practices in combination.

Training expenditure was a reasonable 2,1 per cent, but there is clearly room for improvement.

Across all these indicators there were large sectoral variations, which finding is potentially worrisome. Some of the variations inevitably related to the history and structure of sectors, but the unevenness of SETA performance may also have been a factor. Overall satisfaction with SETA service was acceptable, although SETAs were apparently more successful in reaching and servicing the needs of their larger clients.

Table 31: National Skills Development Strategy objectives and indicators based on data available in the National Skills Survey 2003

	Objective	Indicator	Small 11-49	Med 50-149	Large 150+
1	Developing a culture of high-quality lifelong learning	NSDS 1.2 - Participation in all training (enterprises)	60%		
			56%	72%	81%
		NSDS 1.2 - Participation in all training (employees)	25-38%		
			22%	27%	26%
		NSDS 1.2 - Proportion of training that is structured	30%		
			39%	37%	25%
		NSDS 1.2 - Proportion of training that is NQF-aligned	9%		
		NSDS 1.3 - Take-up of high-performance workplace activities	• Teams – low • Peer interaction -low • Skilling - low • Incentives – very low		
2 & 3	Fostering skills development in the formal economy for productivity and employment growth & Stimulating and supporting skills development in small businesses	NSDS 2.1 - Access to grants in large firms NSDS 2.2 - Access to grants in medium firms NSDS 3.1 - Access to grants in small firms	29%	66%	85%
		NSDS 2.1 - Use of workplace skills plans (WSPs) in large firms NSDS 2.2 - Use of workplace skills plans (WSPs) in medium firms NSDS 3.1 - Use of workplace skills plans (WSPs) in small firms	39%	76%	94%
5	Assisting new entrants into employment	NSDS 2.3 - Number of sectors in which Learnerships/ apprenticeships are available	All SETAs		
		NSDS 5.1 - Enrolment in Learnerships and apprenticeships	23% of firms		
		NSDS 5.1 - Planned participation in Type 18.1 Learnerships for current employees	49%	53%	56%
		NSDS 5.2 - Planned participation in Type 18.2 Learnerships for new entrants/unemployed persons	38%	39%	40%
	Additional indicators relevant to objectives 2 and 3: Fostering skills development	Training expenditure as a % of payroll	2,1%		
			1,0%	1,1%	2,8%
		Reported registration of enterprises with SETAs	56%	78%	95%
		Satisfaction with SETAs	Reasonable		
	NSDS equity targets	Participation in training by race	A	C	I	W
			56%	14%	3%	27%
		Participation in training by gender	F	32%	M	68%
		Participation in training by (dis)ability	0,28%			

Overall, 41 per cent of all enterprises reported having received grants from the levy grant system, with the far weaker coverage at the small enterprise level counterbalancing the widespread coverage of large enterprises. Use of workplace skills plans was reported by 51 per cent of all enterprises, again with a sharp differentiation by size. Cumulatively, 63 per cent of all enterprises reported that they were registered with a SETA. Whilst this was far below the 100 per cent that was expected, it reflected a very large increase from the 7 per cent involvement in voluntary structures observed in 1999/2000.

The Learnership system showed aggregate registered participation of 34 278 learners in Learnerships across almost all sectors by June 2003, but this is clearly a fast-growing area of the NSDS because the number reached 75 014 by the end of July 2004 (Mdladlana 2004). The extent to which sectors developed and launched Learnerships was concentrated in three sectors: financial services, services and manufacturing. With reference to future plans, 50 per cent of enterprises reported an interest in offering Learnerships to existing staff, while 38 per cent indicated that they were interested in taking unemployed learners into Learnerships.

There was some progress towards the equity targets but much still has to be done. Female participation in training increased from 30 per cent to 33 per cent since 1999/2000, but was still far from the 54 per cent target. Black participation increased over the same time from 69 per cent to 73 per cent, but was still below the 85 per cent target. Disabled employees represented 0,68 per cent of all workers and had an even smaller share of access to training (0,28 per cent, which was

below the 4 per cent target). There was apparently still a high degree of occupational segmentation. Strikingly, large firms performed badly in terms of female access to training.

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Chapter 4: In-depth analysis of training rates and training expenditure in private enterprises

Andrew Paterson and Jacques du Toit

4.1 Introduction

Chapter 3 analysed private enterprise training against the National Skills Development Strategy (NSDS) targets set by the Department of Labour for the following enterprise size categories: small (11 – 50 employees), medium (51 – 149 employees) and large (150 and more employees). This chapter draws on training issues covered in the National Skills Survey (NSS) of 2003 that could not be addressed in Chapter 3 with its dedicated focus on progress against the NSDS targets. It also introduces more contextual data and engages in some international comparative analysis. The analysis is based on an enterprise size categorisation of small (11 – 50 employees), medium (51 – 100 employees) and large (more than 100 employees).

The chapter has three sections. The first briefly profiles private enterprises in South Africa in order to place the data on training in context. This includes reference to international ownership and the number of years of operation, while the shape of employment is described with reference to the balance of permanent and non-permanent employees, the proportion of personnel leaving enterprise employ, and the distribution of disabled personnel. The section also addresses two key indicators of training access, distribution and intensity, namely training rates and training expenditure.

The second section focuses intensively on training and begins with an analysis of the distribution of enterprises that undertake training, and does so by SETA and by employment size. It then proceeds with an in-depth analysis of training rates according to: SETA, enterprise size, occupational group, race and gender.

The third section focuses on investment in training in relation to the skills levy. Expenditure patterns are examined with reference to enterprise size and SETA membership.

4.2 Population of enterprises and employees

It is necessary to preface the analysis by describing the main features of the population of enterprises and employees. The analysis below is based on a population of 45 399 private enterprises (Table 1). The total number of people employed in these enterprises and whose training activities are reported is 5.18 million.

Table 1: Number of enterprises and number of employees

	Total number of enterprises	%	Total number of employees	%
Small (11-50)	31 244	68,8	982 772	19,0
Medium (51-100)	10 121	22,3	976 260	18,8
Large (100+)	4 033	8,9	3 222 514	62,2
Total	45 399	100,0	5 181 546	100,0

NOTE: The numbers of enterprises as well as any numbers of employees given in this or any subsequent table are derived from a statistical weighting procedure. In the weighting procedure, data from the returns of the sample survey are adjusted proportionately to reflect the actual enterprise numbers in the sample frame. In this way the results of the survey can be compared with the actual population of enterprises described by the sample frame.

These figures are not representative of the total population of enterprises or employees within small, medium and large enterprises in the private sector in 2003, but are based on a South African Revenue Service dataset of enterprises that paid skills development levies

between November 2002 and February 2003. For a detailed explanation of the sampling strategy, response rate and weighting technique applied in this survey, upon which these numbers are based, see Chapter 2: 'Research design and methodology'.

Table 2 shows the distribution of enterprises across the sector education and training authorities (SETAs) with reference to number of enterprises and to number of employees. (The full name of each SETA is given in Table 2 together with its acronym and its official number. The tables after that only use the SETA acronym and number.) SETAs such as mining and insurance are represented by a small number of enterprises but their average enterprise size is large. In contrast, the services and wholesale and retail sectors have large numbers of small enterprises. Certain SETAs with a heterogeneous membership base combined with large numbers of small enterprises may face a greater challenge in facilitating training than SETAs with a relatively homogenous membership client base combined with mostly medium and large sizes.

Table 2: SETA share of total employment and of total number of enterprises in the sample (%)

Full name of SETA	Acronym		% share of total employment	% share of total number of enterprises
Financial and Accounting Services	FASSET	1	1,1	2,7
Banking Sector Education and Training Authority	BANKSETA	2	1,0	0,6
Chemical Industries Education and Training Authority	CHIETA	3	1,5	2,2
Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	CTFL	4	3,1	3,0
Construction Education and Training Authority	CETA	5	10,6	6,1
Education, Training and Development Practices Sector Education and Training Authority	ETDP SETA	7	1,2	3,3
Energy Sector Education and Training Authority	ESETA	8	0,3	1,0
Food and Beverages Manufacturing Industry Sector Education and Training Authority	FOODBEV	9	4,6	2,8
Forest Industries Sector Education and Training Authority	FIETA	10	2,0	2,2
Health and Welfare Sector Education and Training Authority	HWSETA	11	7,3	3,4
Information Systems, Electronics and Telecommunications Technologies	ISETT	12	1,6	3,0
Insurance Sector Education and Training Authority	INSETA	13	7,8	1,2
Advertising, Publishing, Printing and Packaging	MAPPP	15	2,8	3,8
Mining Qualifications Authority	MQA	16	10,9	1,8
Manufacturing, Engineering and Related Services Education and Training Authority	MERSETA	17	12,3	16,6
Police, Private Security, Legal and Correctional Services	POSLEC SETA	19	2,5	2,7
Primary Agriculture Education and Training Authority	PAETA	20	3,0	5,8
Secondary Agriculture Sector Education and Training Authority	SETASA	22	2,8	1,9
Services Sector Education and Training Authority	SERVICES	23	7,2	12,3
Tourism and Hospitality Education and Training Authority	THETA	26	5,1	5,3
Transport Education and Training Authority	TETA	28	4,3	3,7
Wholesale and Retail Sector Education and Training Authority	W&RSETA	27	6,9	12,6
	Total		100,0	100,0

4.2.1 Ownership of establishment

Responses to a survey question on the ownership of the establishment show the extent to which enterprises in South Africa have either local or foreign or joint ownership. The proportions of joint ventures and of fully foreign enterprises both increase with enterprise size (Table 3). Combined joint venture and foreign enterprise involvement is as high as 16,7 per cent in the large enterprises. The fully foreign category is more than double the size of the joint venture category overall.

Table 3: Ownership by enterprise size (%)

	South African	Joint venture	Foreign	Group total
Small (11-50)	94,6	1,6	3,8	100,0
Medium (51-100)	91,1	2,8	6,0	100,0
Large (100+)	83,3	4,1	12,6	100,0
Total	92,8	2,1	5,1	100,0

The distribution of enterprises by ownership and SETA in Table 4 shows that high levels of joint venture and foreign ownership occur in particular sectors. Joint ventures are concentrated in the banking, secondary agriculture, and food and beverages sectors, while foreign ownership is concentrated in the chemicals, information technology, transport and mining sectors. The distribution of joint venture and foreign ownership is concentrated particularly in the chemicals (28,8 per cent) and information technology (23,3 per cent) sectors, each of which reflects a ratio of foreign involvement at the level of about one in every four enterprises. Of interest is whether the ownership status of enterprises is associated with differences in intensity and quality of training.

Table 4: Ownership by SETA (%)

		South African	Joint venture	Foreign	Group total
FASSET	1	94,2	0,0	5,8	100,0
BANKSETA	2	91,2	8,8	0,0	100,0
CHIETA	3	71,1	4,0	24,8	100,0
TEXTILES	4	91,3	1,2	7,5	100,0
CETA	5	96,9	0,0	3,1	100,0
ETDP SETA	7	93,3	3,4	3,4	100,0
ESETA	8	96,5	0,0	3,5	100,0
FOODBEV	9	93,4	5,8	0,8	100,0
FIETA	10	91,4	4,7	3,8	100,0
HWSETA	11	97,6	0,0	2,4	100,0
ISETT	12	78,6	1,1	20,2	100,0
INSETA	13	88,5	2,9	8,6	100,0
MAPPP	15	92,3	3,4	4,3	100,0
MQA	16	86,6	2,5	10,9	100,0
MERSETA	17	92,4	3,9	3,7	100,0
POSLEC SETA	19	99,2	0,8	0,0	100,0
PAETA	20	100,0	0,0	0,0	100,0
SETASA	22	84,0	8,4	7,6	100,0
SERVICES	23	92,8	1,2	6,0	100,0
THETA	25	94,9	1,2	3,9	100,0
TETA	26	84,5	3,6	11,9	100,0
WRSETA	27	96,3	0,9	2,8	100,0
Total		92,8	2,1	5,1	100,0

4.2.2 Number of years in operation

The data suggest that the average age of an enterprise is related to its size, with large enterprises being on average more than 14 years older than small enterprises (Table 5).

Table 5: Number of years in operation by enterprise size

	Mean	Standard deviation
Small (11-50)	19,7	19,3
Medium (51-100)	22,3	21,3
Large (100+)	33,6	30,8
Total	21,5	21,4

NOTE: Standard deviation is a measure of the dispersion or the spread of cases around the mean. In Table 5, if we take the example of small enterprises, a standard deviation of 19.3 tells us that 66.6 per cent of all small enterprises fall within the range of 19,3 years on either side of the mean.

The younger average age of enterprises in the information technology, forest industries, banking, services and insurance sectors suggests that these sectors have experienced recent growth in the number of new enterprises (Table 6).

Table 6: Number of years in operation by SETA

		Mean	Standard deviation
FASSET	1	19,1	24,4
BANKSETA	2	15,0	18,3
CHIETA	3	26,9	19,9
TEXTILES	4	19,1	17,9
CETA	5	18,2	17,1
ETDP SETA	7	30,5	31,5
ESETA	8	19,8	18,2
FOODBEV	9	17,7	17,6
FIETA	10	14,3	10,0
HWSETA	11	20,1	17,8
ISETT	12	13,6	12,3
INSETA	13	16,2	18,8
MAPPP	15	24,7	21,2
MQA	16	21,2	18,9
MERSETA	17	22,3	15,1
POSLEC SETA	19	39,6	37,4
PAETA	20	31,8	28,0
SETASA	22	31,3	29,0
SERVICES	23	15,9	19,8
THETA	25	19,7	25,0
TETA	26	19,5	18,5
W&RSETA	27	21,5	19,4
Total		21,5	21,4

The possibility that the age of an enterprise may bear some relation to the level and quality of training that it undertakes was explored. Although there appears to be a slightly negative correlation between overall training rate and the age of enterprises, this correlation is not statistically significant or meaningful.

4.2.3 Distribution of permanent, non-permanent and disabled employees

The total number of enterprises and employees in this study was described earlier. A breakdown of employees by permanent, non-permanent and disabled status is provided here because it is important to present the absolute numbers and also to describe the proportion of the workforce in each of these categories (Table 7).

Table 7: Employee status by enterprise size

	Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	Disabled employees (permanent and non-permanent)	Total number of employees
Small (11-50)	822 329	153 346	7 098	982 772
Medium (51-100)	851 679	118 254	6 328	976 260
Large (100+)	2 773 261	422 494	28 758	3 222 514
Total	4 447 269	694 094	40 182	5 181 546

Of the 5,18 million employees, only 13,4 per cent overall are non-permanent. The data show that the proportion of permanent to non-permanent employees does not differ markedly by enterprise size, although small enterprises appear to have employed a slightly higher proportion of non-permanent employees (Table 8). It is of particular interest to assess the distribution of access to training between permanent and non-permanent employees.

Table 8: Employee status by enterprise size (%)

	Permanent employees (excluding disabled) %	Non-permanent employees (excluding disabled) %	Disabled employees (permanent and non-permanent) %	Total
Small (11-50)	83,7	15,6	0,7	100,0
Medium (51-100)	87,2	12,1	0,6	100,0
Large (100+)	86,1	13,1	0,8	100,0
Total	85,8	13,4	0,8	100,0

The proportion of disabled employees is about 0,8 per cent of the total number of employees. This group is distributed fairly evenly between the enterprise size groups, but there is greater variation in the distribution of disabled personnel at the SETA level.

It should be noted that data on the disabled group are reported on a consolidated basis (i.e. inclusive of permanent and non-permanent disabled employees) to maximise accuracy of returns. Henceforth, the tables do not specify disabled employees separately unless specifically stated.

The distribution of employment at the SETA level, as reflected in Table 9, shows that the nearly 700 000 non-permanent employees are unevenly distributed between SETAs. In the case of the banking and police and security sectors, the number of non-permanent employees is very small, both numerically and in proportion to total sectoral employment.

Table 9: Employee status by SETA

		Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	Disabled employees (permanent and non-permanent)	Total number of employees
FASSET	1	52 342	2 213	148	54 703
BANKSETA	2	51 194	955	88	52 237
CHIETA	3	73 016	3 456	601	77 073
TEXTILES	4	152 310	9 692	695	162 697
CETA	5	395 680	160 057	1 533	557 250
ETDP SETA	7	50 503	9 966	609	60 979
ESETA	8	12 548	4 661	92	17 301
FOODBEV	9	187 604	50 280	1 559	239 443
FIETA	10	90 976	10 009	1 045	102 031
HWSETA	11	360 505	15 028	1 717	377 250
ISETT	12	76 503	4 991	398	81 892
INSETA	13	301 850	101 942	260	404 052
MAPPP	15	132 225	11 153	793	144 171
MQA	16	508 082	39 400	17 554	565 036
MERSETA	17	548 232	81 434	5 977	635 643
POSLEC SETA	19	129 998	1 187	385	131 550
PSETA	20	128 105	23 217	1 765	153 087
SETASA	22	114 795	29 474	712	144 981
SERVICES	23	326 248	47 122	1 735	375 105
THETA	25	220 246	43 873	532	264 651
TETA	26	201 953	19 247	895	222 095
WARSETA	27	332 374	24 755	1 192	358 321
Total		4 447 269	694 094	40 182	5 181 546

The proportion of non-permanent employees varies considerably between sectors. There are five sectors where the proportion of non-permanent employees exceeds 20 per cent. They are: construction, energy, insurance, food and beverage, and secondary agriculture (Table10).

Table 10: Employee status by SETA (%)					
		Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	Disabled employees (permanent and non-permanent)	Total
FASSET	1	95,7	4,0	0,3	100,0
BANKSETA	2	98,0	1,8	0,2	100,0
CHIETA	3	94,7	4,5	0,8	100,0
TEXTILES	4	93,6	6,0	0,4	100,0
CETA	5	71,0	28,7	0,3	100,0
ETDP SETA	7	82,8	16,3	0,8	100,0
ESETA	8	72,5	26,9	0,5	100,0
FOODSEV	9	78,4	21,0	0,7	100,0
FIETA	10	89,2	9,8	1,0	100,0
HWSETA	11	95,6	4,0	0,5	100,0
ISETT	12	93,4	6,1	0,5	100,0
INSETA	13	74,7	25,2	0,1	100,0
MAPPP	15	91,7	7,7	0,6	100,0
MQA	16	89,9	7,0	3,1	100,0
MERSETA	17	86,2	12,8	0,9	100,0
POSLEC SETA	19	98,8	0,9	0,3	100,0
PAETA	20	83,7	15,2	1,2	100,0
SETASA	22	79,2	20,3	0,5	100,0
SERVICES	23	87,0	12,6	0,5	100,0
THETA	25	83,2	16,6	0,2	100,0
TETA	26	90,9	8,7	0,4	100,0
W&RSETA	27	92,8	6,9	0,3	100,0
Total		85,8	13,4	0,8	100,0

4.2.4 Employees who left employment in 2002/03

The attrition rate of employees is a potentially important driver of training activities. The data in Table 11 provide an undifferentiated view of turnover, and do not identify the reasons why employees left their employers. Thus employees who are leaving the labour market permanently (such as through illness) or who are still in circulation through moving to new work or into unemployment cannot be distinguished from each other. In terms of training needs, employees shifting jobs have a less negative impact on the economy than the permanent loss of trained workers.

Table 11: Number of permanent employees leaving employment in 2002/03 by enterprise size			
	Number of permanent employees	Number leaving	Number leaving as a % of permanent employees only
Small (11-50)	822 329	104 108	12,7
Medium (51-100)	851 679	98 893	11,6
Large (100+)	2 773 261	395 807	14,3
Total	4 447 269	598 809	13,5

At the SETA level, there are economic sectors where the proportion of employees leaving is higher than the average of 13,5 per cent. Worst hit are the mining (22,2 per cent), primary agriculture (18,0 per cent), police and private security (17,7 per cent) and insurance (17,3 per cent) sectors (Table 12).

Table 12: Number of permanent employees leaving employment in 2002/03 by SETA				
		Number of permanent employees	Number leaving	Number leaving as a % of permanent employees
FASSET	1	52 342	7 429	14,2
BANKSETA	2	51 194	6 317	12,3
CHIETA	3	73 016	6 304	8,6
TEXTILES	4	152 310	13 378	8,8
CETA	5	395 660	22 390	5,7
ETDP SETA	7	50 503	6 768	13,4
ESETA	8	12 548	1 770	14,1
FOODBEV	9	187 604	22 633	12,1
FIETA	10	90 976	6 511	7,2
HWSETA	11	360 505	60 033	16,7
ISETT	12	76 503	8 844	11,6
INSETA	13	301 850	52 219	17,3
MAPPP	15	132 228	14 249	10,8
MQA	16	508 082	112 997	22,2
MERSETA	17	548 232	67 057	12,2
POSLEC SETA	19	129 998	23 072	17,7
PAETA	20	128 105	23 075	18,0
SETASA	22	114 795	10 058	8,8
SERVICES	23	326 248	38 939	11,9
THETA	25	220 246	29 726	13,5
TETA	26	201 953	23 869	11,8
W&RSETA	27	332 374	41 159	12,4
Total		4 447 269	598 809	13,5

The possibility that employee turnover is related to training propensity was explored. Although there is a slight positive correlation between the training ratio and the employee turnover ratio, this association is not statistically significant or meaningful.

4.3 Training rate in private enterprises in South Africa in 2003

It is extremely important to apply a consistent measure of participation in training so that the extent to which enterprises provide training opportunities for their employees can be assessed and monitored. A simple and useful measure of training participation can be obtained by dividing the number of employees who receive training (according to a standard definition) by the total number of employees. This is computed as a 'training ratio' or a 'training rate'. The rate of training is a critical indicator that sheds light on the general state of training in an economy (Kraak et al. 2000: 48).

The definition of training applied to this issue – and printed in the questionnaire – was: any 'activity that improved the skill levels or capacities of employees to do the type of work they are doing or have done before, or gives them the skills or capacities to do a completely different type of work, either on-site or off-site'. This is a broad definition of training that covers formal to informal training, short and long duration, and face-to-face to distance forms of training. This broad approach was necessary so as not to prejudice any form(s) of training exposure in the process of 'measuring' training activities. The aim was to apply the same definition on a recurrent basis over time, so that change could be observed. A similarly broad definition of 'career or job-related' training has been applied in the OECD such as for the International Adult Literacy Survey (IALS) of 1997 (O'Connell 1999: 6).

The NSS 2003 questionnaire elicited data for the calculation of a training rate through three questions aimed at obtaining:

(A) aggregated data giving a summary of the total number of personnel that were trained in the *permanent, non-permanent* and *disabled* employee categories (question 3.2); and

(B) disaggregated data on training by occupation, gender and race within the *permanent* employee group only (question 3.3 and 3.4).

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

This approach was necessary because it would have proved too onerous a task for respondents to provide data on permanent, non-permanent and disabled employees, disaggregated by occupation, gender and race. An additional advantage was that the two different datasets provided an opportunity to cross-check results on training rates among permanent employees that were produced from two different questions. The training rates are summarized in Table 13.

4.3.1 Training rates calculated for permanent, non-permanent and disabled personnel

Table 13: Training rates for permanent personnel in comparison with rates for non-permanent and disabled personnel

	Question in the NSS	Type of question	Employee training measured	Training ratio calculated %
A 3.2	Please estimate the number of employees who participated in training during the 2002/03 financial year by the following categories: permanent, non-permanent and disabled	Aggregated	Permanent, non-permanent and disabled employees	38
B 3.3 and 3.4	Please provide a breakdown of estimated numbers of permanent employees who participated in training during the 2002/03 financial year by: • occupation group and gender	Disaggregated by occupation and gender	Permanent employees only	24
	Please provide a breakdown of estimated numbers of permanent employees who participated in training during the 2002/03 financial year by: • occupation group and population group	Disaggregated by occupation and race		

The aggregate training rate A (based on data from question 3.2) is 38 per cent. This can be broken down into a 15 per cent training ratio for disabled employees, an 18 per cent training ratio for non-permanent employees, and a 41 per cent training ratio for permanent employees (see Table 14).

Table 14: Training ratio for permanent, non-permanent and disabled employees by enterprise size (%)

	Training ratio of permanent employees (excluding disabled) %	Training ratio of non-permanent employees (excluding disabled) %	Training ratio of disabled employees (permanent and non-permanent) %	Training ratio of all employees %
Small (11-50)	31	24	20	30
Medium (51-100)	37	22	24	35
Large (100+)	46	15	12	41
Total	41	18	15	38

A significant minority of employees in private enterprises, or 13,4 per cent of the workforce, work on a non-permanent basis. It is therefore important to provide a picture of the relative levels of training access between permanent and non-permanent employees. It is quite clear that employers discriminate significantly in favour of permanent employees, probably under some pressure from trade unions and the legislative environment. Overall, the training rate of non-permanent employees is less than half that of permanent employees (Table 14). Small enterprises provide a much higher proportion of training to non-permanent staff than medium and large enterprises.

Disabled employees have less access to training in proportion to their total employment numbers. The large enterprises overall provide the lowest levels of training to disabled employees.

This differentiation is as large if not larger in developed countries. For example, in Canada in the mid-1990s the training rate for full-time workers was almost 2,5 times that for part-time workers (Jennings 1998: 14). Similarly, in Australia permanent employees received a much higher share of 'in-house' training than non-permanent employees (40,5 and 16,7 per cent respectively) (Smith & Freeland 2002: 15).

Even though non-permanent employees may not receive many training opportunities from their employers, it appears that, in Australia, they are obliged to invest in their own training. Smith and Freeland (2002: 16) observe that 'workers are becoming more responsible for their own training and development and that training is becoming a more individualized process within Australian enterprises'. In labour markets such as South Africa's, this could heighten inequality in the non-permanent workforce.

4.3.2 Comparison of training rates A and B

Training rate A for permanent employees as calculated from the aggregate numbers elicited from responses to question 3.2 differs from training rate B as calculated from disaggregated information elicited from responses to question 3.3 and 3.4 (Table 15).

Table 15: Training rate for permanent employees only

	Total
Small (11-50)	23
Medium (51-100)	24
Large (100+)	25
Total	24

This difference in training rate A and B can be attributed to the fact that a number of respondents only completed question 3.2 and may have been inclined to overestimate the numbers trained. (Questions 3.3 and 3.4 required detailed breakdowns by race and gender.) For these reasons, the 41 per cent rate is given as the *maximum possible level of training* and the 24 per cent rate is given as the *minimum level of training* of permanent personnel.

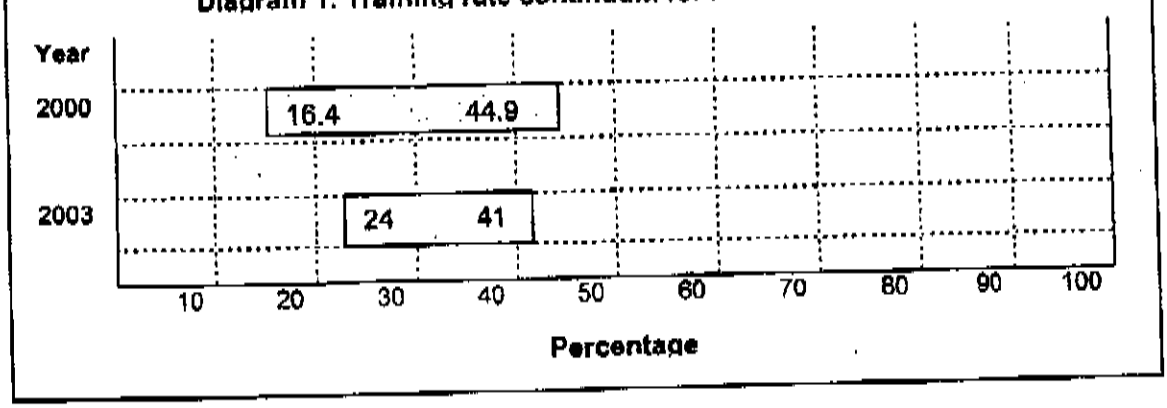
4.4 Comparison of training rates for 2000 and 2003

The production of two different rates makes it difficult to identify a 'precise' or 'true' overall training rate. It is preferable to make reference to both training rates as a means of bracketing the range in which the overall training rate probably lies. The precision of the methodology applied in the NSS 2003, if replicated, will make it possible to track changes in training provision in a follow-up survey according to either or both measures.

The Baseline Survey of Industrial Training in South Africa of 2000 defined a continuum between two points that would represent the probable minimum and maximum levels of training in South Africa (Kraak et al. 2000). In the 2000 survey, which yielded 670 returns in all, a relatively low number of enterprises (384 or 57 per cent of all returns) provided sufficiently complete data on their training activities. From this dataset, the *maximum training rate*, based on known training activity among 138 487 employees in only 384 enterprises, was calculated to be 44,9 per cent.

This figure was judged to be optimistic. The complexity of the 2000 survey form and the data-gathering method produced a large number of incomplete survey responses (Kraak et al. 2000). It was surmised that a significant number of incomplete responses came from enterprises that were reluctant to disclose low or zero levels of training. With this set of enterprises excluded from the calculation of the training rate, the overall effect on training rate calculations for the 2000 survey was to produce an overly optimistic estimate. Based on the assumption that a significant proportion of enterprises offering non-responses were not actively training, a *minimum level of training* was calculated that was based on the known training activity in 384 enterprises against the total employment of 379 322 employees in all 670 enterprises. This was calculated to be 16,4 per cent in 2000. Since the non-responses would also have included some enterprises that were training but did not provide data, the minimum level of training was considered a pessimistic indicator of training levels. On this basis, it was argued that the training rate for 2000 should be indicated as lying somewhere bracketed between 16,4 and 44,9 per cent.

Diagram 1: Training rate continuum for 2000 and 2003 (%)



When we compare the training continuum for 2000 with the training continuum for 2003 (Diagram 1), we see that the improved questionnaire structure and methodology of the NSS 2003 made it possible to focus the continuum of training at 24 to 41 per cent for permanent employees, whereas the 2000 survey was pegged far wider at 16,4 to 44,9 per cent. Given that the minimum level of training of 24% in 2003 was based on the detailed responses as to training activities among permanent employees, and on a larger sample size than the 2000 study, this enables us to authoritatively peg training levels at least at one in four.

Having discussed the training rates at the national level, training rates for permanent employees will now be analysed at a disaggregated level. The discussion that follows is based on training rate B, which focuses on permanent employees only and which offers analytic value because the data based on the 24 per cent rate can be disaggregated.

4.5 South African training rate in international perspective

It is widely assumed that within the context of globalization, there is likely to be a relationship between investment in the improvement of skills levels within a national economy and its international competitiveness. Providing data which supports this assumption is not an easy task.

O'Connell (1999: observed the following regarding the training knowledge base of OECD countries 'while a good deal is known about initial education prior to entry to the labour market, internationally comparable data on continuing education and training beyond initial education are extremely limited'. The same conclusion has been made for developing contexts by Tan and Batra (1996: 6): 'Cross national comparisons of training are fraught with problems ...' They base their analysis on data from Malaysia, Indonesia, Colombia and Mexico (Tan & Batra 1995: 33). Biggs, Shah and Shrivastava (1995) and Biggs (1995) reflect similar misgivings based on their work on training in Ghana, Kenya and Zimbabwe. These authors note that there are severe problems with data access, data completeness and missing data, and different assumptions on which data are based (see also Zeufack 1999: 33). In the OECD, O'Connell argues that the chief problem is that there are 'significant cross-national differences in the definitions of training and the reference period in relation to which training is measured' (1999: 5).

As a result, Ok and Tergeist (2003: 11) note that 'it is notoriously difficult to measure the incidence of CET'. Continuous education and training (CET) in OECD countries is defined as 'general or job-specific learning for adult workers', and covers learning activities that take place after initial education and are related to employment (Ok & Tergeist 2003: 8). These difficulties are summarised as:

- differences in how the concept of 'training' is defined;
- differences in population coverage, economic sectoral demarcation and coverage, sampling and weighting strategies (Tan & Batra 1996: 8);
- different definitions of measures (e.g. how training expenditure is defined) (Davis 1998: 67), and different definitions of economic sectors; and
- differences in the reference period of surveys (e.g. over what period data are gathered) (OECD 1998: 2).

Given the uncertainties arising from the measurement and collection of data, the OECD published a *Manual for Better Training Statistics: Conceptual, Measurement and Survey Issues* (OECD 1997) to improve enterprise-related training data, and established a special working committee to harmonise training statistics in OECD countries.

It was only in the 1990s that OECD countries began to shift their attention from the formal education system as provider of knowledge and skills, to the role of training by enterprises (OECD 1998: 2).

It is difficult to benchmark the performance of South Africa on skills development against other countries in a meaningful way. In Table 16, comparative data from the OECD are shown across a range of surveys of training to demonstrate that measures of training are influenced by methodological, contextual and cultural factors. It is inevitable that these contextual factors make comparisons between such data and data from South Africa tentative. In addition, it must be observed that on account of the history of Apartheid, the general education foundation underpinning the workforce in South Africa is poor, and

furthermore, that current enterprise training has to both improve on weak foundations and at the same time meet current labour market skills development needs in the labour force.

Nevertheless, the training rate for South Africa reported in this chapter falls within the very wide range of statistics found on training in the OECD, and suggests that the South African training rate is roughly comparable to those achieved in some economies in Southern Europe and that South Africa is not such a bad performer in skills matters as is generally assumed. Just as important, however, is to ask how well the South African training rate addresses the poor general education foundations that underpin the skills needs of many people in the workforce as a consequence of apartheid.

Table 16: Participation rate of adult workers in training in OECD countries

Country	Measure				
	IALS, 1994-98	ECHP, 1998[1]	CVTS, 1999	ESWC, 2000	National sources
Australia	41,4	-	-	-	47,0
Austria	-	28,4	31,0	29,6	-
Belgium	26,0	29,8	41,0	26,7	-
Canada	40,6	-	-	-	28,0
Czech Republic	32,7	-	42,0	-	-
Denmark	60,1	60,5	53,0	48,3	-
Finland	64,8	54,6	50,0	53,7	51,0
France	-	10,0	46,0	23,3	29,1
Germany	-	32,1	32,0	30,1	42,0
Greece	-	7,1	15,0	11,3	-
Hungary	25,5	-	12,0	-	-
Iceland	-	-	-	-	-
Ireland	26,2	21,2	41,0	30,4	-
Italy	28,4	12,2	10,0	20	-
Korea	-	-	-	-	13,5
Luxembourg	-	17,7	36,0	27,7	-
Netherlands	42,9	10,5	41,0	44,5	-
New Zealand	51,4	-	-	-	-
Norway	53,5	-	-	-	-
Poland	19,0	-	16,0	-	-
Portugal	15,7	7,0	17,0	12,1	-
Spain	-	22,6	25,0	17,8	-
Sweden	59,2	67,1	61,0	26	45,0
Switzerland	45,3	-	-	-	37,0
United Kingdom	53,7	44,4	49,0	47,6	-
United States	46,1	-	-	-	41,0
Unweighted average:	40,8	28,3	34,3	31,3	none

General notes for Table 16
1. All data collected for a 12-month period prior to survey
2. International Adult Literacy Survey (IALS)
3. European Community Household Panel (ECHP)
4. Continuing Vocational and Training Survey (CVTS)
5. 3rd European Survey of Working Conditions (ESWC)
6. Data refer to economically active persons aged 25 – 64
7. For enterprises with >15 employees
8. CVTS excluded agriculture, fishing, forestry, public administration, health and education sectors. Nor were apprenticeships and initial training included. 'For each type of training, it was a requirement ... that activities should be included only if the primary purpose of the participant taking part in them was to improve their skills or knowledge, or both and that the activity should have been planned, as such, in advance ... work experience alone was not counted (Davis 1998: 68).

Specific notes
1. Working at least 15 hours per week

Source
Ok, W & Tergeist, P (2003) *Improving worker's skills: Analytic evidence and the role of the social partners* Employment, Labour and Social Affairs Committee, Directorate for Employment, Labour and Social Affairs DELSA/ELSA/WD/SEM(2003)10 Annex Table A1, pp. 60 – 61, Definition and Measurement of CET of Adult Workers Box 1, p. 11

Finally, training rate is on its own not a sufficient means of judging national training performance. This is because training rate does not say anything about quality or 'volume' of training. To take an example from Britain, the training rate increased from 9 to 15 per cent between 1984 and 1994. In the same decade, the volume of training measured in hours per week changed, rising from 0,68 to 0,78 hours per week between 1984 and 1998, maintained the 0.78 level into the early 1990s and then fell back to the 0.68 levels by 1994 (Felstead, Green & Mayhew 1997: 4). This tells us that from 1991 to 1994, the proportions of employees in all enterprises sampled who received training steadily rose, but the length of training fell (Felstead, Green & Mayhew 1997: 13). This observation points to the need to consider several measures of training in order to make a more balanced judgement about national training performance.

To take the above observation further, the OECD produced an analysis of the relationship between training in terms of its intensity and its extensiveness and concluded that a country 'that provides little training for many workers is emphasizing the extensive margin and will tend to score higher on the participation index than on the volume index (OECD 1999: 145). Based on this idea, they observed: 'There seems to be some trade-off between the extensive and intensive margins of training, with the average duration of training being higher in countries with lower participation rates' (OECD 1999: 136).

It is striking that several countries that appear to emphasise the intensive margin (providing relatively intensive training to average or even below-average workers who receive any training) are those that have recently implemented a training levy (e.g. Australia, France, New Zealand). This may mean that a training levy scheme may encourage a mix of training 'that favours easily documented forms of spending ... which may be heavily weighted by the volume measures' in the actual survey questionnaire (OECD 1999: 145).

4.6 Training rate by ownership category

A comparison of training rates by enterprise size and enterprise ownership shows that there is much greater variation in training rates among joint venture and foreign enterprises than among exclusively South African enterprises. Overall, joint ventures and foreign enterprises also provide greater access to training than their South African counterparts. This contradicts the findings of the 2000 survey. Furthermore, there are massive variations in the training rate of joint ventures between small, medium and large enterprises. It is quite clear that small joint ventures invest significantly in their employees' training (Table 17).

Table 17: Training rate by enterprise size and enterprise ownership				
	South African	Joint venture	Foreign	Total
Small (11-50)	23	49	32	23
Medium (51-100)	24	16	28	24
Large (100+)	23	29	36	25
Total	23	28	34	24

Gelb (2002) assesses the contribution of foreign investors in human capital development in his report on foreign enterprises in South Africa. He rightly points out that expenditure does not necessarily say anything about the quality of training, but it can provide an indication of investment in the labour force. Comparing training expenditure relative to sales, Gelb avers: 'It cannot be argued that foreign firms in South Africa invest more than domestic firms in training' (2002: 19). Yet he finds that foreign enterprises in South Africa score higher on the issue of training expenditure than in any of the three other countries in the survey. In particular, his survey of 162 enterprises found stronger investment by foreign enterprises in training in pharmaceuticals, consumer goods and infrastructure enterprises than in information technology (2002: 19). The data from the NSS 2003 suggest that foreign enterprises engage in more training than South African enterprises.

Foreign enterprises are unevenly distributed across economic activities. Nonetheless, it is clear that even though foreign enterprises in the aggregate seem to have trained more than South African enterprises, there is considerable variation within that group at the SETA level. For instance, joint ventures in the ISETT SETA and MERSETA appear to train less than South African and foreign enterprises.

It has been argued that foreign enterprises provide significantly more training than local enterprises because the former have access to and implement more complex and risky technologies for which training is a vital input (Dabalen, Nielsen & Rosholm 2003: 12). Internationally there is mixed results when training rates in foreign and local enterprises are compared. In Russia, foreign ownership positively affects the probability of training, providing evidence of active restructuring by foreign investors (Berger, Earle & Sabirianova 2000: 2). On the other hand, Tan and Batra's (1996: 18) work on five developing countries (Colombia, Indonesia, Malaysia, Mexico and Taiwan), which controls for other factors that may be characteristic of multinationals (e.g. R&D, exports), shows mixed results.

4.7 Training by occupation

There are interesting variations in training ratios between occupational categories (Table 18). The highest training ratio is among service and sales workers, which suggests that South African employers across economic sectors increasingly emphasise business functions that involve interaction with clients. This may also be a consequence of an upsurge of activity in the services sector.

Big differences in training rates between occupations are observed in other national contexts, with professional and technical workers getting much more training than manual workers and plant and machine operatives (Davis 1998: 68; Jennings 1998: 3; Woodland et al. 1999: 150).

In addition, low-skilled workers are likely to receive less training on account of external influences such as market failures. Ok and Tergeist (2003: 3) observe that 'supply and demand for training are still insufficient for some groups of workers because of market failures. Market failures can, in particular, have a disproportionate impact on low-skilled and other disadvantaged workers, explaining in part their low participation in CET. For these reasons, many OECD countries see a need to increase financial incentives and develop better institutional arrangements for CET.'

Furthermore, evidence from the OECD suggests that distribution of training between occupational categories is relatively stable over time (Ok & Tergeist 2003: 13).

Table 18: Training rate by occupational code (%)

Occupation	Total
Managers	25
Professionals	17
Technicians	19
Administrative / secretarial	23
Service / sales	32
Agricultural	22
Craft / skilled trade	23
Operators	26
Elementary	25
Total	24

Also significant is that the training ratio for operators is higher than that for craft and skilled trade workers and even higher than that for technicians. Notwithstanding the importance of operators in a variety of work environments, particularly in manufacturing activities, it is of considerable concern to see that technicians access training at such low levels. This is all the more troubling given the widespread impact of various technologies on business processes involving technicians.

The training rate of 17 per cent for the professional category, the lowest rate of all occupational codes, is worth investigating further. Many professionals receive extensive training at higher education levels, as well as some form of professional internship. But the low levels of training for this group may reflect lack of attention to continuing professional development of this high-level source of human capital. Alternatively, the low training rate may be partially ascribed to the tendency for this occupational category to be exposed to forms of personal development that may not have been viewed as training by respondents to the NSS questionnaire.

4.8 Training rate by enterprise size and SETA

4.8.1 Training rate by enterprise size

It is important to observe the difference in aggregate training rates on the basis of enterprise size, which is in line with international experience. However, the gap in rates between small, medium and large enterprises (23, 24 and 25 per cent respectively) is not as marked as expected (Table 19).

Table 19: Training rate by enterprise size and SETA (%)

		Small (11-50)	Medium (51-100)	Large (100+)	Group total
FASSET	1	47	39	19	36
BANKSETA	2	22	24	21	22
CHIETA	3	17	34	22	23
TEXTILES	4	20	21	24	23
CETA	5	11	30	06	12
ETDP SETA	7	26	36	28	31
ESETA	8	17	28	00	13
FOODBEV	9	20	08	12	16
FIETA	10	26	10	27	23
HWSETA	11	27	22	05	08
ISETT	12	28	30	17	22
INSETA	13	47	08	13	14
MAPPP	15	31	15	12	18
MQA	16	41	28	63	59
MERSETA	17	21	29	18	22
POSLEC SETA	19	23	10	29	24
PAETA	20	17	22	13	19
SETASA	22	27	31	17	21
SERVICES	23	26	31	51	41
THETA	25	22	32	17	20
TETA	26	31	15	26	26
W&RSETA	27	18	12	39	27
Total		23	24	25	24

The literature presents a strong case that with increased size, enterprises tend to do more training. Hayton et al. (1996: 8 – 9, cited in Ridoutt et al. 2002: 21) found enterprise size and industry sector to be the two most powerful variables in explaining variation in training between Australian enterprises (see also O'Connell 1999: 2; Jennings 1998: 13). Similar results are evident for developing countries. For example, data from the Regional Programme on Enterprise Development of the World Bank in Kenya, Zimbabwe and Zambia in the mid-1990s show that large enterprises train more than small ones (Dabalen, Nielsen & Rosholm 2003: 10). Tan and Batra (1996: v-14) also argue that enterprises are 'more likely to train when they are large and employ an educated workforce'.

In analysing skills surveys in Britain, Felstead et al. note that large enterprises seem to be associated with more formal training, to depend more on external providers, to provide more off-the-job qualification-based training, and to engage more readily with training reforms in the workplace (Felstead et al. 1997: 25 – 27). This finding was also prevalent in Australian surveys in the period 1998 – 2002 (Dawe 2003). Moreover, Felstead et al. note that 'the likelihood of training being qualification-based increases the larger the organization', and that there is 'a positive and statistically significant correlation between the existence of a training plan as well as a business plan and qualification-based training' (Felstead et al. 1997: 25).

In addition, strong associations between training provision and enterprise size often lead to a situation where the distribution of training reinforces existing differences in skills levels across enterprises, with smaller enterprises inevitably less likely to provide formal workplace training, especially of the off-the-job variety (Campbell 2002: 86; Ashton et al. 2000: 5 – 7).

However, since the South African data on training rate by enterprise size do not show large differences, the work by Ridoutt et al. (2002) may assist in understanding why this is the case. Ridoutt et al. (2002: 61) found there to be 'an absence of any relationship between size of worksite and training effort'. Their counter argument to the general findings is that small enterprise training is not less; rather, it is different. They state that 'enterprise or worksite size ... is an influencing factor on the nature of training (training reform engagement, reliance on external providers, and training formalisation) but not on the volume of training ... size becomes a factor when training is exclusively formal, and involves negotiating and maintaining a relationship with institutional providers of education and training' (Ridoutt et al. 2002: 8,17).

Ridoutt et al (2002;8) argue further that this is because insufficient attention is paid to informal training: 'It is important to acknowledge that many enterprises, especially smaller and medium-sized enterprises, undertake a considerable amount of "unrecognised" training'. In a similar vein, Fuller et al. (2003: 34) argue that 'there is relatively little survey data on other forms of learning activity – such as watching, working and learning from others – which can only be undertaken as an active participant in the workplace'.

Thus government support for enterprise training may be more valuable if it 'shifts from an emphasis on volume ... to an emphasis on the nature ... of training activity' (Ridoutt et al. 2002: 8). However, this form of training is also the most difficult to measure (Dawe 2003: 13).

4.8.2 Training rate at SETA level

It is clear that there is a massive range in training rates between SETAs (Table 19), from the highest (MQA: 59 per cent) to the lowest (HWSETA: 10 per cent). Other SETAs with training ratios of 15 per cent or less included: CETA, ESETA, INSETA and FOODBEV. Apart from MQA, the SETAs with high training rates are those in the broad services economic sector, namely SERVICES (40 per cent) and FASSET (37 per cent).

When the SETA training data are disaggregated at the enterprise size level, it is clear that there are different patterns of training rate within SETAs. In the financial services and insurance SETAs, the propensity to train is highest among the small enterprises. In contrast, large enterprises are inclined to train more in the mining, services and wholesale and retail SETAs.

It is also apparent that medium enterprises do not necessarily fall in between small and large enterprises in terms of their propensity to train. Put differently, propensity to train does not shift linearly between the enterprise sizes. For example, in the chemical and education SETAs, training rates of medium enterprises are the highest, whereas in the forestry and police and security SETAs their training rates are the lowest of the size groups.

4.9 Training rate and gender

Training rates between male and female employees are analysed in some detail below, given the importance of gender equity in the workplace. The data show that there is a 5 per cent difference between the aggregate male and female training ratios (26 and 21 per cent respectively).

Internationally, women and men train to a roughly comparable extent, such as in the European Union (OECD 1999: 147). In Canada in the mid-1990s, training rates differed only slightly between men and women (22,2 and 22,9 per cent respectively). However, in that country, men received a much greater share of training in terms of duration in hours. In Australia, the Australian Bureau of Statistics survey of 1997 found that the incidence of on-the-job training was very similar for men and women (71,6 and 71,7 per cent) (Ridoutt et al. 2002: 14). This suggests that even where men and women receive equivalent levels of training as expressed in terms of training rate, there are other measures that shift the balance in favour of men. It is clear that even on the first-level indicator of training rate, South African workplaces have some way to go before achieving gender equity in access to training.

When disaggregating this indicator, the tendency for males to receive more training than females is visible across all enterprise size groups (Table 20). However, in the large enterprise group, the male (28 per cent) to female (20 per cent) training rates reveal the widest difference, which is more than double the differential among small and medium enterprises.

Table 20: Training rate by gender and enterprise size (%)

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Male	25	24	28	27
Female	21	24	20	21
Total	23	24	25	24

At the SETA level, gender differentials in training rate are also visible. Table 21 gives male and female training ratios. A third column has been added to depict the simple difference between male and female training ratios. Roughly half of the SETAs display relatively small gender differences in the training ratio. In other SETAs the female training ratio is much lower (TEXTILES, FOODBEV, FIETA, ISETT, MQA and MERSETA). In only one case – the MAPPP SETA – is the training ratio for females more than 5 per cent higher than that for males.

Table 21: Training ratio by gender and SETA (%)				
		Male	Female	Total
FASSET	1	36	36	36
BANKSETA	2	23	21	22
CHIETA	3	23	24	23
TEXTILES	4	30	20	23
CETA	5	12	15	12
ETDP SETA	7	27	33	31
ESETA	8	12	15	13
FOODBEV	9	21	06	15
FIETA	10	26	17	23
HWSETA	11	12	07	08
ISETT	12	26	17	22
INSETA	13	14	14	14
MAPPP	15	15	22	18
MQA	16	60	42	59
MERSETA	17	24	16	22
POSLEC SETA	19	24	21	24
PAETA	20	20	15	19
SETASA	22	22	21	21
SERVICES	23	29	59	41
THETA	25	19	21	20
TETA	26	26	24	26
W&RSETA	27	27	27	27
Total		27	21	24

4.10 Training rate and race

In his analysis of data on job-related training across 12 OECD countries, O'Connell (1999) observes that adults who possess higher-level qualifications are much more likely to participate in training than those with lower-level attainments, and that when the former do so, the duration of their training tends to be longer. The complementarity of formal schooling and subsequent on-the-job training is widely acknowledged in the literature (see for example Berger, Earle & Sabirianova 2000: 4; Kletzer & Koch 2003: 7).

O'Connell thus argues that in the OECD, '[c]urrent patterns of education and training are thus likely to exacerbate rather than mitigate labour market inequalities and processes of social exclusion' (1999: 2). In commenting on the Canadian situation, Jennings (1998: 3) observes that 'employer-sponsored training exacerbates the gap in skills between the more and the less educated leading to a "virtuous cycle" of investment in human capital'.

Those workers who are disadvantaged by poor educational backgrounds, can experience this as a vicious cycle of lack of opportunity and neglect. Ok and Tergeist (2003: 3 – 15) observe that 'low-educated and older workers are under-represented in firm-training programmes' in OECD countries, and that 'a more highly educated workforce is associated with a greater likelihood of any formal training' in developing countries (see also Dabalen, Nielsen & Rosholm 2003: 15).

These observations have serious implications for South Africa, especially for the training of black adults, who were disadvantaged by apartheid education and disproportionately occupy the low-skilled ranks in the occupational hierarchy. Thus there will be great pressure towards

achieving equity in access to training within and across all occupational categories in South Africa.

Scrutiny of race difference in training ratios is essential in order to monitor the extent to which the employment equity policy is being carried through into human resources development policy in the workplace. In aggregate terms, the training ratio for Africans is higher than for other race groups, which suggests that, in general, some progress is being made towards redressing the skills levels of disadvantaged groups. In contrast, Indians are shown to have a markedly lower aggregate training rate – 5 per cent lower – than the other race groups. This is a warning sign that the human capital potential and the redress needs of Indian workers are not being addressed.

There is a clear pattern of racial differences in training access between small, medium and large enterprises (Table 22). In small and medium enterprises, the data reveal that Indian and particularly white employees have advantaged access to training over African and coloured employees. The situation is reversed in large enterprises, where African and coloured employees experience training ratios of between 5 and 14 per cent higher than those of Indian and white employees.

Table 22: Training rate by race and enterprise size (%)

	Group 3 (11-50)	Group 4 (51-100)	Group 5 (100+)	Total
African	22	20	29	26
Coloured	18	24	24	23
Indian	23	22	15	18
White	27	32	19	23
Group	23	24	25	24

4.11 Training rate by occupational code and race

The racial disparities in South Africa in access to education and training have been outlined above. These disparities are also replicated in the distribution of people between occupations. In addition, as is the case internationally, there is a 'disparity of incidence in training between different segments of workers, which favours high income, white collar workers with post secondary education' (Jennings 1998: 3).

Analysis of the South African data is a complex task because under apartheid, certain occupations were designated to particular race groups, and the designated group would also be majority recipients of 'appropriate' training. However, these patterns of occupational and training access are being eroded. Perhaps the most striking evidence lies in the significant advantage of Africans regarding access to training in the managerial category. Coloured, white and Indian managers receive respectively 21, 16 and 12 per cent less training than African managers (Table 23). Even though white professionals receive more training (18 per cent training rate) than professionals of other race groups, this dominance is being threatened by African professionals, whose training rate in 2003 was 15 per cent.

African access to training is also highest in the administrative and secretarial, and the elementary worker categories. In two occupational categories – managers and elementary workers – Africans receive more than 20% more training than the lowest level of training measured with reference to race group.

Table 23: Training ratio by occupational code and race (%)					
Occupation	African	Coloured	Indian	White	Total
Managers	36	15	20	24	26
Professionals	15	09	12	18	17
Technicians	16	13	23	23	19
Administrative / secretarial	27	22	18	22	23
Service / sales	31	34	26	35	32
Agricultural	21	22	00	29	22
Craft / skilled trade	21	28	19	25	23
Operators	24	32	20	22	28
Elementary	28	14	05	09	25
Total	26	23	18	23	24

Perhaps the most important indicator in this summary of training rates by occupational code is the relatively high training ratio of elementary workers. Historically, elementary workers have been and still are overwhelmingly black. The importance of this statistic may be more fully appreciated in the future within the facilitatory context of the National Qualifications Framework, which can provide occupational mobility for elementary workers who seek such advancement.

4.12 Training rate by occupational code and enterprise size

Within certain occupational groups, there are clear differences in the propensity to train across enterprise size (Table 24).

In the agricultural and elementary occupations, large enterprises have markedly higher training rates (19 and 16 per cent) than medium and small enterprises. The causes of this pattern may be quite different. For agricultural occupations, this reflects the concentration of technology and mechanisation in large agro-industrial enterprises. The stronger propensity of large enterprises to train elementary workers in large organisations – and also agricultural workers – can be ascribed to unionisation among these workers.

The reason why small enterprises (42 per cent) allocate much higher levels of training to technicians than do medium (26 per cent) or large (15 per cent) organisations is not clear.

The shape of access to training by occupation and enterprise size is also dependent on the occupational group that is in the majority in an enterprise. Based on the 1998 Workplace Relations Survey in the United Kingdom, Woodland et al. (1999: 56) show that workplaces 'where relatively low skilled occupations were the largest group – plant and machine operatives and other occupations – were the least likely to have provided training for most employees in those groups. In contrast, where professionals were the core workforce, around three quarters of workplaces had provided most of them with training in the past year.'

Table 24: Training ratio by SOC code and enterprise size (%)				
	Group 3 (11-50)	Group 4 (51-100)	Group 5 (100+)	Group total
Managers	26	34	21	25
Professionals	28	38	09	17
Technicians	43	26	14	19
Admin / secretarial	26	20	22	23
Service / sales	29	31	34	32
Agricultural	15	13	31	22
Craft / skilled trade	17	31	23	23
Operators	25	19	29	26
Elementary	16	19	32	25
Total	23	24	25	24

4.13 Expenditure on training

This section examines the dynamics of expenditure on training by South African enterprises. The financial data derive from a request (item 7.1) for respondents to declare their total payroll and total expenditure on training for the 2002/03 year. The distribution of expenditure and its magnitude are analysed first by enterprise size and then by SETA.

4.13.1 Overall expenditure

Changes in the pattern of training expenditure are an important measure of the level of seriousness with which enterprises are addressing skills development among their employees. For this reason, training expenditure as a percentage of payroll reported in the HSRC survey of training in 2000 is compared with data from the NSS of 2003. The 2000 survey data were unweighted and based on a smaller sample size, which makes detailed comparison at the SETA level indicative rather than definitive. However, on an aggregate basis, this comparison suggests that expenditure on training increased from 1,3[1] to 2,1 per cent between 2000 and 2003. This increase is a sign of greater commitment of enterprises to skills development.

OECD data on the mid-1990s suggest that South Africa's 2003 training expenditure of 2,1 per cent compares well with the rates of developed countries (Table 25).

[1] These data are based on Table 10,2 in Kraak et al. (2000: 90), but have been amended. The dataset of 102 enterprises in the 2000 survey contained data for private and public enterprises such as the large parastatal organisation, Eskom. The 2003 National Skills Survey focused only on private sector enterprises. For this reason the data for Eskom were removed from the 2000 dataset and training expenditure as a percentage of payroll was recalculated.

Table 25: Continuing vocational training (CVT) costs as a share of labour costs				
Country	CVTS1 1994 Share of total labour costs in %[1]	1994 Share of wage bill in %[2]	CVTS2 1999 Share of total labour costs in %[3]	1999 Share of payroll in %[4]
Austria	-	-	1,6	-
Belgium	1,4	0,6	1,8	-
Czech Republic	-	-	1,9	-
Denmark	1,3	-	3,0	3,0
Finland	-	-	2,4	2,4
France	2,0	2,2	2,4	2,4
Germany	1,2	1,2	1,6	-
Greece	1,1	-	0,9	-
Hungary	-	-	1,2	-
Ireland	1,5	-	2,4	-
Italy	0,8	1,3	0,8	-
Luxembourg	1,3	1,7	1,9	-
Netherlands	1,8	1,8	2,8	2,8
Norway	-	-	2,3	2,4
Poland	-	-	0,8	-
Portugal	0,7	-	1,2	-
Spain	1,0	1,0	1,5	-
Sweden	-	-	2,8	-
United Kingdom	2,7	-	3,6	3,6
EU 12	1,6	-	2,0	-
Australia	2,9 (1993)	-	-	2,5 (1996)
Canada	0,9 (1985)	-	-	2,0 (1998-2000)
Japan	1,7 (1989)	-	-	1,4 (1998-2000)
Singapore	-	-	-	3,1 (1997)
United States	1,8 (1995)	-	-	1,9 (1998-2000)

Notes
a. For enterprises >12 employees over one year
b. CVT survey excludes (a) initial training, apprenticeships, and (b) agriculture, public administration, health and education

Sources
1. OECD (1998) Harmonisation of Training Statistics. Working Party on Employment and Unemployment Statistics, Table 2, p. 23
2. CEREQ (Centre D'Etudes et de Recherches sur les Qualifications) (1996) Continuing training in the companies: France's position in Europe *Training and Employment* 26, Winter, p. 2
3. Ok & Tergeist (2003: 44)
4. Smith (2003: 3)

The comments made earlier in this chapter on the tentativeness of international comparisons are also applicable in this instance. For example, the NSS 2003 asked enterprises for total amounts spent on training but not for breakdowns of specific categories of training expenditure. The CVT survey asked respondents to identify the following training costs:

- Labour costs of the participants;
- Travel and subsistence costs of trainees when attending courses;
- Labour costs of trainers and personnel involved in training;
- Costs of premises and equipment used; and
- Fees to external training organisations (Davis 1998: 69).

These data could also provide detailed information on aspects such as proportion of labour costs to direct costs, which in the EU 15 is (1,4 + 0,8 = 2,3) 64 per cent direct costs and 36 per cent labour costs of participants (Van Aalst 2003: 8). What is important to observe is that the different methodologies will have different effects on the apparent size of expenditure. It will be of considerable interest to see how South African expenditure on training changes if the same measure is used over time.

4.13.2 Expenditure and enterprise size

The average training expenditure per employee trained reflects the tendency for large enterprises to expend more on training. In simple terms, small enterprises spend just less than half what large enterprises spend on training per trained employee (column c). However, as training expenditure is seldom distributed in programmes that reach all staff in a particular year, the total training expenditure is divided by all employees to obtain a measure of training expenditure on all employees in a given year. Averaging expenditure across all employees reveals a similar large gap between large and small enterprises, the former spending roughly 80 per cent more than the latter in crude expenditure terms (column d). What is interesting is that medium enterprises actually spend slightly less than small enterprises if this expenditure is calculated across all employees.

Table 26: Expenditure on training by enterprise size 2000/01 to 2002/03

	2002/03	2002/03	2002/03	2002/03	2000/01	2002/03
	a	b	c	d	e	f
	Total payroll (000 000) R	Total training expenditure (000 000) R	Average training expenditure per trained employee R	Average training expenditure per employee R	Training expenditure as a % of payroll	Training expenditure as a % of payroll
Small (11-50)	49 607	520,409	2 398	1 070	n.d.	1,0
Medium (51-150)	56 262	716,522	2 424	1 025	n.d.	1,3
Large (150+)	202 549	5 004,386	4 247	1 864	n.d.	2.5
Total	308 418	6 241,318	3 691	1 613	1.3	2.0

Conducting the same analytical procedures as above highlights the disparities between sectors in terms of the willingness and the resource base from which to allocate financial resources to the training of employees.

Statistical analysis of the association between the training ratio of enterprises – as a measure of propensity to train – and the expenditure on training by enterprises revealed a slightly positive correlation between training and expenditure but the correlation was not statistically significant.

4.13.3 Expenditure by SETA

The OECD's CVT survey cited above found that the proportion of labour costs spent on training varies markedly, increasing with the enterprise size, and furthermore that investment in training differs much more between economic sectors (Davis 1998: 71).

There is an emergent pattern in the average training expenditure per employee that shows relatively high spending profiles for the financial services, information technology and banking sectors (Table 27). The sector missing from this group is the insurance sector with an average expenditure per trained employee of R10 090, but a very low average across all employees of R981. This may signal that in the insurance industry a small group of employees is receiving high-value training, while the majority is receiving little or no training. The question is whether this pattern is characteristic of the occupational and skills profile and hence training delivery of that sector, or whether this is a temporary phenomenon. The extent to which training expenditures are concentrated within particular occupational – or other – groups in a SETA is of interest.

Table 27: Expenditure on training by SETA 2000/01 to 2002/03							
		2002/03	2002/03	2002/03	2002/03	2000/01	2002/03
		a	b	c	d	e	f
		Total payroll (000 000) R	Total training expenditure (000 000) R	Average training expenditure per trained employee R	Average training expenditure per employee R	Training expenditure as a % of payroll	Training expenditure as a % of payroll
FASSET	1	17 374	201,374	7 635	4 199	1,5	1,2
BANKSETA	2	6 538	124,369	4 568	2 441	1,2	1,9
CHIETA	3	5 041	98,571	4 268	2 044	3,9	2,0
TEXTILES	4	8 431	96,893	2 840	1 010	2,7	1,1
CETA	5	15 210	275,031	1 728	824	1,9	1,8
ETDP SETA	7	7 298	152,391	6 219	3 313	n.d.	2,1
SSETA	8	272	2,197	1 317	347	0,1	0,8
FOODBEV	9	6 763	100,457	3 60	717	0,7	1,5
PSETA	10	15 413	31,729	886	448	0,2	0,2
SERSETA	11	16 608	466,356	3 111	1 663	n.d.	2,8
MERSETA	12	9 915	156,224	7 248	2 761	3,8	1,6
INSETA	13	22 044	391,191	10 094	991	n.d.	1,8
SAPPP	15	7 629	149,035	4 923	1 325	2,7	2,0
BOA	16	20 667	1009,534	3 704	2 177	4,8	4,9
WRSETA	17	85 958	1886,218	7 520	3 869	0,7	2,2
PUBLIC SETA	19	3 111	60,803	1 525	530	n.d.	2,0
PAETA	20	1 437	17,426	764	226	2,4	1,2
BETABA	22	5 829	68,406	2 231	857	4,3	1,2
SERVICES	23	17 931	362,175	2 243	1 472	0,3	2,0
THETA	29	8 794	227,752	1 883	1 056	2,2	2,6
TETA	26	5 649	152,903	2 007	1 178	2,7	2,7
WRSETA	27	16 608	178,283	1 686	707	0,8	1,0
Total		306 418	6 241,318	3 691	1 913	1,3	2,0

The manufacturing and chemical SETAs also show high levels of training expenditure per employee, which is difficult to directly attribute to a particular factor, though technological or other changes are likely answers.

In all of the SETAs barring one, the pattern is for the average expenditure per employee to exceed the potential per capita levy rebate. Of concern is the Forestry SETA where – according to the data – the average training expenditure per employee is less than half of the theoretical amount available in levy rebates.

4.14 Expected changes in expenditure between 2002/03 and 2003/04

Change in expenditure on training is a critical indicator of the overall emphasis on human resources development in the workplace. It is reassuring to observe that at the aggregate level, 60 per cent of enterprises judged that training expenditure increased in 2002/03 and 64 per cent expected expenditure to increase in 2003/04 (Table 28).

Although increases in training expenditure are reported by greater proportions of large enterprises, the data suggest that increases in expenditure in small enterprises are keeping pace, though from a smaller base.

Table 28: Changes in expenditure on training in 2002/03 and 2003/04 by enterprise size

	7.2 During 2002/03, did training expenditure...			Total	7.3 During 2003/04, will training expenditure...			Total
4.1 Nature of enterprise	Increase	Remain static	Decrease		Increase	Remain static	Decrease	
Small (1-50)	55,1	39,2	5,7	100	60,3	36,5	3,2	100
Medium (51-150)	65,8	31,4	2,8	100	68,3	28,3	3,4	100
Large (150+)	71,2	23,0	5,8	100	75,3	19,5	5,2	100
Total	60,2	34,9	4,9	100	64,0	32,5	3,5	100

A slightly larger proportion of enterprises expected their expenditure on training in 2003/04 to increase over those that reported increased expenditure in 2002/03 (Table 29). Sectors where a greater than 10 per cent increase between the two years was expected were: financial services, mining, services, tourism and hospitality, and wholesale and retail. Sectors where the sharpest declines in expenditure were predicted were: textiles, food and beverage, and transport.

Table 29: Changes in expenditure on training in 2002/03 and 2003/04 by SETA

		7.2 During 2002/03, did training expenditure...				7.3 During 2003/04, will training expenditure...			
		Increase	Remain static	Decrease		Increase	Remain static	Decrease	Total
FASSET	1	66,3	33,7	0,0	100	91,4	8,6	0,0	100
BANKSETA	2	51,3	42,1	5,6	100	55,9	38,1	6,0	100
CHIETA	3	54,2	42,0	3,8	100	61,6	38,4	0,0	100
TEXTILES	4	61,5	33,6	4,9	100	47,6	36,8	15,7	100
CETA	5	55,2	36,1	8,7	100	50,9	48,3	0,7	100
ETDP SETA	7	100,0	0,0	0,0	100	83,0	11,9	5,0	100
ESETA	8	65,3	34,7	0,0	100	67,3	28,8	4,0	100
FOODBEV	9	79,8	16,0	4,2	100	65,5	26,5	8,0	100
FIETA	10	61,7	33,6	4,7	100	57,5	41,4	1,2	100
HWSETA	11	62,5	31,1	6,3	100	66,3	33,7	0,0	100
ISETT	12	64,9	25,8	9,3	100	67,5	25,9	6,6	100
INSETA	13	71,7	17,3	11,0	100	77,1	22,9	0,0	100
MAPPP	15	71,8	25,6	2,6	100	75,1	22,8	2,1	100
MQA	16	56,2	39,9	3,9	100	73,1	25,0	1,9	100
MERSETA	17	55,4	39,7	4,9	100	62,8	32,6	4,7	100
POSLEC SETA	19	53,0	42,5	4,5	100	50,0	45,1	4,9	100
PAETA	20	71,7	25,3	3,0	100	62,8	32,4	4,8	100
SETASA	22	66,2	30,1	3,7	100	57,0	38,2	4,8	100
SERVICES	23	49,9	42,5	7,5	100	65,1	33,4	1,5	100
THETA	25	56,2	43,9	0,9	100	70,3	22,3	7,4	100
TETA	26	67,4	18,5	14,1	100	54,0	46,0	0,0	100
W&RSETA	27	51,0	49,0	0,0	100	63,3	34,0	2,7	100
Total		60,2	34,9	4,9	100	64,0	32,5	3,5	100

4.15 Summary

National training ratio

There is a general assumption that South Africa is a bad performer in skills matters. Nevertheless, the rate of training reported in this chapter for South Africa fell within the very range of statistics found on training in the OECD countries and is roughly comparable to those of some economies in Southern Europe. This suggests that South Africa's training rate is not as bad as has been assumed. What is just as important, however, is how well the South African training rate addresses not only the current economic and labour market needs but also the weak educational foundations as a result of disadvantaged access to education under apartheid.

Enterprise size

There is a difference in aggregate training rates on the basis of enterprise size, as is the case in the international experience. However, the gap in rates between South African small, medium and large enterprises (23, 24 and 25 per cent respectively) is not as marked as expected. It is clear that there is a massive range in training rates between SETAs, from the highest, the MQA (59 per cent), to the lowest, HWSETA (10 per cent). When the SETA training data are disaggregated by enterprise size, it is clear that there are different patterns of training rate among different enterprise sizes within the SETAs.

Occupational categories

There are wide variations in training ratios between occupational categories. The highest training ratio is among service and sales workers, which suggests that South African employers across economic sectors place emphasis on business functions that involve interaction with clients. This may also be a consequence of the upsurge of activity in the services sector. Also significant is that the training ratio for operators is higher than that for craft and skilled trade workers and even higher than that for technicians. This is troubling given the widespread impact of various technologies on business processes involving technicians. The training rate of 17 per cent for the professional category, which is the lowest of all occupational codes, is worth investigating further.

Equity and access

The OECD observes that training 'tends to reinforce skill differences resulting from unequal participation in schooling in all countries' (OECD 1999: 136). This has serious implications for South Africa, and especially the training of black adults who were disadvantaged by apartheid education, causing them to be highly concentrated in low-skilled ranks in the occupational hierarchy. There will thus be great pressure to minimise this tendency and work towards equity in access to training within and across all occupational categories in South Africa. In aggregate terms, the training ratio for Africans is higher than for the other race groups, which suggests that, in general, there is some progress toward redressing the skills levels of this disadvantaged group.

There is a 5 per cent difference between the aggregate male and female training ratios (26 and 21 per cent respectively). This is a relatively large difference that must be eradicated.

Foreign enterprises

Overall, comparison between the ownership categories suggests that joint ventures and foreign enterprises provide greater access to training than their South African counterparts. This contradicts the findings of the 2000 survey. Furthermore, there are massive variations in the training rate of joint ventures between small, medium and large enterprises. It is quite clear that small joint ventures invest significantly in their employees' training.

Training expenditure

Changes in the pattern of training expenditure are an important measure of the level of seriousness with which enterprises are addressing skills development among their employees. Training expenditure as a percentage of payroll reported in the HSRC survey of training in 2000 has been compared with data from the NSS of 2003. The 2000 survey data were unweighted and based on a smaller sample size, which makes detailed comparison at the SETA level indicative rather than definitive. However, on an aggregate basis, this comparison suggests that expenditure on training increased from 1,3 to 2,1 per cent between 2000 and 2003 (Kraak et al. 2000: 90). An increase of this proportion is a sign of increased commitment to skills development.

Training expenditure at enterprise and SETA level

The average training expenditure per employee trained reflects the tendency for large enterprises to expend more on training than the other enterprise sizes. In simple terms, small enterprises spend just less than half what large enterprises spend on training per trained employee. Averaging expenditure across all employees reveals a similar large gap: large enterprises expend roughly 80 per cent more than small enterprises in crude expenditure terms (column d). What is interesting is that medium enterprises actually spend slightly less than small enterprises if this expenditure is calculated across all employees. There is an emergent pattern in the average training expenditure per employee that shows relatively high spending profiles for financial services, information technology and banking.

A slightly larger proportion of enterprises expected their expenditure on training in 2003/04 to increase over expenditure in 2002/03.

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Chapter 5: Training activities, training needs and training infrastructure

Andrew Paterson and Jacques du Toit

5.1. Introduction

In Chapter 4 of this report, the distribution of, access to, and investment in training were analysed with reference to the following enterprise size categories: small (11-50), medium (51-100) and large (100+).

The NSS 2003 elicited data that can assist in broadening our understanding of qualitative features of training in the workplace including: delivery methods, human resource development practices, skill gaps. These key characteristics will be discussed according to the following themes:

- Skills that are underdeveloped or lacking in the workforce
- The need for skills upgrading across occupational categories
- Types of training (or forms of delivery) used
- Human resources development practices that emphasise high performance work places
- Strategies or activities used to address skills needs
- Training infrastructure at the enterprise level
- Factors that could encourage enterprises to increase training in the short term.

This Chapter will also discuss the findings of the NSS 2003 on the performance of the levy-grant system at this early stage in its implementation with particular reference to: the participation of enterprises in the levy-grant system and enterprises rating of SETA services

Analysis will be undertaken mainly with reference to enterprise employment size, and to SETA affiliation.

5.2. Skills needs

5.2.1 Factors causing employee turnover

In Chapter 4 it was observed that the attrition rate of employees is a potentially important driver of training activities. In 2002/3 the proportion of employees leaving their employer was recorded at 11,9%. The discussion below explores factors causing employee turnover. This will be followed by analysis of the strategic responses of establishments to the loss of productive human capacity.

As might be expected, in ordinary circumstances, 'loss of employees to other establishments' is the largest contributor to employee turnover (Table 1). In the view of respondents, 'dismissals', presumably on the basis of disciplinary reasons, is a stronger factor in employee turnover than 'retrenchments'.

Table 1: Factors causing employee turnover by enterprise size				
	Small (11-50)	Medium (51-100)	Large (100+)	Total
Dismissals	1.7	1.9	2.3	1.8
Emigration	1.2	1.3	1.4	1.2
Loss of employees through illness	1.6	1.8	2.1	1.7
Loss of employees to other establishments	2.0	2.4	2.6	2.1
Retirement	1.3	1.5	1.8	1.4
Retrenchment	1.3	1.6	1.8	1.4
Other	2.5	2.5	2.9	2.5

Investigation of these patterns at the SETA level reveals some interesting features (Table 2). The influence of 'retirement' and 'retrenchment' as causes of employee turnover, once disaggregated, shows that enterprises in the CTFL SETA considered that retirement affected employee turnover to a larger extent than in other SETAs. Retrenchments - and loss of employees to other establishments - were rated as having a larger effect in BANKSETA, which possibly reflected the restructuring taking place within the large players in that sector. The fluctuating gold price may have caused a higher rating given to the influence of retrenchments in the MQA. The factor, 'loss of employees through illness' produced relatively higher ratings of influence in FIETA (2.4), CETA (2.1) and (MQA), which may reflect the impact of HIV/AIDs on the workforce in these sectors. The high influence given to emigration by the ETDP SETA is probably a reflection of the rising recruitment of South African teachers abroad.

As can be seen, employee turnover has different dimensions and causes at the SETA level, which in turn is likely to produce different training responses. The reasons for employees terminating their employment will also have different implications for the economy as a whole. Leaving work upon retirement or on account of serious illness will negatively impact on the skills base. The churn rate associated with employees shifting jobs has a less negative impact than the permanent loss of trained workers.

Table 2: Factors causing employee turnover by SETA

		Dismissals	Emigration	Loss of employees through illness	Loss of employees to other establish-ments	Retirement	Retrench-ment	Other
FASSET	1	1.4	1.5	1.2	2.6	1.5	1.3	3.4
BANKSETA	2	1.9	1.2	1.4	2.7	1.3	2.1	1.3
CHIETA	3	1.8	1.4	1.6	2.1	1.6	1.5	2.1
CTFL	4	1.8	1.1	1.9	1.8	1.9	1.3	3.1
CETA	5	1.7	1.3	2.1	2.1	1.5	1.6	2.0
ETDP SETA	7	1.2	1.8	1.3	2.8	1.3	1.5	1.9
ESETA	8	1.6	1.1	1.5	1.8	1.3	1.2	2.5
FOODBEV	9	2.7	1.1	1.8	2.3	1.5	1.2	4.7
FIETA	10	2.0	1.0	2.4	1.8	1.3	1.2	3.1
HWSETA	11	1.6	1.4	1.6	2.4	1.6	1.3	1.9
ISETT	12	1.6	1.4	1.4	2.5	1.3	1.7	2.8
INSETA	13	1.5	1.4	1.2	2.5	1.2	1.6	1.0
MAPPP	15	1.8	1.2	1.8	2.3	1.3	1.5	1.7
MQA	16	1.9	1.1	2.0	1.9	1.6	1.7	2.4
MERSETA	17	1.8	1.1	1.6	1.9	1.3	1.3	2.4
POSLEC SETA	19	2.0	1.0	1.6	2.2	1.2	1.6	2.7
PAETA	20	1.7	1.1	1.9	1.9	1.7	1.2	1.8
SETASA	22	2.1	1.2	1.8	1.9	1.4	1.6	1.7
SERVICES	23	1.6	1.5	1.4	2.5	1.3	1.6	2.7
THETA	25	1.9	1.3	1.8	2.1	1.3	1.2	2.4
TETA	26	2.1	1.2	1.8	2.1	1.3	1.5	4.0
W&RSETA	27	1.7	1.1	1.5	2.1	1.3	1.2	3.0
Total		1.8	1.2	1.7	2.1	1.4	1.4	2.5

Note: The full name of each SETA is given together with its acronym and its official number in Table 15 in this Chapter. Only the SETA acronym and number will be provided in other tables to economise on space.

5.2.2 Meeting skills needs

Changing skills needs can be experienced when enterprises: restructure in response to growth or decline in activity; acquire new technologies or upgrade technologies; seek to increase productivity; seek to improve quality; or to seek to replace losses from turnover. There are a variety of strategies that enterprises can undertake to meet these skills needs (Table 3).

Table 3: Actions undertaken to meet skills needs by enterprises in 2002/03 by size of enterprise

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Improved retention of employees	3.1	3.3	3.1	3.2
Head hunting	1.4	1.8	1.8	1.6
Outsourcing	1.7	1.9	2.1	1.7
Recruiting locally	3.3	3.7	3.8	3.5
Recruiting from abroad	1.1	1.1	1.2	1.1
Short term contracts /consultants	1.9	2.4	2.5	2.1
Other	1.5	1.7	1.5	1.5

The most striking finding from the data is that enterprises would resort to 'recruiting locally' (3.5) and to 'improved retention of employees' (3.2) to the greatest extent of all the possible

options. Even though recruitment patterns probably differ by occupational category, the overall positive response in terms of retention and local recruitment can be read as encouraging in the light of high unemployment rates in South Africa.

The strong emphasis on improved retention of employees suggests that enterprises are focused on sustaining their human resources rather than replacing them. Of particular importance is the positive implication of such an emphasis. That is that training is likely to be given greater prominence, for two reasons. First, availability of opportunities for personal career development is an important factor in persuading employees to remain loyal. Second, if retention of employees is to be worthwhile to the employer, then appropriate training must be provided in order to sustain skills levels.

Alternative strategies: to outsource particular skills needs or to seek recourse to contracted employment and headhunding are undertaken to a much lesser extent overall. They are however strategies that more frequently resorted to with increasing establishment size.

There do not seem to be any striking examples of highly SETA-specific response patterns in meeting skills needs (Table 4). It is possible that these strategies are less SETA-specific and more occupation specific in application.

Table 4: Actions undertaken to meet skills needs by enterprises in 2002/03 by SETA

		Improved retention of employees	Head hunting	Outsourcing	Recruiting locally	Recruiting from abroad	Short term contracts /consultant s	Other
FASSET	1	3.6	1.5	1.6	3.8	1.1	2.0	2.3
BANKSETA	2	3.3	1.9	2.1	3.5	1.2	2.2	1.0
CHIETA	3	2.7	1.6	1.6	3.4	1.1	1.9	1.0
CTFL	4	3.2	1.2	1.3	3.6	1.1	2.1	1.0
CETA	5	3.1	1.7	1.9	3.6	1.1	2.5	1.0
ETDP SETA	7	3.3	2.1	2.0	3.6	1.0	2.4	1.0
ESETA	8	3.5	1.9	1.9	3.8	1.1	2.7	1.0
FOODBEV	9	3.1	1.6	1.9	3.7	1.1	2.1	1.0
FIETA	10	3.3	1.5	1.6	3.8	1.0	2.3	2.8
HWSETA	11	3.0	1.3	1.6	3.2	1.1	1.8	2.5
ISETT	12	3.4	2.1	1.8	4.0	1.2	2.4	1.0
INSETA	13	3.2	1.9	1.9	3.2	1.1	2.1	1.0
MAPPP	16	3.2	1.5	1.9	3.4	1.1	2.2	1.9
MQA	16	3.9	1.8	1.7	3.5	1.3	1.9	1.0
MERSETA	17	2.9	1.4	1.8	3.2	1.1	2.0	2.1
POSLEC SETA	19	3.1	1.4	1.4	3.9	1.1	1.7	1.0
PAETA	20	2.9	1.5	1.7	2.8	1.1	2.1	1.0
SETASA	22	3.1	1.7	1.8	3.6	1.2	2.7	1.0
SERVICES	23	3.1	1.7	1.9	3.6	1.1	2.2	1.2
THETA	25	3.3	1.4	1.8	3.7	1.2	2.0	1.4
TETA	26	3.5	1.6	1.6	3.6	1.1	2.1	1.7
WASETA	27	3.3	1.4	1.5	3.2	1.1	1.6	1.6
Total		3.2	1.6	1.7	3.5	1.1	2.1	1.5

5.2.3 Skills that are underdeveloped or lacking in establishments

A critical concern for skills development in any workplace environment is for employees and managers to identify, understand and ameliorate skills that are lacking or underdeveloped. According to the responses, there was no skill category considered to be anywhere near the

extremes of 'not at all' lacking, or lacking 'to a large extent'. All means were located between 2.3 and 2.6 with only numeracy skills dropping lower in perceived importance. Differences between small, medium and large establishments in mean ratings of skills needs were similarly constrained in range.

The absence of a very strong concern about a particular skill category may also be a sign that employers are placing greater stress on improving the ability of employees to develop a wider range of skills as a priority. This seems to be the case in the United Kingdom based on the "Skills for Business 1000" Survey conducted in 2003 (Skills for Business,2003,5).

The skill considered to be most prominently underdeveloped or lacking was 'IT professional skills', which was accorded very similar values across the enterprise size categories (Table 5). Mateke et al (2003) argue that recent general claims regarding lack of skills availability in the ICT and associated professionals category are usually specific to particular technologies, periods and localities.

Communication skills, a non-technical or soft-skills type, was considered to be the second most underdeveloped skills category. This may reflect a trend towards emphasizing soft skills in the workplace. For example in Australia, Smith et al. argue that these "behavioural skills are a major focus of training effort at the enterprise level ... suggests a shift in the nature of skill requirements at the enterprise level away from narrow technical skills and towards a new training paradigm that emphasises the need for developing broad sets of generic skills in the workforce in order to increase adaptability and flexibility" ... "which is congruent with the importance of workplace change as a driver of industry training" (2002,8,11-12).

The third most underdeveloped skill category was 'general IT user skills' which will be seen increasingly as a generic skill type as the use of ICT diffuses deeper into various industrial sectors and across occupational categories.

Table 5: Skills underdeveloped or lacking in establishments by enterprise size

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Communication skills	2.4	2.6	2.7	2.6
Customer handling skills	2.2	2.3	2.5	2.3
General IT user skills	2.4	2.5	2.8	2.5
IT professional skills	2.6	2.5	2.6	2.6
Literacy skills	2.2	2.3	2.7	2.3
Management skills	2.3	2.4	2.6	2.4
Numeracy skills	2.1	2.2	2.6	2.1
Problem solving skills	2.4	2.5	2.8	2.4
Team working skills	2.3	2.4	2.7	2.3
Technical and practical skills	2.3	2.3	2.6	2.3
Other	1.7	2.1	1.6	1.7

Scrutiny at the SETA level reveals that Information Technology (IT) professional skills were considered to be lacking or underdeveloped in six SETAs, none of which are financial services or IT related (Table 6). This suggests that ICT deployment is expanding across a wide range of economic sectors where IT skills needs are being felt. Most prominent is the relatively high need for IT professional skills given by MERSETA, probably because of the ever increasing information intensity of manufacturing processes.

Of all the SETAs, FIETA and PAETA, both based in primary economic activities and both with high proportions of unskilled employees, registered consistently higher need across a

range of skills, especially in literacy. In contrast, low needs for literacy and numeracy in the ETDP, ISETT and INSETA SETAs given their high levels of educated employees and low numbers of employees in the unskilled occupational category (Table 6).

Table 6: Skills underdeveloped or lacking in establishments by SETA

		Communication skills	Customer handling skills	General IT user skills	IT professional skills	Literacy skills	Management skills	Numeracy skills	Problem solving skills	Team working skills	Technical and practical skills	Other
FASSET	1	2.5	2.3	2.4	2.3	1.9	2.5	1.8	2.2	2.3	2.4	-
BANKSETA	2	2.6	2.5	2.3	2.3	2.1	2.3	2.4	2.4	2.3	2.3	2.3
[illegible]	3	2.6	2.1	2.4	2.6	2.2	2.1	2.3	2.5	2.3	2.3	1.8
[illegible]	4	2.5	2.1	2.6	2.5	2.5	2.3	2.4	2.7	2.6	2.5	1.7
[illegible]	5	2.7	2.3	2.5	2.4	2.5	2.4	2.4	2.5	2.3	2.4	1.7
ETDP SETA	7	2.4	2.2	2.7	2.9	1.6	2.2	1.6	2.4	2.3	2.2	1.8
[illegible]	8	2.2	2.2	2.2	2.3	2.4	2.3	2.1	2.3	2.2	2.1	-
[illegible]	9	2.6	2.4	2.6	2.7	2.6	2.2	2.4	2.4	2.6	2.7	-
[illegible]	10	2.7	2.1	2.7	2.4	2.6	2.7	2.6	2.7	2.5	2.6	2.0
[illegible]	11	2.6	2.5	2.6	2.5	2.3	2.5	2.0	2.6	2.4	2.4	1.7
[illegible]	12	2.6	2.2	2.0	2.1	1.7	2.2	1.7	2.3	2.3	2.0	3.0
[illegible]	13	2.0	2.2	2.4	2.4	1.7	2.3	1.6	2.0	2.1	2.2	1.0
[illegible]	15	2.6	2.6	2.4	2.4	2.2	2.5	2.0	2.5	2.6	2.2	3.1
MQA	16	2.5	2.1	2.3	2.3	2.3	2.2	2.3	2.4	2.4	2.5	1.8
[illegible]	17	2.5	2.2	2.6	2.8	2.5	2.6	2.2	2.5	2.4	2.5	2.0
POSLEC SETA	19	2.1	2.2	2.3	2.2	2.0	2.0	1.9	2.2	2.6	1.9	1.2
PAETA	20	2.6	2.4	2.6	2.8	3.1	2.6	2.7	2.7	2.5	2.4	1.0
[illegible]	22	2.5	2.4	2.5	2.6	2.6	2.2	2.5	2.6	2.7	2.5	1.0
[illegible]	23	2.4	2.2	2.3	2.5	2.1	2.3	1.9	2.2	2.0	2.2	1.1
[illegible]	25	2.4	2.1	2.6	2.7	2.2	2.2	2.3	2.4	2.1	1.9	1.0
[illegible]	26	2.6	2.3	2.6	2.7	2.2	2.4	2.2	2.5	2.5	2.4	1.0
[illegible]	27	2.3	2.4	2.5	2.6	2.0	2.3	2.0	2.4	2.2	2.1	1.0
Total		2.5	2.3	2.5	2.6	2.3	2.4	2.1	2.4	2.3	2.3	1.7

5.2.4 Occupations within which skills upgrading is necessary

It is important to consider skills needs with reference to occupational categories as a measure of the human capital stock of the country.

In South Africa, ratings of skills upgrading needs by occupation were located in a fairly narrow band between 2.4 and 2.8, implying that no occupational category presented particular difficulties (Table 7). What is significant is that these average ratings per occupation are all below the midpoint response of 3 which lies between 'not at all'(1) and 'to a large extent'(5) on the scale of options preented to respondents. This suggests that employers do not consider skills upgrading needs as particularly pressing. By contrast, in the United Kingdom, the general finding of the Skills for Business 2003 survey was that "skills related difficulties affect all occupation categories, from managers through to elementary occupations"(Skills for Business,2003,16).

Table 7: Occupations needing their skills upgraded during 2002/03 by enterprise size

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Managers	2.3	2.5	2.7	2.4
Professionals	2.3	2.5	2.6	2.4
Technicians	2.5	2.8	2.8	2.6
Administrators /Secretaries	2.4	2.5	2.6	2.5
Service and sales workers	2.7	2.7	2.9	2.7
Agricultural and fishery workers	2.7	3.1	2.5	2.8
Craft and skilled trade workers	2.6	2.6	2.9	2.6
Plant and machine operators	2.6	2.8	3.1	2.8
Elementary workers/Labourers	2.5	2.8	3.0	2.6

The aggregate means show that across all establishments, the occupational category needing skills upgrading to the largest extent were 'agricultural and fishery workers' and 'plant and machine operators', followed closely by 'service and sales workers'(Table 8 and 9). 'Plant and machine operators' within the large enterprise category were considered to have the highest need for skills upgrading.

The high rating of need among agricultural and fishery workers is consistent with the earlier observation that in the, forestry and primary agriculture sectors there is a need for literacy, numeracy and problem solving skills. Agricultural and fishery workers are found within a limited number of SETAs, which should make it easier to plan and implement focused interventions.

When the data on skills upgrading needs is compared to the training rate reported per occupational category, it is clear that enterprises need to respond by shifting training provision in the direction of where the needs are perceived. For example, the higher rating of skills needs among 'craft and skilled trade workers' is of particular concern given that training rate for this occupational category is low. The issue of increasing responsiveness to skills needs is clearly complex, and there is evidence that 'need' and training provision do not occur in synchrony with each other. For example, the occupations rated as having the lowest skills upgrading needs were 'managers' and 'professionals'. Yet, the training rate data shows that the managers category was receiving much higher levels of training than professionals.

Of interest is that while the 'managers' *occupational category* was perceived to have relatively low needs for skills upgrading (Table 7), whereas 'management skills' as a *category of skill* were considered to be third most underdeveloped (Table 5). This suggests that employers consider there to be a need for improving general management skills across all occupational categories - over and above managers themselves. The introduction of flatter management structures in enterprises will increase the need for management types of training among a far broader category of workers (Long and Fischer, 2002,25).

Table 8 below describes the occupational skills upgrading needs by SETA.

Table 8: Occupations needing their skills upgraded during 2002/03 by SETA

		Managers	Professionals	Technicians	Administrators /Secretaries	Service and sales workers	Agricultural and fishery workers	Craft and skilled trade workers	Plant and machine operators	Elementary workers / Labourers
FASSET	1	2.4	2.6	3.0	2.9	2.2	nd	nd	3.0	2.3
BANKSETA	2	2.6	2.6	2.8	2.9	3.3	nd	4.0	3.0	2.4
CHIETA	3	2.2	2.3	2.5	2.8	2.9	1.0	2.6	3.1	2.2
CTFL	4	2.3	2.1	2.7	2.1	2.3	nd	2.2	2.8	2.6
CETA	5	2.4	2.4	2.8	2.5	2.4	2.0	2.6	2.7	3.0
ETDP SETA	7	2.6	2.6	2.9	2.7	2.6	nd	2.2	1.7	2.9
ESETA	8	2.3	2.4	2.7	2.6	2.7	nd	2.6	2.2	3.2
FOODBEV	9	2.4	2.2	2.7	2.2	2.8	3.1	2.8	2.9	2.6
[illegible]	10	2.6	2.3	2.6	2.5	2.5	3.1	2.9	3.0	3.3
[illegible]	11	2.7	2.5	2.7	2.6	3.1	2.0	3.1	2.1	2.2
[illegible]	12	2.7	2.6	2.8	2.6	2.9	nd	2.7	3.1	2.5
[illegible]	13	2.3	2.4	2.6	2.4	2.7	nd	6.0	1.0	2.1
[illegible]	15	2.6	2.6	2.6	2.6	2.9	nd	2.6	2.7	2.7
[illegible]	16	2.0	2.3	2.6	2.2	2.4	2.2	2.6	3.1	2.5
[illegible]	17	2.2	2.3	2.6	2.4	2.6	nd	2.5	2.9	2.7
[illegible]	19	2.4	2.7	2.5	2.7	2.6	nd	1.0	nd	2.1
[illegible]	20	2.6	2.3	2.9	2.6	2.7	2.9	2.5	2.6	3.1
[illegible]	22	2.3	2.5	2.7	2.6	2.6	3.0	2.7	3.1	3.0
[illegible]	23	2.4	2.3	2.6	2.4	2.7	1.0	2.9	2.7	2.4
[illegible]	25	2.6	1.9	2.1	2.1	2.9	3.0	2.6	2.0	2.6
[illegible]	26	2.1	2.3	2.3	2.6	2.6	3.0	2.3	2.7	2.4
WRSETA	27	2.3	2.1	2.4	2.3	2.7	1.8	2.8	2.6	2.5
Total		2.4	2.4	2.6	2.5	2.7	2.8	2.6	2.8	2.6

5.2.5 Factors causing enterprises to increase training in the 2003/4 financial year

The factors that may influence enterprise decision making regarding training are of considerable interest. Respondents were posed the question: "To what extent do you think the following factors will cause you to increase training in your establishment in 2003/4?" The aim was to elicit from establishment managers what factors in the environment could lead them to allocate greater resources to training.

The responses of enterprises aggregated by establishment size suggest that there are several main streams of thinking driving intentions to increase training (Table 9). The strongest influence is the need to improve 'quality standards and consumer service objectives' (3.4), a finding which corroborates the strong emphasis on increased training rates in the service and sales worker occupational category observed in Chapter 4. Similarly in 2002, Ridoutt et al (2002,64-65) found that in Australia, almost half of the enterprises saw quality as the single most important factor to engage in training. Hoggard and Bloch (2000,6) also refer to quality improvement in product or service as a key driver of training in the same country.

It is also worth observing that the emphasis on service objectives and quality standards runs across the economic sectors (Table 10).

Table 9: Factors causing establishments to increase training in the 2003/4 year by establishment size

	Small (11-50)	Medium (51-150)	Large (150+)	Total
Delays in developing new products / services	2.0	2.1	1.9	2.0
Employee expectations	2.8	3.1	3.1	2.9
Employee turn-over	2.2	2.4	2.7	2.3
Increases in demand for products / services	3.0	3.1	3.1	3.1
Increased competition	3.0	3.1	3.3	3.0
Levels of employee illness	2.0	2.1	2.3	2.1
New labour legislation	2.7	2.9	3.1	2.8
Organisational restructuring	2.3	2.6	2.7	2.4
Productivity targets	3.0	3.2	3.4	3.1
Quality standards and customer service objectives	3.3	3.5	3.7	3.4
SETA initiatives	2.6	2.7	3.0	2.7
Technology change	2.8	3.0	3.2	2.9
Trade union initiatives	1.7	1.7	1.9	1.7
Waste reduction	2.3	2.4	2.6	2.3
Other	1.7	3.2	2.5	1.8

Another strong driver of the intention to increase training was the setting of 'productivity targets' (3.1), which suggested that enterprises were beginning to appreciate more strongly the potential link between training and increased productivity.

'Increased competition' was rated by respondents as the third most powerful factor causing establishments to increase training. However, there was some conceptual difficulty in the analysis of this response, which is expressed by Ridoutt, et al.(2002,8) as follows: "At best, competition appears to have an indirect effect on training, which is ambiguous in its direction depending on the idiosyncratic circumstances of the enterprise at a particular time. At worst, competition has little effect on the decisions managers make about training activity." For this reason, greater attention was given to analysis of the more specific factors.

The data shows that 'employee expectations' were recorded as a relatively strong factor which may be interpreted as a positive sign that employers are becoming more aware of and more open to meeting employee expectations.

Increased 'demand for products and services' (3.1) and increased competitiveness (3.0) were also cited as influences. High ratings of importance for both of these factors were given in the ISETT, FOODBEV and ESETA sectors.

Technology change was accorded a relatively strong influence on the intention to train at the aggregate level (2.9). This factor has a much stronger influence in the SETAs which deal with technology-rich processes such as: ISETT, ESETA and MAPPP. Restructuring in industries with high levels of technology use may attract higher levels of training which in turn can contribute to a reduction in the training gap between high and low educated workers according to Bartel and Sicherman (1998). On the other hand, it is argued elsewhere that the effects of technological change may be concentrated in only a particular group of workers in

an enterprise and not necessarily across the entire enterprise perhaps leading to marginal changes in the volume and expenditure on training(Ridoutt et al, 2002,60).

Trade Union initiatives are accorded some influence overall on training plans in the SETAs that have traditionally strong trade union involvement such as MQA and CTFL.

Table 10: Factors causing establishments to increase training in the 2003/4 year by establishment size

		Delays in developing new products / services	Employee expectations	Employee turn-over	Increase in demand for products / services	Increased competition	Levels of employee illness	New labour legislation	Organisational restructuring	Productivity targets	Quality standards and customer service objectives	SETA initiatives	Technology change	Trade union initiatives	Waste reduction	Other
FASSET	1	2.1	3.0	2.6	3.0	3.1	1.8	2.8	2.4	3.2	3.4	3.0	3.0	1.2	1.8	1.0
BANKSETA	2	2.1	3.0	2.6	3.3	3.4	1.9	2.9	2.5	3.3	3.2	2.8	3.2	1.5	2.1	1.0
CHIETA	3	2.0	2.8	2.2	3.0	3.1	2.0	2.8	2.2	3.0	3.5	2.5	2.6	1.7	2.4	2.3
CTFL	4	2.3	2.6	2.3	3.2	3.0	2.8	2.8	2.8	3.2	3.4	2.9	2.9	2.2	2.7	1.0
CETA	5	1.9	2.8	2.3	3.1	2.9	2.2	2.9	2.0	2.8	3.1	2.4	2.6	1.8	2.4	1.0
ETDP SETA	7	1.9	3.3	2.2	3.1	2.8	1.6	2.9	2.7	2.5	3.2	3.1	2.8	1.3	1.4	1.0
ESETA	8	2.6	3.6	2.5	3.4	3.3	2.1	3.3	2.8	3.5	4.0	3.4	3.7	2.1	2.9	1.0
FOODBEV	9	2.5	2.7	2.3	3.4	3.4	2.2	2.9	2.6	3.3	3.5	2.5	2.9	2.0	2.7	1.7
FIETA	10	2.0	2.8	2.7	3.0	2.9	2.8	3.2	2.2	3.3	3.4	2.7	2.8	1.8	2.8	5.0
HWSETA	11	1.9	3.0	2.2	3.1	3.1	1.6	2.6	2.2	3.0	3.4	2.7	3.0	1.6	2.2	1.8
ISETT	12	2.1	3.0	2.2	3.7	3.5	1.5	2.6	2.5	3.1	3.5	2.4	3.8	1.2	1.9	1.0
INSETA	13	2.4	3.1	2.3	3.1	3.1	1.6	3.0	2.9	2.9	3.4	2.9	3.2	1.5	1.3	1.0
MAPPP	15	2.4	3.1	2.3	3.1	3.3	2.1	2.8	2.9	3.6	4.0	2.7	3.7	1.5	2.9	5.0
MQA	16	1.9	3.2	2.2	3.0	2.8	2.4	3.2	2.5	3.1	3.2	2.5	3.1	2.0	2.2	2.2
MERSETA	17	1.9	2.8	2.3	3.1	2.8	2.1	2.8	2.2	2.9	3.4	2.7	2.9	1.9	2.5	2.7
POSLEC SETA	18	2.6	2.9	2.8	3.2	3.5	2.3	3.2	2.6	3.6	3.5	3.4	3.1	1.8	2.1	1.0
PAETA	20	1.9	2.6	2.1	2.5	2.9	2.3	2.5	2.4	3.1	2.8	2.5	2.7	1.6	2.3	.
SETASA	22	2.1	3.1	2.4	3.3	3.1	2.3	3.3	2.4	3.4	3.7	2.9	3.1	1.9	2.7	1.5
SERVICES	23	1.9	3.2	2.2	2.8	3.0	1.9	2.7	2.6	3.1	3.5	2.6	2.9	1.5	2.1	2.2
THETA	25	2.1	2.6	2.4	2.9	3.2	2.1	2.7	2.4	3.2	3.5	2.4	2.5	1.6	2.6	1.0
TETA	26	2.1	2.9	1.8	3.0	3.0	1.6	2.9	2.5	3.0	3.3	2.8	3.3	1.7	2.2	5.0
W&RSETA	27	1.9	2.9	2.3	3.3	3.1	2.0	2.7	2.3	3.1	3.4	2.6	2.7	1.7	2.3	1.0
Total		2.0	2.9	2.3	3.1	3.0	2.1	2.8	2.4	3.1	3.4	2.7	2.9	1.7	2.3	1.8

5.3. Training delivery modes

5.3.1 Participation in types of training

So far the discussion has focused mainly on measures of training distribution and access. It is equally important to consider the nature of the training itself. However measured, the extent and quality of enterprise-level training varies considerably between enterprises, both across and within sectors. Hayton et al. (1996) note that enterprises characteristically differ in terms of:

- Reliance on external training
- Reliance on training that leads to a qualification
- The range and variety of training adopted
- The extent to which internal training processes are formalized

The most frequently used vehicle for training was 'skills programmes' (Table 11). This may be because 'skills programmes' are levy-grant qualifying, unit-standard based programmes, and, crucially, are shorter than Learnerships but can cumulatively still lead to a Learnership qualification. The employees of small establishments tended to participate to a greater extent in 'skills programmes' than did employees in medium and large establishments. It is likely that this type of programme provides the flexibility that small establishments need in providing employees opportunities for training.

Formal training methods which involved the presentation of courses either by external or own staff seemed to be the main vehicle for training in South African enterprises. Employees participated to a greater extent in courses that were either presented in-house, or were off the premises, than in courses presented by external agents on the establishment premises. This suggests that smaller establishments do not possess the facilities for hosting formal types of training.

Table 11: Participation of permanent employees in types of training by enterprise size

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Courses presented by an external agency off the premises	2.9	3.2	3.1	3.0
Courses presented by an external agency on the premises	2.3	2.7	2.8	2.5
In-house courses by own staff	3.2	3.2	3.4	3.3
Learnerships	1.8	1.7	1.8	1.8
Registered apprenticeships	2.7	2.7	2.5	2.7
Skills programmes	4.1	3.8	3.8	4.0
On the job training	1.6	1.5	1.6	1.6
Mentoring	2.2	2.4	2.5	2.3
Other	1.8	1.9	2.2	1.8

Participation in informal types of training such as mentoring took place to a lesser extent than formal training. According to respondents, employee participation in on-the-job training took place to a much lesser extent than participation in other forms of training. This is with the exception of ESETA and MERSETA, which record by far the highest extent of employee participation in on-the-job learning, suggesting that this kind of learning is still of value in craft and skilled trade occupational environments (Table 12).

Overall, the data suggests that employees participated to a greater extent in registered Apprenticeships than in Learnerships. It is interesting to note that the spread of emphasis on Learnerships –and Apprenticeships - is relatively even across size, whereas in the past, it was medium and large enterprises that tended to implement Apprenticeships. At the SETA level, instances of a greater emphasis on Learnerships was visible, such as with FASSET and to a lesser extent, the POSLEC SETAs (Table 12). Learnerships are discussed in more detail in the following section.

Table 12: Participation of permanent employees in types of training by SETA

		Courses presented by an external agency off the premises	Courses presented by an external agency on the premises	In-house courses by own staff	Learnerships	Registered apprentice-ships	Skills programmes	On the job training	Mentoring	Other
FASSET	1	3.8	2.0	3.2	3.3	2.7	4.4	2.1	2.8	1.0
BANKSETA	2	3.5	2.0	3.3	1.8	2.3	3.8	1.1	2.3	3.1
CHIETA	3	3.0	3.0	3.1	1.3	2.4	4.0	1.1	1.8	1.3
CTFL	4	2.0	2.3	3.5	1.8	3.0	4.5	1.4	2.8	1.6
CETA	5	3.1	2.2	2.9	1.8	2.8	3.9	1.6	2.1	1.8
ETDP SETA	7	3.3	2.3	3.2	1.6	2.7	3.4	1.1	2.2	2.0
ESETA	8	3.9	3.1	3.6	1.9	3.5	4.3	2.3	2.0	1.0
FOODBEV	9	2.9	2.6	3.1	1.8	2.8	3.7	1.4	2.2	2.1
FIETA	10	2.5	2.4	3.6	2.0	2.3	4.1	1.3	2.1	2.6
HWSETA	11	3.3	2.2	3.2	1.9	2.4	3.9	1.6	2.3	2.7
ISETT	12	3.7	2.1	3.0	1.2	2.9	4.0	1.2	2.0	2.1
INSETA	13	2.9	2.5	3.7	2.6	3.1	4.5	1.6	2.6	2.2
MAPPP	15	3.2	2.8	3.3	1.8	2.8	3.9	1.5	2.6	1.7
MQA	16	2.9	2.8	3.5	1.5	2.8	4.2	1.7	2.6	3.8
MERSETA	17	2.9	2.6	3.0	1.7	2.6	4.0	2.2	2.5	2.0
POSLEC SETA	19	3.0	2.1	3.5	2.5	2.4	3.8	1.8	2.0	1.3
PAETA	20	2.7	2.4	3.4	1.8	2.8	4.1	1.4	1.8	1.7
SETASA	22	3.1	2.9	3.4	1.7	2.3	3.6	1.4	2.6	1.6
SERVICES	23	3.2	2.5	3.2	1.8	2.9	3.9	1.4	2.1	1.8
THETA	25	2.7	2.4	3.9	1.9	2.7	4.1	1.3	2.5	2.4
TETA	26	3.1	3.1	3.3	1.6	2.6	3.9	1.1	2.3	4.2
W&RSETA	27	2.8	2.4	3.3	1.4	2.7	4.1	1.2	1.9	1.3
Total		3.0	2.5	3.3	1.8	2.7	4.0	1.6	2.3	1.8

In other national contexts, an age based pattern of access to different types of training has been discerned. For example, in Canada, Jennings (1998,6) shows that a dual training model has emerged – not through deliberate policy initiative - in which older and more experienced workers receive short training sessions, while their younger and less experienced counterparts receive broader skills training. The extent to which there are age-based patterns in training access in South Africa may be considered in future surveys.

5.3.2 Initiation of Learnerships

The Learnership is a central pillar of the skills development strategy of the Department of Labour, and a major focus for the disbursement of discretionary grants. The extent to which Learnerships are taken up is dependent on sectoral priorities, the funds available to support Learnerships in a SETA, and the levels of interest among employers.

There are two types of grant to support Learnerships: a grant to offset the costs of implementing Learnerships for current employees (18.1 Learnership), and a grant for subsidizing learners who as new employees were unemployed immediately before starting the Learnership (18.2 Learnership). The formulation of this item in the survey instrument was intended to obtain data on establishment intentions to initiate learnerships for 'current' and 'new employees'.

The data reveals that a higher proportion of establishments expected to initiate learnerships for current employees (50.3%) than for new employees (38,9%) (Table 13 and 14). In both types, the tendency is for medium and large firms to express stronger intentions to initiate Learnerships. Notably, medium firms register a slightly stronger intention to institute Learnerships than large firms.

Table 13: Establishments expecting to initiate learnerships in 2003/04 by enterprise size (%)

	Expect to initiate learnerships: Current employees (18.1)		Total	Expect to initiate learnerships: New employees (18.2)		Total
	% Yes	% No		% Yes	% No	
Small (11-50)	47.8	52.2	100.0	37.8	62.4	100
Medium (51-100)	56.0	44.0	100.0	41.8	58.2	100
Large (100+)	55.8	44.2	100.0	41.7	58.3	100
Total	50.3	49.7	100.0	38.9	61.1	100

This data is presented below in numerical form to provide an estimation of the absolute numbers of establishments that have intentions to initiate learnerships.

Table 14: Establishments expecting to initiate learnerships in 2003/04 by enterprise size

	Expect to initiate learnerships: Current employees		Total	Expect to initiate learnerships: New employees		Total
	Yes	No		Yes	No	
Small (11-50)	14 042	15 364	29 405	9 294	15 440	24 733
Medium (51-100)	5 292	4 151	9 443	3 491	4 865	8 357
Large (100+)	2 095	1 656	3 751	1 434	2 006	3 439
Total	21 429	21 171	42 599	14 219	22 311	36 529

NOTE: The numbers of enterprises as well as numbers of employees given in this or any subsequent table are derived from a statistical weighting procedure. In the weighting procedure, data from the returns of the sample survey are adjusted proportionately to reflect the actual enterprise numbers in the sample frame. In this way the results of the survey can be compared with the actual population of enterprises described by the sample frame.

At the sectoral level, a number of factors affect the decision of enterprises to initiate Learnerships. These include: the occupational and skills structure of the sector, and also the expected medium to long term growth expectations of enterprises within each SETA. SETAs in which significant numbers of establishments signaled strong intention to initiate learnerships for current (18.1) employees were: ESETA, INSETA, SETASA, THETA (Table 15 and Table 16).

Relatively strong intentions to initiate Learnerships for new (18.2) employees were signaled by establishments in the FASSET and POSLEC SETAs; whereas in PAETA, W&RSETA, CTFL and MERSETA, much lower intentions were expressed.

It is noteworthy that SETAs clearly differed in terms of their emphasis on the two Learnership types. For example, BANKSETA establishments reflect relatively low intentions to initiate either Learnership, whereas other SETAs in general emphasised either one or the other.

Table 16: Establishments expecting to initiate learnerships in 2003/04 by SETA (%)

			Expect to initiate learnerships: Current employees (18.1)		Total	Expect to initiate learnerships: New employees (18.2)		Total
Full name of SETA	Acronym		% Yes	% No		% Yes	% No	
Financial and Accounting Services	FASSET	1	42.3	57.7	100	59.0	41.0	100
Banking Sector Education and Training Authority	BANKSETA	2	38.5	60.5	100	31.2	68.8	100
Chemical Industries Education and Training Authority	CHIETA	3	45.9	54.1	100	38.7	61.3	100
Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	CTFL	4	51.8	48.2	100	28.5	71.5	100
Construction Education and Training Authority	CETA	5	51.2	48.8	100	40.7	59.3	100
Education, Training and Development Practices Sector Education and Training Authority	ETDP SETA	7	49.9	50.1	100	49.2	50.8	100
Energy Sector Education and Training Authority	ESETA	8	71.9	28.1	100	58.1	41.9	100
Food and Beverages Manufacturing Industry Sector Education and Training Authority	FOODBEV	9	58.9	41.1	100	55.9	44.1	100
Forest Industries Sector Education and Training Authority	FIETA	10	47.2	52.8	100	46.4	53.6	100
Health and Welfare Sector Education and Training Authority	HWSETA	11	53.1	46.9	100	47.3	52.7	100
Information Systems, Electronics and Telecommunications Technologies	ISETT	12	54.0	46.0	100	52.2	47.8	100
Insurance Sector Education and Training Authority	INSETA	13	66.0	34.0	100	46.6	53.4	100
Advertising, Publishing, Printing and Packaging	MAPPP	15	50.6	49.4	100	41.3	58.7	100
Mining Qualifications Authority	MQA	16	50.0	50.0	100	41.2	58.8	100
Manufacturing, Engineering and Related Services Education and Training Authority	MERSETA	17	49.8	50.2	100	34.7	65.3	100
Police, Private Security, Legal and Correctional Services	POSLEC SETA	19	53.9	46.1	100	59.1	40.9	100
Primary Agriculture Education and Training Authority	PAETA	20	42.4	57.6	100	10.9	89.1	100
Secondary Agriculture Sector Education and Training Authority	SETASA	22	63.0	37.0	100	42.4	57.6	100
Services Sector Education and Training Authority	SERVICES	23	56.2	43.8	100	45.8	54.2	100
Tourism and Hospitality Education and Training Authority	THETA	25	52.9	47.1	100	45.3	54.7	100
Transport Education and Training Authority	TETA	26	62.3	37.7	100	52.6	47.4	100
Wholesale and Retail Sector Education and Training Authority	W&RSETA	27	44.3	55.7	100	27.2	72.8	100
	Total		51.1	48.9	100	40.0	60.0	100

This data is presented below in numerical form to provide an estimation of the absolute numbers of establishments which have intentions to initiate learnerships.

Table 16: Establishments expecting to initiate learnerships in 2003/04 by SETA

		Expect to initiate learnerships: Current employees		Total	Expect to initiate learnerships: New employees		Total
		Yes	No		Yes	No	
FASSET	1	426	598	1 024	611	412	1 023
BANKSETA	2	100	143	242	77	160	237
CHIETA	3	422	497	919	324	512	836
CTFL	4	642	598	1 240	289	724	1 013
CETA	5	1 813	1 672	3 484	1 297	1 831	3 128
ETDP SETA	7	559	844	1 403	408	743	1 151
ESETA	8	260	102	362	210	152	362
FOODBEV	9	662	461	1 124	573	452	1 025
FIETA	10	453	507	960	355	410	765
HWSETA	11	575	806	1 381	523	712	1 234
INSETT	12	688	586	1 274	591	541	1 131
MISETA	13	284	146	430	173	198	371
MAPPP	15	806	725	1 530	838	646	1 483
MQA	16	376	403	779	226	361	586
SERSETA	17	3 603	3 639	7 242	2 127	4 004	6 130
PSETA	19	633	542	1 175	577	399	976
PAETA	20	1 097	1 489	2 586	245	2 003	2 249
SETAFA	22	494	290	784	306	416	721
SERVICES	23	2 848	2 410	5 258	1 842	2 609	4 451
THETA	25	1 294	1 081	2 375	988	1 117	2 104
TETA	26	961	571	1 532	632	580	1 212
WRSETA	27	2 434	3 061	5 495	1210	3 231	4 442
Total		21 429	21 171	42 599	14 219	22 311	36 530

5.3.3 Training according to recognised training standards

Training according to external training standards holds several potential advantages for the establishment and for the employees receiving such training. At the enterprise level, training according to external standards can ensure that internal training processes meet particular quality requirements. The move towards applying recognised training standards is clearly a means of ensuring that the quality of human resources in the organisation can be measured against industry standards over time.

Furthermore, external standards that are internationally recognized enable the organisation to benchmark itself within globalised industrial sectors. Establishments can ensure that the skills of employees are harmonized with changes in international practice. External standards also provide the means for the individual employee to formalize his/her competencies, to progress within a qualifications framework and to improve his/her mobility. These latter benefits are naturally also advantageous to the competitiveness of both the establishment and the industrial sector within the national economy. The quality of learning and its formality are not necessarily synonymous, as a series of recent publications about learning and knowledge in the workplace have indicated (Lave & Wenger 1991; Ashton & Sung 2002; Fuller et al. 2003).

Table 17 provides a numerical picture of the size of the workforce that was trained according to standards. The largest volume of training in accordance with external standards occurs in large enterprises (54,9%). However, South African large enterprises provide training to

standards for lower proportions of their employees trained by comparison with small firms which provide training to standards for nearly one in three workers in training (Table 18). This finding contrasts with international experience such as observed by Felstead et al. (1997: 25-27) that "the likelihood of training being qualification-based increases the larger the organization", and also by Dawe (2003) for Australia in the period 1998-2002 (Dawe, 2003).

Table 17: Permanent employees participating in training in accordance with training standards by enterprise size

	Training according to standards						
	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards	Total employees trained to standards	Total employees trained	Employees trained to standards as a % of employees trained
Small (11-50)	16 328	20 062	6 960	10 630	56 000	177 501	31.5
Medium (51-100)	13 533	15 268	8 104	6 544	43 449	178 922	24.2
Large (100+)	35 179	42 029	25 018	18 722	120 948	522 152	23.2
Total	67 040	77 359	40 102	35 896	220 397	879 575	25.1

More employees are trained to South African standards than international standards (65,6%), with SAQA/NQF standards accounting for 30.5%..

Table 18: Permanent employees participating in training in accordance with training standards by enterprise size (%)

	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards	Total
Small (11-50)	32.7	35.8	12.5	19.0	100
Medium 51-100)	31.1	35.1	18.7	15.1	100
Large (100+)	29.1	34.7	20.7	15.5	100
Total	30.5	35.1	18.2	16.3	100

Overall, a relatively low proportion of *all* employees or 4.2% – whether having received training or not in the year in question - were engaged some form of training to standards. Formalizing training according to standards has attracted some attention, as Dawe (2003,3) observes that enterprises are increasingly providing training towards externally recognized standards. Yet this is not an easy aim to achieve, to the extent that Smith et al (2002,8) claim that "Competency standards are not being used to inform most enterprise training and much of the training remains uncredentialled".

At the SETA level there is great variation in the extent to which employees participate in training according to standards (Table 19). This is probably influenced to an extent by the diversity of productive activity in a sector and the degree to which production is influenced by international markets and their associated training standards. Although MERSETA stands out as having by far the highest numerical participation in all but one of the categories of standards, in proportion to total employees receiving training, the SETAs with the largest commitment to standards-based training are the FASSET, TETA, ETDP, POSLEC And MERSETA SETAs.

Table 19: Permanent employees participating in training in accordance with training standards by SETA

		SAQA /NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards	Total trained to standards	Total participating in training	Employees trained to standards as a % of employees trained
FASSET	1	6 741	1 712	2 545	933	11 931	16842	70.8
BANKSETA	2	290	143	0	532	965	7034	13.7
CHIETA	3	1 563	843	442	666	3 314	14693	22.6
CTFL	4	996	2 411	352	666	4 425	33548	13.2
CETA	5	282	1 125	169	113	1 689	40886	4.1
ETDP SETA	7	3 429	4 538	0	2 407	10 374	17167	60.4
ESETA	8	199	444	107	0	750	1513	49.6
FOODBEV	9	2 265	572	1 943	221	5 001	15345	32.6
FIETA	10	1 154	3 039	25	349	4 567	19654	23.2
HWSETA	11	157	1 070	363	864	2 454	28715	8.5
ISETT	12	413	1 440	1 667	2 904	6 424	15968	40.2
INSETA	13	1 039	464	318	721	2 542	16336	15.6
MAPPP	15	528	1 009	38	821	2 496	21395	11.7
MQA	16	1 530	2 307	13 374	1 929	19 140	166179	11.5
MERSETA	17	12 387	19 497	11 267	6 571	49 702	99330	50.0
POSLEC SETA	19	207	13 944	434	1 602	16 187	30044	53.9
PAETA	20	234	1 271	164	490	2 159	24066	9.0
SETASA	22	819	1 787	2 243	2 937	7 786	20661	37.7
SERVICES	23	6 356	2 243	1 523	4 086	14 207	126812	11.2
THETA	25	1 260	6 283	92	4 418	12 073	33720	35.8
TETA	26	20 081	8 253	2 382	1 577	32 263	51400	62.8
WRSETA	27	5 040	3 163	855	1 086	9 946	78299	12.7
Total		67 040	77 359	40 103	36 866	220 398	879676	25.1

The Australian Employer Training Practices Survey (TPS) of 1996 reported that the five major factors driving increased in structured training included: technological change, changes in management practices, quality assurance/quality control, regulations and availability of external training providers (Smith and Freeland,2002,9). The findings of the NSS 2003 on why enterprises implement training of any form is discussed in detail later. What this observation by Smith and Freeland highlights is that there is likely to be a different balance of factors that give rise to structured training participation as opposed to any training participation.

5.3.4 Human resources development practices

What constitutes 'training' has evolved in recent years to encompass a range of activities that occur within a broader assemblage of what may be termed 'human resources development' practices. This shift is driven by an increased emphasis on the creative potential of human capital in the production of goods and services. Assumptions about the characteristics of appropriate human learning in the workplace increasingly emphasise greater interactive and collaborative activities. As a result, the bounds of traditional approaches to learning are no longer considered appropriate. There is also increased interest in so called 'high performance work practices' as the creation of an environment where a range of

complementary human resources practices contribute to higher levels of employee productivity and involvement. The extent to which these human resource development practices are applied in South African workplaces was tested (Table 20).

Table 20: Participation of permanent employees in types of training by enterprise size

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Team working	3.2	3.3	3.2	3.3
Annual performance reviews	3.0	3.2	3.0	3.1
Mentoring /coaching	3.0	3.1	2.9	3.0
Total quality management	2.9	3.0	3.0	2.9
Multi-skilling	2.7	2.9	2.8	2.8
Job rotation	2.3	2.9	2.4	2.3
Group or team compensation	2.2	2.2	2.3	2.2
Personnel development plan	2.1	2.5	2.6	2.2
Peer review	2.0	2.2	1.8	2.0
Training for trainers	1.9	2.2	2.3	2.0
Self directed teams	2.0	2.2	2.0	2.0
Profit sharing	1.7	2.0	1.9	1.8
Quality circles	1.7	1.8	1.8	1.8
Other	1.5	1.3	1.8	1.4

First, there is no strong indication that enterprises resort to any of the practices identified 'to a large extent', the highest average being 3.3 for 'team working'. Second, with two minor exceptions in the case of 'training for trainers' and 'annual performance reviews', the pattern of responses revealed no sharp differences between small, medium and large establishments in terms of their use of human resources practices identified in the questionnaire.

The pattern of aggregate responses presents a picture of South African establishments as cautiously engaging with some of the practices in question. The overall impression is that South African establishments tend not to use any particular practice very intensively. In particular, the practices showing the lowest levels of use are those which presuppose the existence of acceptable levels of trust between co-workers and between employees and management. These include: 'quality circles', 'self-directed teams' and 'peer review'. Two of the cornerstones of the high performance workplace model involve according employees greater levels of discretionary decision making – see the low mean reflected for 'self directed teams' – and rotating employees across a range of tasks – see the low mean accorded to 'job rotation'. Also used to a lesser extent are incentive-based practices, such as 'group compensation' and 'profit sharing'.

In contrast, 'Total quality management' (TQM) was indicated by respondents as being used to a relatively greater extent than 'self directed teams' and 'quality circles'. This could be because the latter two are specific techniques compared to TQM which is understood by some as being about organisational culture, a general management approach or a business philosophy rather than as a collection of methods and practices. Both 'self directed teams' and 'quality circles' are explicitly non-hierarchical and the reason for low levels of use could be found in strong hierarchical characteristics of many South African workplaces.

The practices that are identified as being used more frequently include: 'annual performance reviews' and 'team working'. Neither of these practices are particularly unique and are well entrenched internationally.

Emphasis on these practices at the SETA level is grouped quite strongly in the financial services sector such as FASSET and to a lesser extent INSETA, and ISETT (Table 21a and Table 21b). In addition, THETA emphasises several practices that may be associated with its high service orientation.

Table 21a: Human Resource Development practices used in establishments by SETA

		Team working	Self directed teams	Quality circles	Total quality management	Personnel development plan	Annual performance reviews	Peer review	Mentoring /coaching
FASSET	1	3.6	2.3	1.9	3.2	2.5	3.9	2.9	3.2
BANKSETA	2	3.3	2.2	1.3	2.7	2.5	3.4	2.0	3.0
CHIETA	3	3.3	1.9	1.6	2.9	2.1	3.3	1.9	2.6
CTFL	4	2.8	1.7	1.9	2.8	1.9	2.4	1.8	2.9
CETA	5	3.5	2.5	2.1	3.2	2.3	3.1	2.3	3.2
ETDP SETA	7	3.5	2.3	1.4	2.8	2.1	3.0	2.0	3.2
ESETA	8	3.7	2.9	2.7	3.7	2.6	3.5	2.7	3.8
FOODBEV	9	3.5	2.1	2.3	3.2	1.9	2.9	2.1	2.7
FIETA	10	3.1	1.8	1.9	3.0	2.1	2.9	2.3	3.2
HWSETA	11	3.2	1.8	1.7	2.7	1.9	3.4	2.3	2.9
ISETT	12	3.8	2.7	1.9	3.2	2.8	3.8	2.1	3.2
INSETA	13	3.5	2.0	1.8	3.1	2.7	3.4	2.0	3.3
MAPPP	15	3.1	2.1	1.7	2.8	2.3	3.0	1.8	2.8
MQA	16	3.4	2.2	1.8	3.0	2.6	3.0	2.1	3.3
MERSETA	17	3.1	1.8	1.7	3.0	2.2	2.8	1.8	3.0
POSLEC SETA	19	2.6	1.4	1.4	2.6	1.8	2.9	2.0	2.8
PAETA	20	3.0	2.0	1.5	2.7	2.1	2.8	1.5	3.2
SETASA	22	3.2	2.1	2.0	3.1	2.4	3.2	2.0	3.1
SERVICES	23	3.3	2.0	1.7	2.6	2.2	3.1	2.0	3.0
THETA	25	3.6	2.1	1.9	3.0	2.2	3.3	2.2	3.1
TETA	26	3.4	2.1	1.8	3.1	2.4	3.0	1.9	2.8
WSRSETA	27	3.0	1.8	1.5	2.8	2.2	3.1	2.0	3.0
Total		3.3	2.0	1.8	2.9	2.2	3.1	2.0	3.0

Table 21b: Human Resource Development practices used in establishments by SETA							
		Multi-skilling	Job rotation	Group or team compen-sation	Profit sharing	Training for trainers	Other
FASSET	1	3.1	2.4	2.1	2.4	2.5	1.0
BANKSETA	2	2.7	1.9	2.6	1.9	1.8	2.0
CHIETA	3	2.7	2.3	2.0	1.7	1.8	1.7
CTFL	4	3.1	2.5	2.5	1.8	1.8	2.4
CETA	5	2.8	2.1	2.4	2.1	1.9	1.0
ETDP SETA	7	3.0	2.1	1.3	1.5	2.3	1.0
ESETA	8	3.5	3.1	2.5	2.5	2.4	1.0
FOODBEV	9	2.9	2.9	2.3	1.5	2.1	1.0
FIETA	10	3.2	2.7	2.1	1.8	1.9	2.8
HWSETA	11	2.7	2.4	2.1	1.4	2.2	1.0
ISETT	12	2.9	2.1	2.5	1.9	2.1	1.0
INSETA	13	3.1	2.3	2.1	2.0	2.5	1.9
MAPPP	15	2.8	2.1	2.1	1.8	2.1	1.0
MQA	16	3.1	2.8	2.2	1.9	2.3	4.0
MERSETA	17	2.8	2.3	2.4	1.9	2.1	1.7
POSLEC SETA	19	2.1	2.5	1.8	1.6	1.9	1.3
PAETA	20	2.4	2.2	2.0	1.5	1.8	1.4
SETASA	22	2.9	2.6	2.5	1.9	2.1	1.0
SERVICES	23	2.7	2.0	2.1	1.6	1.9	1.1
THETA	25	3.1	2.9	2.9	2.1	2.5	2.0
TETA	26	2.7	2.0	1.8	1.8	2.0	1.0
W&RSETA	27	2.7	2.4	2.2	2.0	1.7	1.4
Total		2.8	2.3	2.2	1.8	2.0	1.4

5.4. Training infrastructure and processes

5.4.1 Strategic enterprise training and related documents

The existence of particular training related documents in an establishment can be taken as a an indicator of the importance that managers accord to planning training activities as part of enterprise strategic planning, and to implementing and monitoring training as a means of sustaining enterprise competitiveness.

From Table 22 the general pattern observable across different establishment sizes is the tendency for greater proportions of enterprises to have such forms of documentation with increasing size.

Table 22: Proportion of enterprises in possession of strategic enterprise training-related documents by enterprise size (%)				
	Small (11-50)	Medium (51-100)	Large (100+)	Total
Training records	43.7	71.1	84.9	53.5
Formal business plan	43.8	65.6	79.4	52.1
Workplace Skills Plan	38.0	71.6	90.1	50.3
Specific budget for training	27.7	51.2	77.5	37.4
Policy on study leave	34.3	55.6	73.0	42.4
Policy on bursaries	12.6	29.4	52.5	19.8

In South Africa, the legislative driver intended to encourage increased training activity is the Skills Development Levies Act (Republic of South Africa,1999), in terms of which an enterprise must submit a Workplace Skills Plan (WSP) in order to claim against their contribution to the skills levy scheme. In the mid 1990s, there were marked differences between European countries in terms of the proportions of enterprises that claimed to have a training plan. This difference was ascribed to the fact that in some countries financial support was conditional on evidence of such a plan (Davis1998,71). The European experience has shown that the association between training planning and training provided is not necessarily clear and direct. Davis observes that "there does seem to be an association between whether an enterprises has a training plan and the amount of training offered" but this does not assist in understanding cause and effect. For example, the activity of drawing up a training plan may cause the enterprise to be more aware of its training needs leading it to expand training. Alternatively, it is possible that enterprises that ordinarily do more training simply find that they need a plan to help them to manage the processes" (1998,72).

Large and medium sized enterprises were more likely to possess a WSP than a formal business plan. It is striking that legislative and financial necessity drive establishments to possess a WSP in higher proportions than formal business plans even though the existence of the latter – in some form - is a cornerstone of good business practice. The influence of the Act may also be discerned by the existence of training records in greater frequencies than formal business plans in medium and large firms. This must be because claims for disbursements of grants must be made on the basis of proper training records. This data therefore suggests that the levy-grant scheme has a high take-up in medium and large enterprises.

In contrast, there were much lower proportions of small enterprises which had WSPs. The scheme seems therefore to have a much weaker purchase on the training related behaviour of small establishments than medium and large establishment. This suggests that there are conditions militating against the impact of the levy-grant scheme in small enterprises. Noteably, there were greater proportions of small firms that possess formal business plans and training records than WSPs. Because more small establishments had training records and business plans than WSPs, we may infer that some small firms were taking up strategic business and training challenges independent of the influence of the Skills Development Levies Act (Republic of South Africa,1999).

The distribution of enterprises that indicated having a specific budget for training was not entirely unexpected. The proportions of establishments with specific budgets for training increased with establishment size. Irrespective of establishment size, the existence of specific training budgets was at least 10% lower than indicators of training records and of the existence of WSPs.

The survey tested for the extent to which establishments link their formal business plans and WSPs. In linking the business plan and the WSP, the managers of an establishment would be demonstrating an appreciation of the need to align training strategy with overall business strategy.

Evidence from research internationally suggests that there is an association between formal business planning and the propensity to train. For example, the Australian Business Longitudinal Survey (BLS of 1999) showed that the incidence of training is far higher in businesses that have adopted a formal strategic or business plan than in those that have no business plan. Of all the measures in the BLS, the existence of a formal business plan was most strongly associated with a higher incidence of industry training (Smith and Freeland,2002,11). Hendry (1991) also found that enterprises that included training in their

business or strategic plans were more likely to invest in training that those without such documented prescriptions. However, there may not necessarily be a direct relationship in each instance. Ridoutt points out that training may not be a strategic issue in itself but is rather required to support the implementation of other strategies, and plans are not necessarily implemented (2002,68).

In the NSS 2003, all three establishment size levels –small (79%), medium (80%) and large (88%) - reported that they linked their WSP with their business plans.

At the SETA level, a pattern is visible according to which the financial sector activities, which include SETAs such as BANKSETA, ISETT and FASSET, show relatively high proportions of involvement in developing frameworks for monitoring and driving training (Table 23). Also in this group is the ETDP SETA. On the other hand, the data suggests that establishments associated with PAETA tend to have less developed documentation and policy documents that structure training activities.

Table 23: Enterprises in possession of strategic enterprise training-related documentation by SETA

		Training records	Formal business plan	Workplace Skills Plan	WSP is linked to formal business plan	Specific budget for training	Policy on study leave	Policy on bursaries
FASSET	1	75.9	46.6	70.1	100	38.6	70.2	44.9
BANKSETA	2	49.6	75.8	80.7	76.5	64.6	76.8	52.8
CHIETA	3	47.0	50.0	50.7	72.4	45.6	59.5	30.6
CTFL	4	45.3	39.8	58.0	79.0	36.8	23.0	8.6
CETA	5	48.4	48.1	46.3	80.5	16.8	32.5	18.0
ETDP SETA	7	62.7	57.6	44.5	73.8	69.8	75.3	49.7
ESETA	8	62.7	48.6	40.8	68.7	24.6	47.9	19.1
FOODBEV	9	49.8	56.4	54.3	82.0	41.6	46.6	16.3
FIETA	10	48.8	58.1	55.5	70.7	33.9	24.7	11.2
HWSETA	11	57.4	41.6	60.2	86.4	31.9	52.0	24.7
ISETT	12	75.3	76.9	73.8	79.0	62.3	70.5	48.4
INSETA	13	57.3	59.6	63.7	100.0	55.6	73.4	29.6
MAPPP	15	62.2	58.7	60.8	69.7	49.8	59.1	17.3
MQA	16	64.7	66.5	67.8	93.9	53.4	45.0	26.0
MERSETA	17	56.9	54.7	54.8	79.3	33.6	32.2	13.5
PUBLIC SETA	19	63.0	41.5	51.7	81.6	43.7	60.2	14.9
PAETA	20	41.3	38.9	45.7	67.9	34.8	17.0	3.3
SETASA	22	71.8	71.2	71.5	81.9	46.0	41.3	25.0
SERVICES	23	47.9	58.7	40.4	85.1	43.3	43.3	27.9
THETA	25	56.1	61.7	47.8	74.2	35.6	34.0	14.7
TETA	26	71.2	47.0	51.4	85.3	39.2	60.7	19.1
WARSETA	27	39.7	39.9	36.8	88.2	24.7	37.5	11.6
Total		53.5	52.1	50.3	81.0	37.4	42.4	19.8

5.4.2 Responsibility for training in the establishment

The allocation of responsibility for training activities to a person or group of persons within an enterprise is an important strategic act, since this institutionalizes and focuses accountability for training. In organisations which have not fully developed policy documentation that formally sets out training procedures and functions, the designation of the training role is even more critical. In the United Kingdom in 1988, training was positively associated with "having a personnel specialist in the workplace or at a higher level in the organisation" and

with "having an integrated employee development plan" (Woodland et .al,1999,62). Furthermore, Ok and Tergeist (2003,4) argue that "a more structured involvement of employee representatives and the social partners at various levels of discourse and negotiation concerning training appears to be one route which may help to overcome deficiencies in the provision of, and access to, training, at least in countries where traditional labour relations practices and the labour unions framework are supportive of such co-operation".

The NSS 2003 showed that overall, seven out of ten enterprises had specifically allocated training responsibilities to either an employee/manager or a committee. The highest proportion of instances where 'nobody' was responsible for training was to be found in over one third of small enterprises (Table 24), but in only about one in ten large enterprises

Table 24: Allocation of responsibility in the establishment for training in 2002/03 by establishment size (%)

	Nobody	Training manager	Training facilitator	Training committee	Total
Small (11-50)	35.2	29.8	25.0	10.0	100.0
Medium (51-100)	16.9	26.5	33.2	23.4	100.0
Large (100+)	9.0	30.3	37.5	23.2	100.0
Total	28.8	29.1	27.9	14.2	100.0

The responsibility for training was allocated to either the 'training manager' or the 'training facilitator' in the majority of cases. Training committees were more evident in medium and large enterprises, whereas only one in ten small establishments had a training committee.

This emphasis on specifically designated training functionaries, does not necessarily imply that line managers are absolved of such responsibility. Internationally, Smith and Freeland observe that the "Responsibility for training is increasingly decentralized to line managers and the incidence of specialist training departments and training managers is quite low"(Smith and Freeland, 2002,8). This is consonant with a tendency observed by Smith and Freeland to increasingly focus on the individual as a unit of training needs, which is "a distinct move away from the traditional methods of training which imposed the same training programs on groups of employers or all employees" (Smith and Freeland, 2002,8).

The management of training on such an individualized or customized basis could not be achieved without a significant contribution from the supervisor or the line manager. At very least, the development of individual workers must be encouraged by supportive practices including "individual performance feedback"(Dawe,2003,2), which only the line manager can provide. Dawe argues further that supervisors are increasingly taking on the role of trainers and coaches of their teams (2003,3). Future iterations of the National Skills Survey may seek to explore to what degree the devolution of training responsibilities to line managers has taken place in enterprises.

Clearly there were wide variance in the levels of institutionalization of training structures at the SETA level (Table 25).

In some SETAs, absence of a training portfolio was as low as 8% and 12% in the case of BANKSETA and ISETT respectively, but rose to 38,2% and 36,6% in PIETA and CHIETA respectively. Similar variation in the existence of training committees was evident from high proportions in FASSET and SETASA to low levels in the MQA and PAETA SETAs.

Table 25: Allocation of responsibility in the enterprise for training in 2002/03 by enterprise size						
		Nobody	Training manager	Training facilitator	Training committee	Total
FASSET	1	19.2	34.3	21.4	25.1	100
BANKSETA	2	8.0	23.0	47.4	21.6	100
CHIETA	3	36.8	33.1	21.2	9.2	100
CTFL	4	27.2	26.9	31.9	14.0	100
CETA	5	37.4	28.1	24.2	10.4	100
ETDP SETA	7	28.1	15.3	32.0	24.6	100
[illegible]	8	39.1	16.2	27.7	17.0	100
[illegible]	9	20.9	29.5	30.6	19.0	100
FIETA	10	23.6	26.9	31.0	18.3	100
HWSETA	11	36.9	21.7	25.2	16.1	100
ISETT	12	12.4	36.8	30.4	20.4	100
INSETA	13	29.3	12.6	44.5	13.6	100
MAPPP	15	25.6	28.5	32.6	13.3	100
MQA	16	27.5	32.7	33.2	6.6	100
MERSETA	17	25.8	25.7	31.1	17.4	100
POSLEC SETA	19	27.0	40.3	18.9	13.8	100
PAETA	20	38.2	28.8	27.5	5.4	100
SETASA	22	14.2	29.3	31.8	24.8	100
SERVICES	23	31.1	35.1	25.2	8.5	100
THETA	25	25.2	33.5	29.9	11.4	100
TETA	26	17.2	37.4	36.5	9.0	100
WASETA	27	34.9	25.7	22.0	16.4	100
Average		28.8	29.1	27.9	14.2	100

Where enterprises had training committees, the most common pattern was for the committee to consist of management and employees, but with union representation excluded (Table 26). Training committees consisting of management only were extremely common in small enterprises (43,4% of all cases), but rare in large enterprises (only 7,5%). The inverse was true of the distribution of training committees which include union representation.

Table 26: Composition of the training committee by enterprise size				
	Management only	Management and employees excluding union	Management and employees including union	Total
Group 3 (11-50)	43.4	45.1	11.5	100.0
Group 4 (51-100)	23.0	47.2	29.9	100.0
Group 5 (100+)	7.5	49.0	43.6	100.0
Total	31.2	46.4	22.4	100.0

Analysis at SETA level showed that POSLEC and THETA have high levels of management only representation on training committees (Table 27). On account of the large size of mining companies and the highly unionized nature of the sector, 84% of establishments in the MQA included management and unionized employee representation on training committees. By contrast, a number of SETAs had very low or no training committees recorded.

Table 27: Composition of the training committee by SETA (%)					
		Management only	Management and employees excluding union	Management and employees including union	Total
FASSET	1	49.3	50.7	0.0	100.0
BANKSETA	2	15.7	84.3	0.0	100.0
CHIETA	3	40.9	26.5	32.5	100.0
CTFL	4	18.9	72.0	9.1	100.0
CETA	5	55.4	23.8	20.8	100.0
ETDP SETA	7	13.6	54.3	32.1	100.0
ESETA	8	48.2	18.3	33.5	100.0
FOODBEV	9	16.9	43.3	39.8	100.0
FIETA	10	5.9	88.1	5.9	100.0
HWSETA	11	33.4	44.8	21.8	100.0
IDETT	12	11.7	80.3	8.0	100.0
INSETA	13	33.3	66.7	0.0	100.0
MAPPP	15	42.8	39.8	17.3	100.0
MQA	16	0.0	16.0	84.0	100.0
MERSETA	17	30.4	34.0	35.7	100.0
POSLEC SETA	19	83.0	17.0	0.0	100.0
PAETA	20	0.0	100.0	0.0	100.0
SETASA	22	20.4	33.9	45.7	100.0
SERVICES	23	39.9	46.8	13.3	100.0
THETA	25	57.3	42.7	0.0	100.0
TETA	26	33.4	17.4	49.1	100.0
W&RSETA	27	16.2	63.0	20.7	100.0
Average		31.2	46.4	22.4	100.0

5.5. The relationship between enterprises and the SETAs

In terms of the NSDS, SETAs are the institutional form through which training at the level of economic sector is coordinated. Each SETA must develop a Sector Skills Development Plan and serve as conduit through which the national levy-grant scheme (based on the 1999 Skills Development Levies Act) funding is routed to enterprises that qualify for reimbursement based on their training activities. The levy-grant scheme was put into operation in April 2000.

5.5.1 Registration of establishments with SETAs

Given that the levy-grant system is still comparatively young, it is important to consider how successful it has been in capturing enterprises, because those enterprises remaining outside the system represent a 'blind spot' for the policy. The 2003 NSS provides insight into participation trends because it is based on a sample drawn from establishments that were registered with the South African Revenue Services (SARS) to pay the 1% levy on payroll. In effect this group of establishments participated at the first level in the form of an involuntary 'tax-based' transaction which involved paying the levy. The next level of participation – which is voluntary rather than compulsory - is for the establishment to register with a SETA.

The data reflects that there was distinct divergence in participation by size group. Clearly, the participation rate was very strong in the large establishment size category, with over nine in every ten establishments registered (Table 28 and 29), but this dropped off to 55% for small

establishments. Reducing the number of establishments that are taxed but are not registered is important, otherwise the levy-grant system will be operating as an additional 'tax' that does not have a demonstrable impact on enterprise training behaviour.

The unsure category is a group of establishments that pay the levy but do not know whether they are registered or unregistered. The proportions of the 'unsure' was larger than it should have been, consisting on aggregate of 9% of all establishments paying the levy.

Table 28: Establishments registered with a SETA by establishment size (%)

	Yes %	No %	Unsure %	Total %
Small (11-50)	55.3	33.3	11.4	100
Medium (51-100)	74.0	20.6	5.4	100
Large (100+)	92.5	5.2	2.2	100
Total	62.8	28.0	9.3	100

Table 29: Establishments registered with a SETA by establishment size

	Yes	No	Unsure	Total
Group 3 (11-50)	16 272	9 804	3 369	29 445
Group 4 (51-100)	7 043	1 962	510	9 515
Group 5 (100+)	3 563	202	85	3 850
Total	26 878	11 968	3 965	42 811

Disaggregation of registration by SETA demonstrates wide variations in how many establishments were registered, from a high with FASSET to a low with HWSETA (Table 30). The SETA with the largest proportion of non-registered establishments was CETA. Further attention must be drawn to the 'Unsure' category, which rose to nearly one in every five enterprises in the case of TETA.

Table 30: Establishments registered with a SETA by SETA (%)					
		Yes	No	Unsure	Total
FASSET	1	92.5	7.5	0.0	100
BANKSETA	2	86.0	9.7	4.3	100
CHIETA	3	72.1	21.8	6.2	100
TEXTILES	4	74.8	23.4	1.7	100
CETA	5	45.0	50.2	4.9	100
ETDP SETA	7	79.2	10.4	10.4	100
ESETA	8	69.7	15.7	14.7	100
FOODBEV	9	64.0	26.7	9.3	100
FIETA	10	65.3	19.6	15.1	100
HWSETA	11	43.7	48.3	8.0	100
IDETT	12	73.0	15.9	11.0	100
INSETA	13	71.0	22.8	6.2	100
MAPPP	15	73.3	20.7	6.0	100
MQA	16	56.3	42.6	1.1	100
MERSETA	17	71.0	21.1	7.8	100
POSLEC SETA	19	61.1	34.8	4.1	100
PAETA	20	59.2	31.2	9.7	100
SETASA	22	68.9	14.9	16.2	100
SERVICES	23	55.4	31.9	12.8	100
THETA	25	49.2	34.2	16.6	100
TETA	26	75.2	5.6	19.2	100
W&RSETA	27	56.5	33.8	9.7	100
Total		62.8	28.0	9.3	100

5.6.2 Establishments claiming grants

The intention of the levy-grant scheme as implemented in South Africa is to systematically bring establishments to provide training opportunities for employees, and to engage pro-actively in training-related activities relevant to improving productivity. The overall rate at which eligible establishments claim grants against their levy payments is an important measure of 'adoption', as this is the mechanism that ultimately releases funds back into the hands of employers who have successfully undertaken training which is the ultimate goal of the scheme.

The aggregate rate of 39,3% of enterprises that claimed for grant reimbursement (Table 31) masked wide variation in adoption of the scheme by establishment size. There was evidently far greater success with large enterprises. Adoption by small enterprises accounted for less than one third of that category.

However, the levy-grant scheme is still in a process of maturation, so changes in these proportions of claimants must be observed over time. In addition, analysis of responses in the 'Other' row in Table 31 reveals that some enterprises though qualified were still working towards submitting claims. These time and administrative gaps serve as a reminder that the levy-grant system is still bedding down.

Table 31: Enterprises claiming and not claiming grants against levy payment by firm size (%)				
	Small (11-50)	Medium (51-100)	Large (100+)	Total
Enterprises claiming grants against levy payment	27.2	59.1	83.4	39.3
Enterprises not claiming grants give reasons for not making claims:				
Applications too complicated	17.6	23.3	18.8	18.5
Do not have time	8.9	14.2	7.6	9.8
Do not know about them	24.6	29.3	15.0	25.0
Do not train	18.4	15.0	18.4	17.9
Not worth effort financially	24.9	12.4	20.1	22.9
Other	5.7	5.9	20.0	6.1
Total	100	100	100	100

It is striking that there was no strong differentiation by establishment size in the reasons given by respondents for why their establishments did not make claims.

One in four respondents indicated that they did not know about the Skills Levy grants. That this was the most common aggregate response is a matter of concern, because it implies that the SETAs are not yet reaching these establishments. This may be interpreted primarily as a failure of policy dissemination rather than a failure of implementation or a failure of policy, since establishments have by definition not been brought to the point where they can respond to the intentions of the policy. Only once this group is adequately reduced can a proper judgement be made as to the effectiveness of the policy itself.

The second most common reason for not claiming grants was that claiming was 'not worth the effort financially'. Of particular interest is why enterprises declared this to be the problem, since the success of the levy-grant scheme depends on the effectiveness of the financial incentive. The third highest response from nearly one in five respondents indicated that the application process was too complicated. This response must be taken seriously, since the SETAs do have the means to reduce the complexity of applications.

Lastly, some enterprises complained that there was a lack of 'accredited' or 'approved' courses against which they could make claims, which suggests that in some sectors, there were simply not enough training providers which could provide the needed courseware, or that training providers were not being accredited quickly enough. Clearly, the decision not to participate in the scheme is multifaceted, and will require focused strategies on the part of the SETAs.

At the SETA level there was a wide variation in the proportion of enterprises claiming against their levy payments, ranging from a high with FASSET to a low with CETA (Table 32). Clearly this variation owes much to historical antecedents and to the make-up of particular sectors.

Three SETAs, namely ESETA, MAPPP and W&RSETA, had the highest number of respondents - more than two out of five - who claimed not to know about the opportunity to claim grants against their levy payments. This suggests that these SETAs need to explore ways of expanding their information dissemination activities to members.

The claim made by respondents that the grant applications were too complicated ranged considerably - between zero and 37,5% across the SETAs. Investigation of the SETA websites and of the grant documentation does suggest that there is wide variation in the layout and user friendliness of hard copy and online documentation which is a potentially effective medium for communicating with clients. A standard set of user friendly applications may reduce the negative effects of 'complicated' documentation on claim submissions.

Table 32: Enterprise claiming and not claiming grants against levy payment by firm size

		Enterprises claim grants against levy payment	Enterprises that do not claim give reasons for not making claims:						
			Applications too complicated	Do not have time	Do not know about them	Do not train	Not worth effort financially	Other	Total
FASSET	1	75.9	15.3	28.2	0.0	0.0	0.0	56.5	100
BANKSETA	2	68.1	0.0	0.0	16.7	50.0	33.3	0.0	100
CHIETA	3	39.6	25.7	7.6	18.9	17.2	25.0	5.7	100
CTFL	4	58.0	18.5	15.4	24.7	9.2	18.5	13.7	100
CETA	5	23.5	8.4	17.6	31.5	13.9	22.2	8.5	100
ETDP SETA	7	26.2	14.3	35.7	21.4	0.0	28.6	0.0	100
ESETA	8	28.4	19.6	0.0	47.6	13.1	13.1	6.5	100
FOODBEV	9	49.3	33.2	9.3	20.5	9.3	18.5	9.3	100
FIETA	10	31.0	7.7	21.7	18.2	20.4	14.4	19.6	100
HWSETA	11	27.0	31.0	7.3	16.3	14.7	18.2	12.5	100
ISETT	12	56.3	14.7	8.8	20.6	20.6	29.4	5.9	100
INSETA	13	47.5	17.6	17.6	14.7	14.7	35.3	0.0	100
MAPPP	15	52.6	13.4	0.0	43.8	33.0	0.0	9.8	100
MQA	16	44.3	15.6	13.7	21.6	20.6	18.4	10.1	100
MERSETA	17	44.2	21.2	6.3	16.9	20.4	31.0	4.2	100
POSLEC SETA	19	32.8	36.4	0.0	14.1	14.1	35.4	0.0	100
PAETA	20	34.6	27.6	15.4	7.5	18.8	30.7	0.0	100
SETASA	22	56.2	29.4	5.4	20.1	11.9	9.3	24.0	100
SERVICES	23	32.5	11.1	5.6	27.8	30.4	22.3	2.8	100
THETA	25	31.1	26.1	10.5	33.2	15.7	7.2	7.2	100
TETA	26	41.5	37.5	6.7	13.8	6.7	21.8	13.4	100
WARSETA	27	36.9	10.5	2.8	40.6	16.7	27.4	1.9	100
Average		39.3	18.5	9.8	25.0	17.9	22.9	8.1	100

Statistical analysis showed that a significantly larger percentage of enterprises with low training rates did not claim grants. Even though causality could not be inferred, the association between these two behaviours was important. The implication was that enterprises which claimed grants were more likely to have higher training rates, indicating a coincidence of desired training-related activities.

Further statistical analysis showed that there was no significant difference between enterprises with an above average training rate (>24%) and a below average training rate (<24%) for medium and large enterprises in frequency of grant claims. However, for small enterprises those enterprises with a higher than average training rate were significantly associated with higher grant claims. This analysis suggests that the levy-grant scheme has an important role to play in the training activity of small enterprises.

5.5.3 Establishments ratings of SETA services

The quality of SETA services to establishments will have an important influence on creating buy-in and raising participation rates among enterprises. This report has already referred to the potential for SETA service to influence grant applications. But the range of SETA services to enterprises involves much more than processing grant applications. SETAs have a critical responsibility as service organisations to: provide information, consult, advise, and facilitate interaction between enterprises and training providers. These activities must often take into account a heterogeneous client base.

The distribution of aggregate enterprise ratings of SETA services was based on a scale ranging from 'poor' (1) to 'excellent' (5). Responses produced a narrow band of ratings between 2.4 and 2.8 below the mid-point rating (Table 33). The only exception producing a worse rating was the expectation that SETAs provide free training. From the vantage point of enterprises this was the weakest aspect of SETA service. The absence of strong negative views at the aggregate level is a positive sign in a new system that has been experiencing some teething problems at the SETA level.

Clearly, small establishments rated SETA services more poorly than large establishments. In most of the categories of service, the ratings of small establishments were on average .5 mean points below the ratings of large establishments. It is important to ask why small establishments rated SETA service more poorly than large establishments, because small establishments perform worse than large establishments in many – though not all – of the indicators discussed in this report. It may simply be that the SETAs easily provide a better service to the large establishments because large establishments have the personnel, and resources to maximize their communications with the SETAs and to extract the most value from the SETAs. Alternatively it is likely that SETAs find it difficult to provide an equivalent service quality to the small establishments because of administrative, logistical and other difficulties. Further analysis on this matter is necessary.

Table 33: Enterprise rating of the services of SETAs by enterprise size

	Small (11-50)	Medium (51-100)	Large (100+)	Total
Advice and support concerning learnerships	2.3	2.6	2.9	2.5
Internet site and web pages	2.5	2.8	3.1	2.7
Promptness in paying grants	2.5	2.8	3.1	2.7
Provision of information about courses...	2.4	2.6	2.7	2.5
Provision of information about grants	2.3	2.7	3.1	2.5
Provision of Sector Skills Plans	2.2	2.7	3.0	2.4
Provision of free training...	1.9	2.3	2.6	2.1
Responsiveness to queries	2.6	3.0	3.0	2.8
Submission procedures	2.6	2.9	3.1	2.8
Other	1.6	2.1	2.6	1.7

Perhaps the most important arbiters of SETA service quality are those establishments which are 'clients' of a particular SETA. This measure reveals that establishments in certain SETAs perceive themselves to be receiving service of better quality (Table 34). The SETAs which received positive service ratings included: FASSET, BANKSETA, CTFL, FOODBEV, INSETA and SETASA. The SETA that seems to be struggling the most to meet the expectations of its registered enterprises was FIETA.

Table 34: Enterprise rating of the services of SETAs by enterprise size

		Advice and support concerning learnerships	Internet site and web pages	Promptness in paying grants	Provision of information about courses...	Provision of information about grants	Provision of Sector Skills Plans	Provision of fee training...	Responsiveness to queries	Submission procedures	Other
FASSET	1	3.8	3.8	3.6	3.8	3.8	3.7	3.3	3.5	3.7	2.6
BANKSETA	2	4.1	4.3	4.1	4.0	4.1	4.1	3.6	4.4	4.3	5.0
CHIETA	3	2.5	2.8	2.5	2.4	2.8	2.7	2.3	2.8	2.9	1.8
CTFL	4	3.0	2.2	3.5	3.0	3.2	3.1	2.4	3.6	3.4	.
CETA	5	2.2	2.4	1.8	2.5	2.4	2.4	2.3	2.5	2.3	1.0
ETDP SETA	7	2.7	2.9	2.3	2.5	2.4	2.3	1.8	3.1	2.5	1.0
ESETA	8	2.7	3.1	3.2	2.9	2.8	2.9	2.4	2.9	2.8	3.0
FOODBEV	9	2.7	3.0	3.1	2.3	3.1	2.9	2.3	2.9	3.1	2.5
FIETA	10	1.8	2.2	2.0	1.8	2.0	1.9	1.7	2.3	2.4	.
HWSETA	11	2.0	2.3	2.4	2.0	1.8	2.5	1.5	1.9	2.0	1.0
ISETT	12	2.1	3.0	2.7	2.2	1.9	2.0	1.7	2.2	2.7	1.9
INSETA	13	3.3	4.0	3.7	3.1	3.6	3.5	2.9	3.5	3.3	1.0
MAPPP	15	2.6	2.0	3.1	2.6	2.8	2.5	1.9	3.1	2.8	1.0
MQA	16	2.9	2.8	2.8	2.7	3.0	2.8	2.5	2.9	2.9	3.0
MERSETA	17	2.5	2.8	2.7	2.7	2.8	2.4	2.4	2.8	2.8	2.2
POSLEC SETA	19	2.7	2.8	2.7	2.7	2.2	2.4	1.7	3.1	2.7	1.0
PAETA	20	2.1	2.7	2.9	2.2	2.4	2.2	2.0	2.7	2.6	1.0
SETASA	22	2.7	3.1	3.2	2.8	3.1	3.0	2.3	3.4	3.1	1.0
SERVICES	23	2.2	2.8	2.3	2.4	2.1	2.2	2.0	2.5	2.5	2.3
THETA	25	2.0	2.4	2.5	1.8	2.2	1.9	1.6	2.3	2.5	1.0
TETA	26	2.4	2.5	2.6	2.3	2.3	2.2	1.8	2.5	2.6	1.0
W&RSETA	27	2.2	2.5	2.5	2.1	2.3	2.0	1.8	2.4	2.6	2.0
Average		2.5	2.7	2.7	2.5	2.5	2.4	2.1	2.8	2.8	1.7

5.6. Conclusion

The following key themes were discussed in this Chapter:

Training delivery modes
The pattern of involvement in training types clearly favoured the more formal and structured modes of training (eg: courses presented in-house or by an external agency, skills programmes) rather than informal modes (eg: on-the-job training and mentoring). However, in the energy and manufacturing sectors, much higher levels of on-the-job training were recorded.

The Learnership system depends on the orientation of sector skills plans, available funds, and employer interest. The latter aspect is least within the control of the SETAs, but is crucial for the success of the Learnership system. Therefore, the intention of employers to initiate learners is critically important. In this respect, 50% of employers expect to initiate learnerships for new learnerships for current employees, while 39% expect to initiate learnerships for new employees. The energy, insurance and secondary agriculture sectors reflect the highest level of intention to initiate Learnerships for current employees, while the intentions to initiate

Learnerships for new employees are strongest in the police and security, financial, and energy sectors.

Employees participated to a greater extent in registered Apprenticeships than Learnerships. The only exceptions were the financial services and police & security sectors. However, these proportions are quickly changing as more Learnerships are being registered.

Training to standards

Training standards are a useful mechanism for enterprises to ensure quality of human resources, harmonise skills with international practice, and formalize employee competencies. In 2002/03, 12% of those employees engaged in training did so according to local or international standards. More employees were trained according to South African standards than international standards. The share of employees trained to SAQA/NQF standards was 4%. The education (42%) and financial services sectors (42%) had the highest proportions of employees training according to standards.

High performance workplaces

What constitutes training has in recent years encompassed a broad range of activities that may be referred to as 'human resources development' practises. A number of these practices are associated with the 'high performance work practices' where a 'basket' of human resource practices may be assembled to raise levels of employee productivity and involvement.

South African enterprises did report some use of practices such as the 'annual performance review' and 'teamworking'. However, very low levels of buy-in to practices characteristic of the high performance work practice model (eg: quality circles, self directed teams) were evident. Incentive-based practices (eg: profit sharing, group compensation) were implemented to an even lesser extent. The low take-up of such practices must be understood against the historical background of strong hierarchies and low levels of trust in many South African workplaces.

Skills needs

- Turnover

In 2002/03 12% of workers left their jobs. Employee turnover has a complex relationship with skills needs and the inclination of enterprises to train. The biggest factors causing turnover were given as 'loss of employees to other establishments', followed by 'loss of employees through illness'. Higher than average levels of loss on account of illness were registered in the forestry, chemicals and mining sectors which may reflect the impact of HIV/AIDS on the workforce.

- Strategies for meeting skills needs/shortages

Enterprises indicated that they would emphasise the improved retention of employees, which is important since this implies an approach oriented towards sustaining human resources rather than replacing them. Within this orientation, training must figure strongly to ensure that the skills of workers with lengthening tenure are updated, and as a condition of service that is sufficiently attractive to employees to induce them to stay on.

Skills underdeveloped or lacking

Remarkably, respondents did not identify any skill area as particularly severely underdeveloped or lacking. The most prominent area was on the need for 'IT professional skills' followed by 'general IT user skills'. This implies that both specific/technical and general IT skills are underdeveloped within the professional occupation, and then in a general sense across occupational lines.

The next most prominent skills considered to be underdeveloped or lacking were 'communication skills', which has generic application, and 'management skills' which may be occupation specific in more hierarchical organisations, or may be more generic in enterprises with a flattened organisational shape. These results suggest that there is relatively strong interest in 'soft' skills among employers.

At the SETA level, literacy skills were identified as underdeveloped or lacking in the primary agriculture, food and beverage, and forestry sectors. Overall, the primary agriculture and forestry sectors registered the widest range of skills as underdeveloped or lacking.

Occupations needing skills upgrading

The occupation identified as most needing skills upgraded in 2002/03 was: 'agricultural and fishery workers'. This occupation is to a great extent associated with primary economic activities (agriculture, fishing and forestry) the skills needs for this category corroborate other data to the effect that literacy and other skills are underdeveloped or lacking in the agriculture and forestry sectors. It must be observed that while this occupational category is deemed as having the highest need, in the same year, it had the 3rd lowest training rate. This suggests that skills upgrading needs identified in a particular occupational group are not necessarily matched by the supply of training opportunities. However, the lag between perceived need/demand and actual supply of training is to be expected given that signals must be read and training developed. What is important is the agility of enterprise responses to their identified needs that will be of interest.

Factors causing increases in the propensity to train in the 2003/04 year

The strongest influence on intentions to increase training was the need to improve "quality standards and achieve customer service objectives" which corroborated the high training rates observed for the 'service and sales worker' occupational category observed earlier.

Another strong driver of the intention to increase training was the setting of 'productivity targets' which suggests that enterprises are buying into the idea that there is a potential link between training and increased productivity.

Increases in demand for products and services was the third highest factor cited as a reason for increasing training.

Training infrastructure

There are several key documents associated with rational and transparent enterprise planning for training activities. The proportion of enterprises reported to be in possession of these documents was as follows: a business plan (52%), a Workplace Skills Plan (50%), a specific budget for training (37%) and training records (54%). Medium and large enterprises reported much higher levels of possession of the documents in question than small enterprises. Significantly, 44% of small enterprises kept training records, though only 38% had workplace skills plans, which shows that a proportion of small enterprises were engaging in such planning outside of the requirements of the formal skills-levy process.

Across all enterprises, 57% have either a training manager or a training facilitator responsible for training and 14% had a training committee. This suggests that training related responsibilities were located in 7 out of 10 enterprises. However, 29% of enterprises do not have any person or group responsible for training. This situation is most pronounced among small enterprises where about one third have nobody responsible for training.

The composition of training committees influences the extent to which employees can make inputs about the training they receive. Training committees composed from management

alone (43%) were most in evidence in small enterprises. Large enterprises had the lowest proportion of management only training committees and the highest proportion of training committees comprising both management and union representatives (44%).

Involvement in the NSDS

The intention of the National Skills Development Strategy is to improve the levels and distribution of skills in the South African workforce. It can only do so to the extent to which enterprises participate in the various facets of the strategy. A key entry points were the extent to which enterprises register, pay levies and claim grants.

The participation rate was very strong in the 'large' establishment size category, with over nine in every ten establishments registered, but this dropped off to 55% for small establishments. There were steep differences in registration between SETAs, from a high in the financial services sector (93%) to a relative low in the health and welfare sector (44%). Though enterprises should be registered, reducing the number of establishments not registered is important – otherwise the levy-grant system will be operating as an additional 'tax' that does not have a demonstrable impact on establishment training behaviour. Of concern was that nearly 10% of enterprises indicated that they are 'unsure' of whether they are or are not registered. This suggests the need for clear communication.

Establishments claimed grants as follows: small 27%, medium 59% and large 83%, with an average of 39% overall. This means that there were strong size effects on participation in the scheme. Furthermore, there are equally strong SETA related differences in the proportions of enterprises claiming grants, ranging from financial services where 78% claimed, to chemicals where 24% claimed.

The reasons given by enterprises for not claiming grants are important in understanding how to increase participation. There are two reasons that draw attention to how the SETAs communicate with prospective members. One in four respondents indicated that they 'do not know about them' and nearly one in five respondents indicated that the grant applications were too complicated. Improved SETA performance in these dimensions should increase the levels of participation.

The other key set of responses refer to the perceived costs and benefits of participation from the view of enterprises. One in ten respondents indicated that they 'do not have time' to complete the applications, and 23% declared that making applications was, in their view, not worth the effort financially.

The reasons given for not claiming grants were not strongly affected by enterprise size.

Enterprise rating of SETAs

Large and medium enterprises expressed reasonable satisfaction with SETA services. Small establishments clearly rated SETA services more poorly than large establishments. In most of the categories of service, the ratings of SETAs by small establishments are on average 0.5 mean points below the ratings of large establishments. This may be because the SETAs do provide a better service to the large establishments. Or it may be that the SETAs find it difficult to provide an equivalent service quality to the small establishments because of administrative, logistical and other difficulties.

Themes deserving further analysis in future

Recourse to recent international literature on training in national and regional environments during the course of the NSS 2003 has raised a number of issues that may present opportunities for further, more detailed analysis in future surveys of this kind in South Africa.

- Regional variations in training and local economic development

The NSS 2003 was focused primarily on establishing the empirical base from which to understand training according to enterprise size and according to the Sector Education and Training Authority (SETA) structure within which the National Skills Development Strategy (NSDS) operates. The sampling of enterprises according to geographical units was not emphasised.

A number of recent studies on training, have given attention to spatial variation in training access and intensity. For example, Jennings demonstrates clear regional differences in training access and duration between Ontario and Quebec in Canada(1998,15). Green and Owen (2002,v) conducted exploratory spatial analysis based on the 1999 Employer Skills Survey in the United Kingdom. As expected, they found that there were regions of lower than expected skills deficiencies and higher than expected skills deficiencies. They also discovered that there were areas where high unemployment rates co-existed with a high number of skill-shortage vacancies. Furthermore they found that within particular regions, areas of hard-to-fill and skill-shortage vacancies co-existed alongside areas with relatively high unemployment levels. Campbell et al. recently observed in the United Kingdom that they expected "spatial skills variations to be a crucial issue of public policy"(1999,3) since such variations could restrict local and national growth. The National Skills Task Force in the UK noted that "a national skills strategy needs an explicit and coherent spatial component with local action tied to local needs"(cited in Campbell et al,1999,3). These findings suggest strongly that future National Skills Surveys in South Africa will prove valuable in understanding the spatial dynamics of training by enterprises and informing regional strategic planning. In order to achieve this end, sampling methodology and data gathering must include spatial criteria.

- Age cohorts and training – moving towards a life-cycle perspective on training

Countries vary considerably in the extent to which their training practices realize the goal of life-long learning. This is because in many national systems there is considerable variation in the age-concentration of training. This is true of South Africa, where on account of apartheid history, there are strong generational influences upon educational access and older generations of black workers have a poorer educational background. Furthermore, life-long learning is considered essential to enable the workforce to upgrade skills and competencies in an evolving work environment.

In the OECD it is recognised that: "Too rapid a 'tailing off' of training with age could lead to skills obsolescence and create severe employment difficulties for some older workers, while also reducing the adaptive capacity of the economy as the workforce ages in coming decades (OECD Employment Outlook 1998 cited in OECD,1999,149). For this and for reasons arising from its experience of apartheid, South Africa must pay attention to age differences in access to training.

It is important to note that continuous education and training – or workplace training - is associated with a slowed erosion of literacy with age "There is an interesting (negative) association between training and literacy obsolescence. The average level of adult literacy declines sharply with age in countries where the participation rate in adult education is weak, whereas literacy falls only marginally with age in the countries where the training participation rate is high. This means that CET may help reduce the erosion of skills with age" (Bainbridge et al 2003;15-16)

In South Africa, this concern will be eminently relevant. To the extent to which training of Black adults were disadvantaged by their experience of apartheid education, the key issue is to what extent training can prevent skills obsolescence and build new skills in older

generations of black South African workers? A second age-related issue arises from the possible generational effects of HIV/AIDS related illnesses and deaths on the working population. There is heated debate concerning the proportions of the population affected, but whatever the parameters, this is likely to be significant and concentrated in particular age-cohorts. The key concern may therefore be to what extent generationally specific HIV/AIDS losses in the workforce will require particular emphasis on less affected age-cohorts?

- Evaluation of training and return on investment in training

Another indication of successful training practices is the "formal evaluation of training". International evidence shows that this is done in a variety of ways: co-ordinators collect verbal feedback from employees and line managers, feedback is collected from formal feedback sheets or formal surveys of staff and or customers are undertaken to measure satisfaction with staff training (Dawe,2003). The propensity for enterprises to evaluate their training activities may be considered in future surveys.

In the past training investments rarely appeared on enterprise balance sheets. Even when they did appear, they were represented in the form of an expenditure rather than as an investment. However, since the 1980s, investments in training have been rising, and so too are the pressures to justify such investments increasing (OECD,1999,4). South Africa is no exception to this experience especially in the context of a legislated skills levy-grant regime.

There is increasing interest in developing techniques to develop training outcome indicators, especially for use internally to the enterprise to assist management and decision making (Bassi and McMurrer,1999). Return on investment is complex: importantly, returns to investment in training come in many forms, not just in increases to productivity or profitability. Also, training acts as a support mechanism for other practices and "pays its highest dividend to firms when it is linked to 'bundles' of other innovative practices"(Asia Business Council, 2002.14) and may be enhanced by other human resource policies in the firm. Future National Skills Surveys could pay some attention to how enterprises engage in their own return on investment in training analysis, as part of a broader attempt to understand the return on investments driven by the levy-grant scheme and the NSDS more broadly.

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Chapter 6: Synthesis and policy implications

Simon McGrath, Andrew Paterson and Azeem Badroodien

The National Skills Survey (NSS) 2003 has explored the state of training in South African private enterprises at a particular point in the evolution of a national training system. That moment was approximately midway through the first *National Skills Development Strategy 2001 - 2005*. As such, the NSS 2003 is a record of very early progress towards a hoped-for training revolution.

In this final, short chapter, we will attempt to make sense of the analysis presented in the preceding chapters and present a synthesis in which we emphasise the possible implications the findings appear to have for policy under ten headings.

1. Participation

Given the newness of the Levy-Grant system and the magnitude of the challenge posed by the National Skills Development Strategy (NSDS), the rates of training and expenditure on training compare well internationally. The evidence in this report suggests that private sector training participation rates in South Africa are relatively good, if a broad definition of training is used.

Nonetheless, there is a strong case for government to focus on continuing to encourage enterprises, workers and those not in employment to engage more actively and widely in skills development. As the Department of Labour has suggested, there remains a challenge of turning a culture of compliance with the skills strategy into a culture of ownership.

2. Differences in skills development activity between enterprise sizes and between Sector Education and Training Authorities

Unsurprisingly, the effects of enterprise size on training characteristics are evident throughout the findings of the NSS 2003. However, such size effects are most evident with reference to: formality of training, expenditure on training and grant claims.

The Department has already sought to differentiate key targets by enterprise size. The survey data appear to confirm the wisdom of such a strategy. If most small enterprises are not participating in key elements of the NSDS, such as workplace skills plans, it is important to ask how the elements that influence enterprise behaviour can be adapted or augmented as part of a specific focus on improving small enterprise skills development.

However, sectoral differences are more significant and warrant greater attention. There are strong sectoral variations in training volumes and practices. Findings in this regard do highlight the need to explore the extent to which weak sectoral performances can be addressed.

3. Sector education and training authorities

The survey provides evidence that there is growing enterprise engagement with the new skills development architecture, but there is clearly much more to be done. Overall, large enterprises express reasonable satisfaction with the support they receive from sector education and training authorities (SETAs), but small enterprises do not.

There are wide sectoral variations across much of the data in this report. In a number of cases, this is attributable to historical differences between economic sectors in respect of their development. A comparison of SETA performance will show that some 'better performing' SETAs operate in sectors which are dominated by a relatively small number of large enterprises, or where a high proportion of affiliates are high-skill oriented enterprises. Other SETAs may benefit from operating in a sector which has a history of organized skills development through structures such as industry training boards.

Nonetheless, it appears that some of the differentials between sectors may also be related to the performance of SETAs themselves. As the Minister of Labour has made clear, such performance is uneven and, in some instances, unacceptable. Clearly there is need for improvements in performance, especially with regard to services to small enterprises. However, overall satisfaction with SETAs has achieved reasonable levels given the newness of these structures.

4. Skills shortages

In spite of widespread concerns about skills shortages, the NSS 2003 found no strong evidence that enterprises perceived there to be major skills shortages or skills gaps. Particularly high levels of skills need were not identified for any skill type or occupational classification. However, skills shortages and skills gaps need to be viewed in the context of dynamic change in the labour market and the economy, and with reference to historical weaknesses in the general education foundations of many South African workers after apartheid.

5. Learnerships and apprenticeships

Participation in Learnerships is increasing rapidly. A good number of enterprises also indicate an interest in future participation in Learnerships for current and new employees. However, it is clear that sectoral variations are marked both in current and intended participation in Learnership programmes. This is not surprising given the differentiated sectoral history of past participation in apprenticeships and sectoral variation in projected skills needs for the future. There is a case for a particular focus on those sectors where these two dynamics encourage little engagement with the learnership system.

Apprenticeships are also continuing in a number of areas and the Department has signalled the benefits of such a continuation. The NSS finding that apprenticeships are still more common than learnerships supports the Department's own findings about the continuing role of apprenticeships. This also points to the need for more effective communication on the complementary relationship between Learnerships and apprenticeships in a national skills strategy.

6. Equity

The data presented reinforce the Department of Labour's own assertion that there has been good progress towards racial equity targets for training. For example, African participation in managerial training was particularly high in 2002/03, which suggests a breakthrough in labour market segmentation based on race. Particularly high levels of African training access were also recorded in administrative and elementary occupations; and gender equity was improving.

On the other hand, access to skills provision for the disabled remains a distant target. The findings also show that unequal access to training is still segmented by race and gender within occupational categories and enterprise size categories – the gender gap in training participation is worst in large enterprises.

These findings highlight the need for a continued effort to meet the race and gender targets and for improved coherence between the Department's employment equity and skills

development activities and programmes. This implies that training for previously disadvantaged workers must take account of their individual training needs and must be linked to broader enterprise strategies for employment equity and career development.

In the case of disability, it is essential that the Department and the relevant stakeholders engage in a frank and thorough discussion of the reasons for extremely poor performance in this area. Unless a realistic strategy is devised for meeting the target in the forthcoming NSDS that is in the planning phase, the credibility of the target may be forfeited.

7. Participation in the levy grant system

The participation of small, medium and large enterprises in the NSDS is mixed. The high proportions of medium and large enterprises claiming grants are very encouraging, while grant claims by small enterprises are less impressive, but this seems to be in line with much of the international experience.

8. Training according to standards

There is some engagement with training aligned to the National Qualifications Framework (NQF), but this is not as intense as might be expected and is uneven across sectors. A better understanding of the barriers to implementing the NQF is required. It may be worth exploring whether some sectors or occupations are particularly resistant to formal qualifications or have well-grounded preferences for international qualifications.

In contrast to the more focused definition of training that is associated with the NSDS 2001-2005, this NSS 2003 adopts a broader definition of training. The broader definition serves to remind policymakers and analysts that much of the learning in workplaces is informal and that this learning is often important for enterprise and individual development, particularly in small enterprises. For these reasons, informal workplace learning should not be ignored.

9. High-performance work practices

One aspect of the Department of Labour's vision for skills development since 1994 has been to expand high-performance work practices that are beneficial to the economy, to enterprises and to individuals. The international literature observes that such practices have the greatest impact when implemented in combination with each other. However, the NSS 2003 data reveal that such combinations and synergies are uncommon in South African workplaces.

Few local enterprises emphasised the use of a set of practices that are commonly associated with high-performance workplaces internationally. Practices based in trust and co-operation were very uncommon. The least common practices were incentive based. This may be a reflection of the lingering effects of the highly conflictual industrial relations of the recent past.

The first NSDS identified Investment in People (IiP) as the standard for high-performance work practices. Progress against the target has been very modest across the economy. It is therefore important to consider whether IiP remains the correct tool and, if so, how its roll-out can be accelerated.

10. Outcomes

There is a need to examine the outcomes of training, or more specifically the impact of skills development and training upon poverty, unemployment and accelerated broad-based black economic empowerment. The NSS 2003 did not obtain data relevant to testing the broader economic impact of skills development. Given the importance of assessing the contribution of workplace training to national development goals, this level of analysis may well be incorporated into future surveys of skills development and training.

National Skills Survey

Reference number ( )

1 - 10

INSTRUCTIONS FOR COMPLETING THE QUESTIONNAIRE

Note that any information provided in this questionnaire is confidential and is used for statistical reporting only. To be completed by the Training Manager (or the manager responsible for this function.) Please adhere to the following instructions carefully:

- Answer all applicable questions as accurately as possible.
- Read the red printed instructions within the questionnaire carefully.
- Read all options in each question before answering.
- Provide exact figures, or tick applicable option numbers within boxes.
- Provide estimated figures if you are not able to provide exact figures.
- Remember to save the completed questionnaire and to email it back to idutoit@hsrc.ac.za before the 25th of July 2003.
- You may also print out the completed questionnaire and fax it to 012 302 2832.

EXAMPLES

Tick: 1 ☒ 2 ☐

Figure: [ ]

Coding on the right is for official use only and should be ignored.

SECTION 1. ESTABLISHMENT PROFILE

1.1. What is the nature of your establishment? (See definition on Page 12.) (Please tick the most applicable option only.)

Private	1 ☐
Semi-private (parastatal)	2 ☐
Public	3 ☐
Non-governmental organisation (NGO) (Section 21)	4 ☐

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1.2. What is the ownership status of your establishment? (Please tick the most applicable option only.)

South African	1 ☐
Joint venture with foreign company	2 ☐
Foreign	3 ☐

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1.3. Please estimate the number of years your establishment has been operating? [ ] 13 - 15

SECTION 2. EMPLOYMENT FIGURES

2.1. Please estimate the total number of employees as on the 1st of April 2003 for the following categories: (See definitions on Page 12.)

Permanent employees (excluding disabled)		16 - 20
Non-permanent employees (excluding disabled)		21 - 25
Disabled employees (permanent and non-permanent)		26 - 30
TOTAL		31 - 35

2.2. Please provide a breakdown of estimated numbers of <u>permanent</u> employees by occupational group and gender as on the 1st of April 2003:

(Please refer to the back of the questionnaire for official definitions of these occupational groups.)

	Female	Male	TOTAL	
Managers				36 – 46
Professionals				47 – 57
Technicians				58 – 68
Administrators / Secretaries				69 – 79
Service and sales workers				80 – 90
Agricultural and fishery workers				91 – 101
Craft and skilled trade workers				102 – 112
Plant and machine operators				113 – 123
Elementary workers / Labourers				124 – 134
TOTAL				135 - 136

(Please note: the totals in 2.2 should match the totals in 2.3.)

2.3. Please provide a breakdown of estimated numbers of <u>permanent</u> employees by occupational group and population group as on the 1st of April 2003:

	African	Coloured	Indian/Asian	White	TOTAL	
Managers						137 – 153
Professionals						154 – 170
Technicians						171 – 187
Administrators / Secretaries						188 – 204
Service and sales workers						205 – 221
Agricultural and fishery workers						222 – 238
Craft and skilled trade workers						239 – 255
Plant and machine operators						256 – 272
Elementary workers / Labourers						273 – 289
TOTAL						290 - 306

2.4. Please estimate the number of <u>permanent</u> employees who left your employ during the 2002/3 financial year. | | 307 - 311

SECTION 3: ACTUAL TRAINING OF EMPLOYEES

3.1. Did any of your employees participate in training during the 2002/3 financial year according to the following definition of training? (If you answered 'No', go to Section 4 on Page 5 and Skip the remainder of Section 3.)

Yes 1 ☐
No 2 ☐

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Definition of training: *Activity that improves the skill levels or capacities of employees to do the type of work they are doing or have done before, or gives them the skills or capacities to do a completely different type of work, either on-site or off-site.*

IF YOU ANSWERED 'NO' AT QUESTION 3.1, GO TO SECTION 4 ON PAGE 5 AND SKIP THE REMAINDER OF SECTION 3.

3.2. Please estimate the number of employees who participated in training during the 2002/3 financial year by the following categories:

Permanent employees (excluding disabled)		313 - 317
Non-permanent employees (excluding disabled)		318 - 322
Disabled employees (permanent and non-permanent)		323 - 327
TOTAL		328 - 332

3.3. Please provide a breakdown of estimated numbers of permanent employees who participated in training during the 2002/3 financial year by occupational group and gender:

	Female	Male	TOTAL	
Managers				333 - 343
Professionals				344 - 354
Technicians				355 - 365
Administrators / Secretaries				366 - 376
Service and sales workers				377 - 387
Agricultural and fishery workers				388 - 398
Craft and skilled trade workers				399 - 409
Plant and machine operators				410 - 420
Elementary workers / Labourers				421 - 431
TOTAL				432 - 442

(Please note: the totals in 3.3 should match the totals in 3.4.)

3.4. Please provide a breakdown of estimated numbers of <u>permanent</u> employees who participated in training during the 2002/3 financial year by occupational group and population group:

	African	Coloured	Indian/Asian	White	TOTAL	
Managers						445 – 450
Professionals						460 – 476
Technicians						477 – 493
Administrators / Secretaries						494 – 510
Service and sales workers						511 – 527
Agricultural and fishery workers						528 – 544
Craft and skilled trade workers						545 – 561
Plant and machine operators						562 – 578
Elementary workers / Labourers						579 – 595
TOTAL						596 - 612

3.5. Please estimate the number of <u>permanent</u> employees who participated in training during the 2002/3 financial year according to:

the ISO 9 000 series (See definition on Page 12.)		613 – 615
South African Qualifications Authority (SAQA) / National Qualifications Framework (NQF) standards		616 – 618
other nationally recognised standards		619 – 621
other internationally recognised standards (e.g., Pitman, Microsoft)		622 – 624

3.6. On a scale of 1 to 5, to what extent did <u>permanent</u> employees participate in the following training types during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Courses presented by an external agency <u>off</u> your premises	1	2	3	4	5	625
Courses presented by an external agency <u>on</u> your premises	1	2	3	4	5	626
In-house courses by own staff	1	2	3	4	5	627
Learnerships (See definition on Page 12.)	1	2	3	4	5	628
Mentoring	1	2	3	4	5	629
On the job training	1	2	3	4	5	630
Registered apprenticeships	1	2	3	4	5	631
Skills programmes	1	2	3	4	5	632
Other (please specify)	1	2	3	4	5	633

SECTION 4. HUMAN RESOURCES DEVELOPMENT PRACTICES

4.1. On a scale of 1 to 5, to what extent were the following practices used in your establishment during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Annual performance reviews	1	2	3	4	5	634
Group or team compensation	1	2	3	4	5	635
Job rotation	1	2	3	4	5	636
Mentoring/coaching	1	2	3	4	5	637
Multi-skilling	1	2	3	4	5	638
Peer review	1	2	3	4	5	639
Personnel development plan	1	2	3	4	5	640
Profit sharing	1	2	3	4	5	641
Quality circles	1	2	3	4	5	642
Self directed teams	1	2	3	4	5	643
Team working	1	2	3	4	5	644
Total quality management	1	2	3	4	5	645
Training for trainers	1	2	3	4	5	646
Other (please specify) _____	1	2	3	4	5	647

4.2. On a scale of 1 to 5, to what extent were the following activities used in your establishment to meet its skills needs during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Improved retention of employees	1	2	3	4	5	648
Head hunting	1	2	3	4	5	649
Outsourcing	1	2	3	4	5	650
Recruiting locally	1	2	3	4	5	651
Recruiting from abroad	1	2	3	4	5	652
Short term contracts / consultants	1	2	3	4	5	653
Other (please specify) _____	1	2	3	4	5	654

SECTION 5. SKILLS NEEDS

5.1. On a scale of 1 to 5, to what extent were the following skills underdeveloped or lacking in your establishment during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Communication skills	1	2	3	4	5	655
Customer handling skills	1	2	3	4	5	656
General IT user skills	1	2	3	4	5	657
IT professional skills	1	2	3	4	5	658
Literacy skills	1	2	3	4	5	659
Management skills	1	2	3	4	5	660
Numeracy skills	1	2	3	4	5	661
Problem solving skills	1	2	3	4	5	662
Team working skills	1	2	3	4	5	663
Technical and practical skills	1	2	3	4	5	664
Other (please specify) _____	1	2	3	4	5	665

5.2. On a scale of 1 to 5, to what extent did the following occupations need their skills upgraded during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Managers	1	2	3	4	5	666
Professionals	1	2	3	4	5	667
Technicians	1	2	3	4	5	668
Administrators / Secretaries	1	2	3	4	5	669
Service and sales workers	1	2	3	4	5	670
Agricultural and fishery workers	1	2	3	4	5	671
Craft and skilled trade workers	1	2	3	4	5	672
Plant and machine operators	1	2	3	4	5	673
Elementary workers / Labourers	1	2	3	4	5	674

5.3. On a scale of 1 to 5, to what extent were the following factors a cause of employee turnover in your establishment during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Dismissals	1	2	3	4	5	675
Emigration	1	2	3	4	5	676
Loss of employees through illness	1	2	3	4	5	677
Loss of employees to other establishments	1	2	3	4	5	678
Retirement	1	2	3	4	5	679
Retrenchment	1	2	3	4	5	680
Other (please specify)	1	2	3	4	5	681

5.4. Do you expect your establishment to initiate any learnerships for the following groups during the 2003/4 financial year?

	Yes	No	
Current employees	1	2	682
New employees	1	2	683

SECTION 6: TRAINING INFRASTRUCTURE

6.1. Did your establishment have any of the following as on the 1st of April 2003?

	Yes	No	
A specific budget for training	1	2	684
A policy on bursaries	1	2	685
A policy on study leave	1	2	686
Training records	1	2	687
A Workplace Skills Plan (If 'no', go to 6.3.)	1	2	688
A formal business plan (If 'no', go to 6.3.)	1	2	689

6.2. Is your Workplace Skills Plan linked to your formal business plan?

Yes	1	690
No	2	

6.3. Does your establishment claim grants against its levy payment?

(If 'no', go to 6.5.)

Yes	1	691
No	2	

6.4. Why does your establishment not claim grants against levy payment?

(Tick only the most applicable option.)

- Applications too complicated — 1
- Do not have time — 2
- Do not know about them — 3
- Do not train — 4
- Not worth the effort financially — 5
- Other (Please specify) — 6

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6.5. Who was mainly responsible for training in your establishment during the 2002/3 financial year?

(Tick only the most applicable option.)

- Nobody (No training took place.) (Go to Section 7.) — 1
- A training manager (Go to Section 7.) — 2
- A training facilitator (Go to Section 7.) — 3
- A training committee — 4

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6.6. Who comprises the training committee?

(Tick only the most applicable option.)

- Management only — 1
- Joint management and employee representation excluding union representation — 2
- Joint management and employee representation including union representation — 3

694

SECTION 7. FINANCIAL INFORMATION

(Note that all information is treated confidentially.)

7.1. Please estimate the following financial indicators for the 2002/3 financial year: (ignore cents)

- Payroll R — 695 – 703
- Total expenditure on training (If 'none', go to Section 8 on Page 9.) R — 704 – 712

7.2. During the 2002/3 financial year, did your training expenditure...

(Tick only the most applicable option.)

- Increase — 1
- Remain static — 2
- Decrease — 3

713

7.3. During the 2003/4 financial year, do you expect your training expenditure to...

(Tick only the most applicable option.)

- Increase — 1
- Remain static — 2
- Decrease — 3

714

SECTION 8. SETA SERVICE

8.1. Is your establishment registered with a Sector Education and Training Authority (SETA)?

Yes	1 ☐
No (Go to Section 9 on Page 10.)	2 ☐
Unsure (Go to Section 9 on Page 10.)	3 ☐

715

8.2. With which SETA is your establishment registered? (Tick only the most applicable option.)

01 FASSET	Financial and Accounting services	1 ☐	14 LGWSETA	Local Government, Water and Related Services	14 ☐
02 BANKSETA	Banking	2 ☐	15 MAPPP	Media, Advertising, Publishing, Printing and Packaging	15 ☐
03 CHIETA	Chemical Industries	3 ☐	16 MQA	Mining	16 ☐
04 TEXTILES	Clothing, Textiles, Footwear and Leather	4 ☐	17 MERSETA	Manufacturing, Engineering and Related Services	17 ☐
05 CETA	Construction	5 ☐	19 POSLECSETA	Police, Private Security, Legal and Correctional Services	19 ☐
06 DIDTETA	Diplomacy, Intelligence, Defence and Trade & Industry	6 ☐	20 PAETA	Primary Agriculture	20 ☐
07 [illegible] SETA	Education, Training and Development Practices	7 ☐	21 PSETA	Public Services	21 ☐
08 ESETA	Energy	8 ☐	22 SETASA	Secondary Agriculture	22 ☐
09 FOODBEV	Food and Beverages	9 ☐	23 SERVICES	Services	23 ☐
10 FIETA	Forest Industries	10 ☐	25 THETA	Tourism and Hospitality	25 ☐
11 HWSETA	Health and Welfare	11 ☐	26 TETA	Transport	26 ☐
12 ISETT	IT, Electronics and Telecommunication Technologies	12 ☐	27 W&RSETA	Wholesale and Retail	27 ☐
13 INSETA	Insurance	13 ☐			

716 - 717

8.3. On a scale of 1 to 5, how would you rate the following services of your SETA during the 2002/3 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Poor				Excellent	
Advice and support concerning Learnerships	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	718
Internet site and web pages	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	719
Promptness in paying grants	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	720
Provision of information about courses, programmes and training	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	721
Provision of information about grants	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	722
Provision of Sector Skills Plans	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	723
Provision of free training not funded by employers	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	724
Responsiveness to queries	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	725
Submission procedures	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	726
Other (please specify) _____	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐	727

SECTION 9. THE FUTURE

9.1. On a scale of 1 to 5, to what extent do you think the following factors will cause you to increase training in your establishment during the 2003/4 financial year?

(Please tick only one number on each scale, if applicable, that describes your answer best.)

	Not at all				To a large extent	
Delays in developing new products / services	1	2	3	4	5	728
Employee expectations	1	2	3	4	5	729
Employee turn-over	1	2	3	4	5	730
Increase in demand for products / services	1	2	3	4	5	731
Increased competition	1	2	3	4	5	732
Levels of employee illness	1	2	3	4	5	733
New labour legislation (for example Skills Development Act, 1998, Employment Equity Act, 1997, etc.)	1	2	3	4	5	734
Organisational restructuring	1	2	3	4	5	735
Productivity targets	1	2	3	4	5	736
Quality standards and customer service objectives	1	2	3	4	5	737
SETA initiatives	1	2	3	4	5	738
Technology change	1	2	3	4	5	739
Trade Union initiatives	1	2	3	4	5	740
Waste reduction	1	2	3	4	5	741
Other (please specify) _____	1	2	3	4	5	742

GENERAL

If you complete and send back this questionnaire, would you like to be posted a CD of the report on the findings of this survey?

Yes 1
No 2

743

How would you prefer to participate in future surveys? (Tick only the most preferred option.)

Face to face 1
Facsimile 2
Internet / Email 3
Postal 4
Telephonic 5
Other (Please specify) _____ 6

744

Please share any further comment(s) that you may have with regard to skills training or this survey:

THANK YOU FOR YOUR CO-OPERATION.

PLEASE REMEMBER TO INSERT THE COMPLETED QUESTIONNAIRE INTO THE PREPAID ENVELOPE PROVIDED AND TO MAIL IT BACK TO US BEFORE THE 25TH OF JULY 2003.

DEFINITIONS

Establishment: An establishment (firm) is a legal entity consisting of one or more establishments (branches) including the head office, but excluding holding or Subsidiary companies. If the enterprise consists of more than one establishment, such individual establishments could be active in one industry or spread across various industries of the economy (e.g. agriculture, fishing, mining, manufacturing and services).

Employees: Employees are all persons on the establishment record of the various enterprises and institutions as at 29 March 1996.

Permanent employees: Persons appointed on an open-ended contract, that is a contract with no stipulated specific termination date, and who are entitled to benefits such as paid annual leave and medical aid contributions paid by the employer.

Non-permanent employees: Persons appointed on a short-term contract basis for periods not normally exceeding a duration of one year. Such a contract would typically stipulate a termination date, but could be renewed by a mutual agreement between the employee and the employer. The employee in this case may or may not be contractually entitled to such benefits as paid leave and medical aid contributions paid by the employer.

Training: Activity that improves the skill levels or capacities of employees to do the type of work they are doing or have done before, or give them the skills or capacities to do a completely different type of work, either on-site or off-site.

ISO 9000: Certificates given by the International Standards Organisation with a number of the kind 900X for quality control purposes.

Learnerships: A SETA may establish a learnership if the learnership consists of a structured learning component; includes practical work experience of a specified nature and duration; would lead to a qualification registered by the South African Qualifications Authority and related to an occupation; and the intended learnership is registered with the Director-General in the prescribed manner.

OCCUPATIONAL GROUPS

Managers: This group includes occupations whose main tasks consist of determining and formulating government policies, as well as laws and public regulations, overseeing their implementation, representing government and acting on their behalf, or planning, directing and coordinating the policies and activities of the enterprises and organisations, or departments e.g. town clerk, chief executive, managing director, manager, postmaster, impressario, superintendent, dean,
school principal, etc.

Professionals: This group includes occupations whose main tasks require a high level of professional knowledge and experience in the fields of physical and life sciences, or social sciences and humanities. The main tasks consist of increasing the existing stock of knowledge, applying scientific and artistic concepts and theories to the solution of problems, and teaching about
the foregoing in a systematic manner e.g. physicist, meteorologist, programmer, assayer, nursing services managers, valuator, town and traffic planner, etc.

Technicians: This group includes occupations whose main tasks require technical knowledge and experience in one or more fields of physical and life sciences, or social sciences and humanities. The main tasks consist of carrying out technical work connected with the application of concepts and operational methods in the above-mentioned fields, and in teaching at certain educational levels e.g. clerk of works, dockmaster, cementer, draughtsperson, optical and electronic equipment operators, pilot, safety and quality inspector, taxidermist, broker, valuer, designer, announcer, etc.

Administrators / Secretaries: This group includes occupations whose main tasks require the knowledge and experience necessary to organise, store, compute and retrieve information. The main tasks consist of performing secretarial duties, operating word processors and other office machines, recording and computing numerical data, and performing a number of customer-oriented clerical duties, mostly in connection with mail services, money-handling operations and appointments e.g. typist, stenographer, justowriter, secretary, wharfinger, mimeographer, post clerks, coder, cashier, teller, switchboard operator, etc.

Service and sales workers: This group includes occupations whose main tasks require the knowledge and experience necessary to provide personal and protective services, and to sell goods in shops or at markets. The main tasks consist of providing services related to travel, housekeeping, catering, personal care, protection of individuals and property, and to maintaining law and order, or sell goods in shops or at markets e.g. transport conductors, fire-fighter, police officer, vending proprietor, shop attendant, steward, air hostess, chef, waiter, ambulance men, etc.

Agricultural and fishery workers: This group includes occupations whose tasks require the knowledge and experience necessary to produce farm, forestry and fishery products. The main tasks consist of growing crops, breeding or hunting animals, catching or cultivating fish, conserving and exploiting forests and, especially in the case of market-oriented agricultural and fishery workers, selling products to purchasers, marketing organisations or at markets e.g. farmer, grower, planter, viniculturist, winegrower, horticultural worker (skilled), greenkeeper, groundsmen, breeder, raiser, shearer, apiarist, sericulturist, etc.

Craft and skilled trade workers: This group includes occupations whose tasks require the knowledge and experience of skilled trades or handicrafts which, among other things involves an understanding of materials and tools to be used, as well as of all stages of the production process, including the characteristics and the intended use of the final product. The main tasks consist of extracting raw materials, constructing buildings and other structures and making various products as well as handicraft goods e.g. miner, quarrier, stoneworker, bricklayer, stonemason, paviour, carpenter, shopfitter, plasterer, plumber, electrician, painter, mechanic, glass-maker, underwater worker, locksmith, etc.

Plant and machine operators: This group includes occupations whose main tasks require the knowledge and experience necessary to operate and monitor large scale, and often highly automated, industrial machinery and equipment. The main tasks consist of operating and monitoring mining, processing and production machinery and equipment, as well as driving vehicles and driving and operating mobile plant, or assembling products from component parts e.g. flotation worker, annealer, lathe-operator, railway braker, signaller, dispatch rider, chauffeur, bus driver, tanksman, etc.

Elementary workers / Labourers: This group covers occupations which require the knowledge and experience necessary to perform mostly simple and routine tasks, involving the use of hand-held tools and in some cases considerable physical effort, and, with few exceptions, only limited personal initiative or judgement. The main tasks consist of selling goods in streets, doorkeeping and property watching, as well as cleaning, washing, pressing, and working as labourers in the fields of mining, agriculture and fishing, construction and manufacturing e.g. newsvendor, hawker, billposter, shoe-black, charworker, chambermaid, caretaker, sweeper, garbage collector, farmhand, stevedore, etc.