Chapter 1

INTRODUCTION

SKILLS DEVELOPMENT, COMPETITIVENESS, AND WELLBEING

International competitiveness and national wellbeing are intimately linked to skills development and to training. When people in the private and public sector have more and better skills and are able to adapt to changing economic circumstances, a society is more likely to achieve the social and economic objectives it sets itself.

AIM OF THE NATIONAL SKILLS SURVEY OF 2007

The skills of the South African workforce are at the heart of the National Skill Development Strategy (NSDS). The NSDS aims to exploit the workplace as an active learning environment, to promote self-employment, and to secure work opportunities for new entrants into the labour market. These aims are supported by a policy framework which includes the Skills Development Act of 1998, the Skills Development Levies Act of 1999, the National Skills Development Strategy (NSDS) of 2001, the National Skills Development Strategy of 2005–2010, and the Human Resources Development Strategy of 2001. The idea behind this framework is to lend both an institutional and a financial structure to skills training so that training activities are properly funded, planned and coordinated. The overarching goal is the coordination of flexible labour market regulation and skills development.

This study, like its predecessor in 2003 (Paterson, McGrath, and Badroodien 2003), provides an opportunity to assess changes in training activities in the South African workplace that may have been driven by the NSDS. Accordingly, 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." More specifically, the aim of the National Skills Survey of 2007 (NSS2007) was

- to investigate the propensity of enterprises to extend their skills development activities,
- to establish how enterprises are buying into and responding to the NSDS, and
- to consider the working relationship between enterprises and Sector Education and Training Authorities (SETA).

THE SKILLS DEVELOPMENT LEVIES ACT (1999)

The core piece of legislation supporting the NSDS is the 1999 Skills Development Levies Act. It provides for a national levy grant system based on a 1 per cent tax on payroll. According to the Department of Labour,

> [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 Skills Development Levies Act provides for an 80/20 per cent share allocation. This means that 80 per cent of total levy revenue (minus the administrative costs of running the SETAs) is re-allocated to enterprises that train through grants from the SETAs. The remaining 20 per cent is retained by the state and routed into the National Skills Fund (NSF). The NSF is to be used for strategic expenditures identified by the government and the National Skills Authority.

This study explores the current levels of levy payment as well as claims against the levy. Particular emphasis is given to the reasons why enterprises comply or do not comply with the requirements. Enterprise responses to the levy provisions are examined in relation to the enterprise propensity to train. This makes it possible to consider the extent to which the levy grant scheme influences training behaviour.

DEVELOPMENTS IN THE NSDS SINCE ITS INCEPTION

In the period since the inception of the levy grant scheme and other new legislation, conditions have changed and progress has been made against the original targets and indicators set for the first NSDS (2000-2005). Consequently, the Department of Labour adapted its indicators for the second NSDS which runs from 2005 to 2010. It has identified five objectives, linked to 20 success indicators, against which to monitor and evaluate progress in the implementation of the second NSDS. As in the first NSDS three cross-cutting equity targets – 85 per cent black, 54 per cent female and 4 per cent people with disabilities – are applicable across all of the objectives and indicators (Department of Labour 2005: 3). These are aimed to counteract wide disparities in educational background and access to skills in the working population.

This report on the NSS2007 seeks to contribute to a better understanding of enterprise training behaviour in relation to the NSDS provisions. In short, it addresses three critical questions: Who trains, how do they train, and what drives different approaches to training? Particular emphasis is given to how enterprise training differs according to key dimensions such as size (small, medium and large) and SETA membership.

METHODOLOGY OF THE NATIONAL SKILLS SURVEY OF 2007

The National Skills Survey of 2007 (NSS2007) utilised the same general methodology of the National Skills Survey of 2003 (NSS2003). This was intended to realise high levels of comparability between the findings of the two surveys. Some revisions were made to the NSS2003 questionnaire in response to new initiatives within the NSDS, but the majority of items were retained to maximise the opportunity to compare training performance over time.

The NSS2007 sampling methodology entailed random selection of enterprises stratified by SETA and enterprise size from the South African Revenue Services database of levy paying private enterprises. Questionnaires were posted to a sample of 9 500 enterprises to which 1 557 enterprises responded yielding a 16.4 per cent response rate. Although the response rate was lower than in the NSS2003, the actual number of returned and completed questionnaires was 200 more than in 2003. This is considered a sound response rate for surveys of private enterprises.

A full account of the design and methodology of the NSS2007 is provided in Chapter 2.

ORGANISATION OF THIS REPORT

This report is structured as follows:

Chapter 2: Research design and methodology

This chapter gives a detailed account of the technical design and methodological features of this 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 indicators

In this chapter, data from the NSS2007 are analysed in relation to the NSS2003 data with reference to the broad framework of the NSDS. The first NSDS was completed in 2005 and was followed immediately by the second NSDS which has a range of new targets relevant to the evolving enterprise training environment. The analysis takes into account shifts in the focus of indicators between the two NSDS. The chapter is nevertheless limited to comparative analysis of NSS2003 and NSS2007 data that is relevant to the NSDS targets.

The approach in this report then shifts from a comparative view between the two surveys towards more detailed analysis of the NSS2007. The following two chapters focus on training behaviour and skills development indicators that were not specified in the NSDS but whose analysis is nevertheless fundamental to obtaining a proper overview of the health of the system of enterprise training in South Africa. For example, in Chapter 5, the impact of the levy-grant

scheme and of the SETA structure is addressed. Neither the performance of the levy-grant scheme nor of the SETAs is directly tested via NSDS targets. Nevertheless the performance of both is critical to the proper functioning of the skills development system itself.

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

This chapter first describes the key dimensions of employment in the South African economy in private enterprises. It then analyses training rates by various enterprise characteristics such as enterprise size, ownership, SETA, and permanent or non-permanent employee contracts. It further examines training rates according to race and gender to throw light on equity issues in access to training.

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 assessed in terms of expenditure per employee who received some form of training and in terms of expenditure spread over all employees. Lastly, training expenditure is compared with expected levy payments to establish whether levels of enterprise investment in training exceed the legislated amount of 1 per cent of payroll.

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

This part of the report focuses on a number of key characteristics of small, medium and large enterprise training such as: type of training; training delivery methods; recruitment and human resource development practices; skills gaps by occupational category; training infrastructure; and factors raising the likelihood of increased training in the short term. The chapter also addresses the participation of enterprises in the NSDS system and considers how enterprises view the quality of SETA services.

Chapter 6: Conclusion

The concluding chapter draws some key lessons learned about the implementation of the National Skills Development Strategy, and explores implications of the NSS2007 findings for training in the next period.

Chapter 2

RESEARCH DESIGN AND METHODOLOGY OF THE NATIONAL SKILLS SURVEY 2007

TYPE OF DESIGN

The aim of this research project was to determine the key features of skills development in South African workplaces.

This required the design of a survey of skills training in a large number of small, medium and large enterprises (SMLEs), using specific sampling techniques and a standardised instrument. The findings had to be generalisable within acceptable confidence intervals. To this end, a cross-sectional survey was conducted between June and August 2007.

TARGET POPULATION

The study focused on private sector enterprises from the entire spectrum of economic activity. Therefore the sample included small, medium and large enterprises in all Sector Education and Training Authorities (SETAs) with significant private sector activity (Table 2.1). The Public Services SETA is not associated with private-sector activities and was therefore excluded from the survey. But the following SETAs do involve public **and** private sector activity and were therefore included in the survey:

- SETA 7 Education and Training Development Practices
- SETA 11 Health and Welfare
- SETA 14 Local Government
- SETA 19 Safety and Security

Table 2.1: Sector Education and Training Authorities (SETAs) in 2007		
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 (SASSETA)	6	Previously, Diplomacy, Intelligence, Defense, and Trade and Industry Sector Education and Training Authority, amalgamated with POSLEC SETA to form Safety and Security (SASSETA, code 19)
ETDP SETA	7	Education, Training and Development Practices Sector Education and Training Authority
ESETA	8	Energy Sector Education and Training Authority
FOODBEV	9	Food and Beverages Manufacturing Industry Sector Education and Training Authority
FIETA	10	Forest Industries Sector Education and Training Authority
HWSETA	11	Health and Welfare Sector Education and Training Authority
ISETT	12	Information Systems, Electronics and Telecommunications Technologies
INSETA	13	Insurance Sector Education and Training Authority
LGSETA	14	Local Government Sector Education and Training Authority
MAPPP	15	Advertising, Publishing, Printing and Packaging
MQA	16	Mining Qualifications Authority
MERSETA	17	Manufacturing, Engineering and Related Services Education and Training Authority
POSLEC SETA (SASSETA)	19	Previously, Police, Private Security, Legal and Correctional Services, amalgamated with DIDETA to form Safety and Security (SASSETA, code 19)
PAETA (AGRISETA)	20	Previously, Primary Agriculture Education and Training Authority, amalgamated with SETASA to form AGRI Sector Education and Training Authority (AGRISETA, code 20)
PSETA	21	Public Services Sector Education and Training Authority
SETASA (AGRISETA)	22	Previously, Secondary Agriculture Sector Education and Training Authority, amalgamated with PAETA to form AGRI Sector Education and Training Authority (AGRISETA, code 20)
SERVICES	23	Services Sector Education and Training Authority
THETA	25	Tourism and Hospitality Education and Training Authority
TETA	26	Transport Education and Training Authority
W&RSETA	27	Wholesale and Retail Sector Education and Training Authority

NOTES:

1 The data 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 (SASSETA) etc.

2 The NSS2007 included 22 SETAs. Although there are 25 SETAs listed in the table, four of these were merged in pairs into two SETAs. SETA 19 and SETA 6 became SASSETA and SETA 20 and SETA 22 became AGRISETA (as indicated in brackets in Table 2.1). Also as indicated, PSETA was excluded. There are no SETAs numbered 6, 18, 22 and 24. The numbers in the column marked '#' therefore refer to the official SETA number.

SAMPLE FRAME

Survey research requires a sample frame. The sample frame reflects the population of subjects constituting the focus of the research, in this case private enterprises. The sample frame also illustrates the size and boundaries of the target group. In addition, it must provide contact information for each subject (e.g. enterprise) for research purposes. Ideally, the SETAs would have provided the sample frame. But the datasets made available by the SETAs are not all of sufficient quality or always comparable and hence could not be used.

As an alternative, the NSS2007 utilised the South African Revenue Services' (SARS) database of skills levy-paying enterprises as at November 2006 for sampling and contact purposes. It was

unlikely that the SARS database would include 100% accurate records of all enterprises. Nevertheless, it was the most comprehensive and accurate sample frame of private enterprises available. Therefore, findings from the survey component in this report can be generalised to all active, private, levy-paying enterprises in South Africa during November 2006 (with the exception of enterprises in PSETA).

The original database numbered 436 087 enterprises. However, more than half of the enterprises on the SARS database were inactive and were only kept for reference and record keeping purposes. The dataset was therefore refined by removing the records of all enterprises that were estates, had been de-registered, could not be traced, or had closed down. The small number of enterprises in the government PSETA (SETA 21) was also removed. This yielded 103 277 enterprises. Table 2.2 shows them stratified by employment size and SETA.

Table 2.2: Sample frame of enterprises disaggregated by employment size and SETA

SETA		Unspecified	Micro (1 - 10)	Small (11 - 49)	Medium (50 - 149)	Large (150 +)	Total
FASSET	1	768	1 266	777	197	24	3 032
BANKSETA	2	103	241	130	41	46	561
CHIETA	3	216	624	499	156	113	1 608
CTFL	4	405	489	574	223	194	1 885
CETA	5	2 184	2 408	2 857	762	100	8 311
ETDP SETA	7	746	794	1 326	237	61	3 164
ESETA	8	300	190	675	42	39	1 246
FOODBEV	9	347	190	913	218	135	1 803
FIETA	10	330	234	722	159	114	1 559
HWSETA	11	2 175	1 659	1 498	154	78	5 564
ISETT	12	784	1 431	793	261	81	3 350
INSETA	13	353	706	333	88	65	1 545
LGSETA	14	326	22	182	58	145	733
MAPPP	15	740	1 095	1 156	256	138	3 385
MQA	16	266	499	246	234	120	1 365
MERSETA	17	1 964	4 242	5 180	1 677	460	13 523
SASSETA	19	654	563	1 066	165	134	2 582
AGRISETA	20	554	411	2 551	709	138	4 363
SERVICES	23	9 824	7 936	5 659	640	344	24 403
THETA	25	1 036	443	2 321	397	119	4 316
TETA	26	658	970	1 041	362	146	3 177
W&RSETA	27	2 329	3 259	4 901	1 162	151	11 802
Total		27 062	29 672	35 400	8 198	2 945	103 277

Based on their employee numbers and the average amount (Rand value) of skills levies paid over a 12 month period, the 103 277 enterprises in the SARS database were allocated into size groups (Table 2.2). Size categories included small (11 to 49 employees), medium (50-149 employees), and large (150+ employees). Data on employee numbers were not always available so that some enterprises could not immediately be assigned to a size group. This was obviously a limitation.

To overcome this problem, the number of enterprises for which size information was not available – the 'Unspecified' group – was reduced by making use of data on the skills levy paid by these enterprises (average skills levy amount over a 12 month period) as a proxy for their employment size. Average skills levy payment amounts were calculated for each size group based on enterprises for which data on size and skills levy payment were available. Thus it was possible to arrive at average levy payment ranges for each size group and for each SETA. This method made it possible to estimate the size of enterprises whose size was not given in the SARS database, provided their levy amounts were available.

Based on the method given above, a large number of enterprises could be allocated to a size category according to the levy they had paid. The 'Unspecified' column in Table 2.2, therefore, refers only to enterprises for which neither employment size nor levy payment data were available.

SAMPLING TECHNIQUE

The sample frame was stratified according to 22 SETAs and three employment size categories. This yielded a sample frame of 66 cells (see Table 2.2). A minimum return rate of 30 responses from enterprises for each cell was desired for the application of certain inferential statistical tests. So the survey aimed at a minimum sample of about 1 980 responses (30 responses X 66 cells). A total of 9 500 enterprises were sampled, meaning that a 21 per cent return rate was required.

A scan of Table 2.2 shows that certain cells had relatively low numbers of enterprises that could be contacted (i.e. close to 30). During the survey the numbers of completed questionnaires returned might have been lower than the targeted minimum response rates of 30 per cell. Various causes of attrition were anticipated: for example, the enterprises concerned might refuse to participate, delay their participation, or return incomplete questionnaires while other questionnaires would be lost because of inaccurate contact information, and the like. Using attrition models, the researchers identified cells where the lowest response rates could be anticipated. Every effort was made to improve response rates through telephonic follow-ups and the use of replacements to ensure an optimum response rate across SETAs and size categories.

Before the enterprise contact details were delivered to a call centre which would contact enterprises to invite their participation, the lists of enterprises in each of the 66 cells were randomly sorted. This allowed for top-to-bottom random selection of any number of enterprises in each cell.

Because of the special role played by very large enterprises in skills training, some were purposefully sampled. The ten largest enterprises (in terms of employees) in each cell from the large firm size group (150+ employees) were placed at the top of the randomly sorted dataset of that particular cell. It was assumed that at least one of the top ten enterprises in each cell would respond to the survey. A check of responses revealed that purposefully sampled large

enterprises from most cells did indeed respond, ensuring the inclusion of important responses from very large enterprises from most SETAs.

QUESTIONNAIRE DESIGN AND PILOT TESTING

Questionnaire design workshops with the Department of Labour offered extensive opportunities to discuss items for the questionnaire and the format of different questions so as to ensure validity of design. In addition, the design, layout, coding and wording of the questionnaire was carefully considered to ensure sensitivity to the context, cultural and language differences etc. of the diverse target group.

The questionnaire was then pilot-tested for comprehensibility and efficiency as a data-capturing tool. Three enterprises from each of the three firm size categories was randomly selected from within the Tshwane metropolitan area. Feedback from this exercise allowed for a detailed item by item analysis to determine if items were not completed, and if items were completed incorrectly. There were very few instances of omitted or incomplete responses to questionnaire items.

CALL CENTRE AND POSTAL STRATEGY

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

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

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

The call centre successfully contacted 9 500 SMLEs from the randomly sorted datasets provided by the HSRC, averaging about 144 contacts per cell. The call centre completed this phase over a period of 11 weeks from end of January to mid April 2007. The 9 500 enterprises constituted the

sample for the postal survey. To achieve this sample, about 23 000 calls were made, yielding a success rate of about 41 per cent. The breakdown of unsuccessful calls is shown in Table 2.3.

Table 2.3: Results of unsuccessful calls to targeted enterprises

Factor	Number	Percentage
Refusal	4 585	34.0
Respondent busy/unavailable	2 113	15.7
Wrong company	1 315	9.8
Wrong number	4 632	34.4
Number busy	96	0.7
No answer	677	5.0
Answering device	45	0.3
Fax number	5	0.0
Total	13 468	100.0

Inaccuracy of telephone numbers constituted the biggest problem in terms of getting through to respondents. The number of refusals was also disturbing. In 2003 the proportion of refusals was only 2.9 per cent. Main reasons for refusals given by the enterprises include questionnaire fatigue or that they had no time or staff to complete the questionnaire.

An envelope with an HSRC brochure, cover letter, printed questionnaire and self-addressed return envelope was posted to each of the 9 500 contact persons identified by the call centre. The quality of updated postal address data obtained from the call centre was reasonable, as only about 285 (3 per cent of the sample) envelopes were 'returned to sender'. About 850 questionnaires were received by the return date. The call centre made follow-up calls to enterprises that had not yet returned the questionnaires. A breakdown of the outcome of follow-up calls made by the call centre is shown in Table 2.4.

Table 2.4: Results of follow-up calls

Factor	Number	Percentage
Respondent unavailable	741	21.9
Will respond	1 560	46.0
Problem or query about survey	34	1.0
Has responded	137	4.0
Refused	918	27.1
Total	**3 390**	100.0

1 560 enterprises requested that the questionnaire be re-sent to them after which they would respond to it. Questionnaires were either faxed or e-mailed in an electronic form to these enterprises. Utilisation of email facilities was more prominent in the NSS2007 than in the NSS2003.

The contact details of HSRC staff members were made available in the cover letter for enterprises in the event of any queries or assistance required. About 200 queries were made by respondents either telephonically or via email. These were addressed from the HSRC office. The types of queries were related to:

- the relevance of the research to small enterprises;

- the relevance of the research to enterprises which had not done any formal training;
- enterprise personnel records system and HR profiles not corresponding to the revised standard occupational categories (SOC) used in the questionnaire;
- which branch/division of the enterprise should respond if it had more than one branch, a subsidiary company etc.;
- how to define 'permanent' and 'non-permanent' staff;
- whether the survey was mandatory or optional;
- the definitions of 'private', 'semi-private' and 'public' enterprises;
- requests made for the HSRC to forward the questionnaire to a different contact person;
- request made to the HSRC to provide a questionnaire in Afrikaans;
- the relevance of the survey for educational institutions; and
- the impending cessation of trade by the enterprise.

RESPONSE RATES

A total of 1 557 completed questionnaires were received by closure of the survey, yielding a 16.4 per cent response rate. The distribution of responses is given by SETA in Table 2.5. The response rates between SETAs varied markedly between 11 and 23 per cent.

Table 2.5: Response rate by SETA

SETA	#	Number of valid returns	Returns as a % of mailed questionnaires
FASSET	1	66	21.8
BANKSETA	2	20	14.5
CHIETA	3	65	23.0
CTFL	4	53	16.7
CETA	5	86	15.6
ETDP	7	92	22.0
ESETA	8	28	14.2
FOODBEV	9	55	13.8
FIETA	10	57	16.9
HWSETA	11	94	20.3
ISETT	12	44	14.4
INSETA	13	41	22.4
LGSETA	14	31	13.9
MAPPP	15	65	15.0
MQA	16	36	13.3
MERSETA	17	144	16.0
SASSETA	19	70	17.0
AGRISETA	20	157	20.0
SERVICES	23	107	13.3
THETA	25	71	11.7

Table 2.5: Response rate by SETA			
SETA	**#**	**Number of valid returns**	**Returns as a % of mailed questionnaires**
TETA	26	63	14.8
W&RSETA	27	112	15.0
Total		1 557	16.4

The Gauteng, Western Cape and KwaZulu-Natal provinces accounted for 79 per cent of all responses (Table 2.6). It should be noted that the enterprises were randomly selected for participation from a national database – i.e. the sample was not stratified by location. Analysis was not undertaken according to provincial location.

Table 2.6: Location of enterprises according to province	
Province	**Percentage**
Eastern Cape	7
Free State	3
Gauteng	39
KwaZulu-Natal	13
Limpopo	2
Mpumalanga	5
North West	3
Northern Cape	2
Western Cape	27
Total	100

DATA MANAGEMENT

An independent data management service provider captured and verified all completed questionnaires. Afterwards researchers cleaned data fields in the database of captured questionnaires by means of logical tests.

WEIGHTING AND ANALYSIS

Statistical weights were calculated for each sample cell to adjust the number of responses in a particular cell to the actual number of enterprises in the sample frame (Table 2.2). The formula for the calculation of weights for each cell was:

$$Weight_{Cell_{i-n}} = \frac{\sum N_{Cell_{i-n}}}{\sum n_{Cell_{i-n}}}$$

The key factors taken into consideration in weighting were therefore SETA and employment size, since weights were based on cells, while cells in turn were based on employment size categories within SETAs. Unique weights were calculated for outliers, since they were purposefully sampled from subsets of the ten largest enterprises in each SETA. Descriptive and inferential statistical analyses of the dataset were conducted with the use of the Statistical Package for the Social Sciences (SPSS). Econometric tests were done using STATA.

OPERATIONALISING THE TERM 'SKILLS TRAINING'

It was imperative that the term 'skills training' be operationalised in such a manner as to ensure an across-the-board understanding of the concept. A review of pertinent literature resulted in a definition proposed for use in the NSS2003 questionnaire.

Of paramount concern was the definition of the term 'skill'. Whereas in the past 'skill' was largely conceived as limited to technical know-how, manual dexterity and spatial awareness of skilled craft workers, it has since assumed broader meanings. These include 'soft', 'generic', 'transferable', 'social' and 'interactional' skills which are much more complex to assess and to measure. This broader reading of the term has bridged the chasm between the levels of skill found in 'high' and 'low' skill sectors of economies (Payne 1999: 30) and assumes that both employers and employees are likely to 'buy in' to the need to train (Keep & Mayhew 1999: 10 – 11; Payne 1999: 29).

Similar observations apply to 'training'. Respondents in the workplace environment will often collapse 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. The conflation of different forms of training makes it very difficult to adequately define the nature of such training or to assess its impact.

Skills training initiatives can be viewed narrowly from an 'accounting' perspective. They are then measured and evaluated according to 'hard' counts of the number of employees being trained, the time expended on training, or the funds allocated. But this approach loses information about informal training and the everyday improvement of skills, both of which might be more important than formal training initiatives. Simply counting the number of skills initiatives being undertaken will therefore lead to the underestimation of real training activity in the enterprise. So instead of focusing exclusively on the volume of training, it would be better to highlight the nature and quality of training activities, thereby placing greater focus on effectiveness and efficiency.

For the NSS2003 and for this the National Skills Survey of 2007, training was defined as follows: 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 broad definition avoids prejudicing any form(s) of training in 'measuring' training activities. The aim is to apply the same definition on a recurrent basis over time, so that change in training behavior can be observed.

LESSONS LEARNED

The lessons learned refer to aspects of the methodology, and to the surprising findings on training rate arising from the data.

First, the HSRC encountered a new challenge in the methodology that has possible implications for future NSS surveys or for other surveys which attempt to elicit responses from private

sector enterprises. Part of the 2003 and the 2007 methodology involved contacting enterprises to establish their willingness to participate in the survey before posting the questionnaire. In 2003 2.9% of unsuccessful calls were due to refusal on the part of enterprises to participate in the NSS. Four years later in 2007 the refusal rate had risen to 27.1% of unsuccessful calls, yet the same methodology was followed in both years. We have to consider what factors in the enterprise environment could have caused this very sizeable swing. The phenomenon of 'respondent fatigue' has been suggested as a contributory factor, but this is a difficult factor to take account of and to the knowledge of the NSS2007 project team, there has been no empirical investigation of the causes and characteristics of so-called respondent fatigue in South Africa. What this means is that future survey planning in this field must factor in signs of increased resistance among enterprises to respond to a survey even though it has the mandate of the South African Department of Labour.

The second important matter relates to the comparability between results of the National Skills Survey of 2003 and the National Skills Survey of 2007.

The HSRC conducted research leading to the production of a report on the *Baseline Survey of Industrial Training in South Africa* in the year 2000 as commissioned by the Department of Labour. However, in the course of the completion of the NSS2003, a number of methodological improvements as well as a redesigned questionnaire ruled out all but a few points of comparison between the 2000 Baseline survey and the NSS2003.

In contrast, the NSS2003 and NSS2007, both commissioned by the Department of Labour, share strong methodological similarities and also share a very similar questionnaire. Therefore one would consider the opportunities for comparative work to be significant, and that comparative analysis would be validated through shared methodologies.

The average national training rate in private sector firms was measured in the NSS2003 at 25 per cent and in 2007 it was measured at 53 per cent. These training rate figures suggest that the proportion of employees who received some training in 2003 doubled by 2007. How this shift could have been possible within the changing training circumstances between 2003 and 2007 will be considered in the chapters that follow.

In the light of the surprisingly large increase in enterprise training rates between the NSS2003 and the NSS2007, the HSRC project team felt it necessary to conduct a number of checks on the methodology and data management. Quality checks are normal practice for any social science project. In the case of the NSS2007, which encountered unexpected results, meticulous verification of the research process was considered to be particularly important in the light of the social significance of such findings in the high stakes policy terrain of South African skills development.

Accordingly, a series of checks were conducted on the phases of the methodology: the accuracy of the capturing process, the correctness of the allocation of firms to SETAs and size categories, the weighting of the data, the data manipulation and the creation of data outputs such as tables and figures. These processes were found to be of the highest possible accuracy and reliability.

Next, it was necessary to consider whether unexpected – or unnoticed - changes in the policy or regulatory environment could have impacted on the nature (e.g. size) of the population of enterprises that were the target of the study, or on their training behaviour (e.g. changing the skills levy from 1 per cent to 3 per cent).

In the period in which the NSS2003 was conducted, the financial threshold above which enterprises were required to pay the skills levy was a workforce payroll greater than R250 000. However, in July/August of 2005, the levy threshold was shifted to a payroll greater than R500 000. This meant that a group of enterprises with a payroll of greater than R250 000 but equal to or less than R500 000 which were included in the NSS2003 sample frame, were exempt from paying levy payments after mid 2005. The general experience of training internationally is for small enterprises to train less. The HSRC had to consider whether the exclusion of a group of small firms (with payrolls > R250 000 and ≤R500 000) after mid-2005 could have contributed to the higher training rate found in the NSS2007.

Scrutiny of the 2002/3 and the 2006 SARS databases of levy paying enterprises found that the increased levy threshold had reduced the number of enterprises liable to pay the training levy. This was reflected as a reduction in the number of smaller skills levy paying enterprises.

To estimate the effect of this new provision, we modeled this on the NSS2003 data. The table below shows that firms included in the NSS2003 survey and that would be levy exempted in 2007 (Payroll ≤ R500 000) had a lower training rate (38 per cent) than firms that would not have been levy exempt (Payroll > R500 000) with a training rate of 43.4 per cent. On this evidence, the exclusion of small levy-exempt firms from NSS2007 would have contributed to the higher training rate found in the NSS2007.

Training rates of permanent employees in enterprises with a payroll >R500 000 and ≤ R500 000			
	Payroll ≤ R500 000	Payroll > R500 000	All firms
	38.0	43.4	43.0

Note: Data sourced from the NSS2003 dataset.

However, it was found that the threshold change did not have a large effect on the sample frame of small, medium and large enterprises in the study. The effect was certainly not large enough to explain a doubling of training rate.

In planning the NSS for future years, the designers may consider building cross checks into the questionnaire to assess significant changes in important items – such as the doubling in the training rate.

Finally the merging of SETAs referred to earlier was another change in the training environment which would not have affected the aggregate training rate, but which did increase difficulty in assessing changes in enterprise training over time. For example where SETAs existing in 2003 were combined to form a new SETA in 2007 (e.g. PAETA + SETASA = AGRISETA) data could not be directly compared.

Finally, the NSS2003 data collection at the level of occupational category utilized the South African variant of the International Standard Occupational Code (ISOC) classification system. In the interim period, the Department of Labour has adopted a new system known as the Organising Framework for Occupations (OFO). This change from nine to eight occupational codes together with a shift in the categorization of occupations shows great promise for future planning by the Department. It nevertheless raises difficulty in comparative analysis between the NSS2003 and the NSS2007.

Chapter 3

PRIVATE ENTERPRISE TRAINING IN SOUTH AFRICA AND THE NATIONAL SKILLS DEVELOPMENT STRATEGY(NSDS)

INTRODUCTION

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. Results from the NSS2007 survey are compared with the National Skills Survey of 2003 (NSS2003).

Part of the process of investigating the impact of strategy or policy is to observe change over the lifespan of the strategy or policy. Hence comparison of data between NSS2007 and NSS2003 can help to illuminate such changes.

However, it should be noted that the NSDS, as a strategy is in its second period. For each NSDS period the combination of objectives and indicators are quite different. This is because the second NSDS needed to respond to changes in the economy, in the labour market, in unemployment conditions, in the national prioritisation of redress strategies, in enterprise involvement in training, and so forth. Such change was to be expected in the five year span of the first NSDS period, given that the South African society and economy are in a state of rapid transition within a turbulent global political economy.

Consequently, the two NSDS periods are each characterised by a unique set of related objectives and indicators. In the first NSDS period, there were five objectives with thirteen associated indicators, whereas the second NSDS period has five objectives with twenty associated indicators. There is no exact mapping of any objective or indicator across the two NSDS periods. These changes, though necessary from the strategic perspective of the Department of Labour, present serious challenges for analysis of change through quantitative methods of social science research which depend on access to comparable data based on a stable set of indicators that can be monitored and measured over time.

This means that the analysis to follow will reflect more on changes in skills development practices between 2002/03 and 2006/07, than on changes in skills development practices that took place between the first NSDS period of 2001-2005 and the second NSDS period of 2005-2010. Given that the two surveys fell during and soon after the lifespan of the first NSDS period, it is safe to assume that the analysis below will on balance assist more in improving our understanding of the impact of the first NSDS period.

We should also keep in consideration that while the NSDS strategy needed to focus differently in the second period, the bedrock of skills development policy remained largely unchanged. This rests on the Skills Development Act of 1998, the Skills Development Levies Act of 1999,

which form the foundations of the system of incentivising training – the levy-grant scheme- and the system of guiding and facilitating training activity – the SETA system and the National Skills Authority. Arguably, the major new policy challenge to the NSDS as a strategic map of the way forward has been to devise and develop appropriate training strategies and interventions to accelerate Broad Based Black Economic Empowerment and Employment Equity. A number of indicators in the second NSDS address precisely this challenge at several levels of the national training 'system'. Fortunately, key indicators of equity are components of both the NSS2003 and the NSS2007. Because the two surveys are grounded in establishing the key changes deriving from the underlying legislation and because equity is a central measure in both surveys, the analysis that follows will reflect on the progress of the NSDS, in particular the targets framed in the first NSDS.

Finally, the NSS2003 and the NSS2007 data analysis adds value because it is different to the Department of Labour data. By definition, the data assembled via SETAs cannot refer to enterprises that do not interact or communicate with these structures. The NSS surveys included enterprises that paid a levy but that did not comply with NSDS obligations and did not necessarily have any interaction with any SETA. Therefore the NSS surveys complement the Department of Labour data.

In this context, this chapter will first focus at length on developing an analysis of the key changes in skills development in South African private enterprises that support the objectives and speak to the indicators of the first NSDS and to a somewhat lesser extent the second NSDS. Then, the chapter will relate the main analytic findings directly to the NSDS indicators. We should acknowledge that a number of NSDS objectives and indicators could not be addressed from the databases of the NSS2003 or NSS2007 because these objectives and indicators do not refer to skills development activities undertaken in enterprises that could be simply recorded on a quantitative basis in a questionnaire by a respondent.

This Chapter will proceed as follows. Enterprise participation in training will be introduced followed by an in depth analysis of training rates by enterprise size, occupation, race, gender, disability, SETA and employment contract.

Attention will than be given to training according to national standards (e.g. NQF) and international standards (e.g. ISO), followed by an analysis of training expenditure.

Thereafter the impact of the skills levy-grant scheme will be undertaken with reference to: grant claims and Workplace Skills Plan submission. Registration with SETAs is critical to enable the submission of grant claims and other processes, thus SETA registration is discussed.

This is followed by an analysis of registration of the Learnerships and Apprenticeships programmes in enterprises and the enrolment of learners on these programmes.

The last thematic element in this Chapter concentrates on, is the critical issue of equity and skills development in the workplace.

The foregoing analysis provides the background for an overall assessment of how the skills development objectives of the NSDS were being met as of 2007. This analysis is delimited by the extent to which relevant data was collected through the NSS2003 and the NSS2007.

Participation in training

Participation in training in workplaces is the foundational element in a range of activities that enterprises can provide to sustain and promote human resources development in an economy.

We address training in two ways: the first is to explore the proportions of enterprises that are engaged in training. This type of analysis is useful because it provides insight into whether fewer or more business entities are providing training to their employees over a given period.

The second focuses attention on the distribution of training access within the workforce. This analysis is valuable because it provides insights into whether the workforce consisting of individual workers has benefited from changes in training over a given period.

The first approach is oriented to the institutional level i.e. the enterprise providing training. The second approach is oriented towards the demographics of training access i.e. groups of individual workers with shared characteristics such as occupation, gender, race etc.

Three aspects of training demography are of particular interest:

- the nature of the contract between worker and employer impacts on training undertaken. The levels of training exposure among permanent and non-permanent workers are important especially in South Africa where very large proportions of the working age population are unemployed or temporarily employed.
- the influence of enterprise size, economic sector and occupation on the distribution of training must be closely monitored. A change in the volume of training is critically important to the productivity and innovation characteristics of enterprises, sectors and occupations.
- the current skills dispensation and labour market conditions bear the effects of apartheid racial discrimination. Consequently, it is important to monitor movement towards equitable access to training opportunities for those formerly disadvantaged groups and others targeted in terms of equity provisions in the Constitution, namely: race, gender and disability.

Enterprises providing training

It is important to know how many enterprises provided some form of training to one or more workers in a given period. This is because the impact of training policy hinges on the effectiveness with which policy instruments can incentivise and support enterprise involvement in worker training.

This measure does not distinguish between an enterprise that provided training for a single employee and an enterprise that trained all employees. But this should not distract from the

main purpose, which takes the unit of measurement to be the individual enterprise and seeks to establish what proportions of all firms provide any training.

If we assume that the NSDS is still impacting on participation rates by drawing more enterprises into the levy–grant system, we should see an increase the number of enterprises which provide some (i.e. any) form of training. With time, we can expect the impact of the NSDS to slow down as it maximises its influence over enterprises. In the ideal, the numbers of enterprises providing training should therefore eventually approach a steady state. But this statistic must be checked regularly in case there is any decline in enterprise propensity to train employees. Also, there will always be a certain percentage of firms that do not train, whether they pay levies or whether they avoid payment. In large complex systems, 100% compliance is an ideal and seldom fully realised goal.

Table 3.1 shows the number and percentage of firms reporting that they provided some training in 2002/03 and 2006/07. About eight out of ten South African private sector enterprises provided some employee training in 2006/07, which is 20 per cent higher than in 2002/03. The margin of improvement for small and medium firms was about 20% while there was a 10% improvement for large firms. By 2006/07 the same proportions of medium and large firms trained workers - both at 93 per cent - and this may be the point beyond which increasing the count of firms training will become more difficult for the SETA system. Small firms had the lowest propensity to train in 2006/07 (76 per cent) but this is not unexpected as, for a number of reasons small enterprises generally struggle to train to the intensity of medium and large enterprises.

Table 3.1: Enterprises reporting employee participation in training by enterprise size in 2006/07 compared to 2002/03

Enterprise size	Yes				No				Total			
	2002/03		2006/07		2002/03		2006/07		2002/03		2006/07	
	N	Row %	N	Row %	N	Row %	N	Row %	N	Row %	N	Row %
Small (11-49)	15 722	55	22 014	76	12 830	45	7 003	24	28 551	100	29 017	100
Medium (50-149)	6 178	72	9 405	93	2 424	28	710	7	8 602	100	10 115	100
Large (150+)	2 249	81	2 071	93	537	19	153	7	2 786	100	2 225	100
Total	24 149	60	33 491	81	15 791	40	7 866	19	39 939	100	41 357	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 42 655 enterprises in 2006/07 with a total employment count of 6 198 086 employees.

Table 3.2 shows the number and percentage of firms reporting training in 2002/03 and 2006/07 by SETA. The large increase in the overall percentage of firms reporting training discussed above implies that most SETAs would also have achieved a substantial increase. Only TETA and FIETA showed a decline in the percentage of firms reporting training (1 per cent and 3 per cent respectively), while MAPPP showed no change over the intervening four years.

In 2006/07 W&RSETA and CHIETA had the largest percentage of firms reporting training in (92 per cent) and TETA the lowest (62 per cent). The variance in enterprise training activity

between SETAs was 30 per cent in 2006/07 whereas this gap was 42 per cent in 2002/03 (CETA 43 per cent and BANKSETA 85 per cent) four years previously. The narrowing of the gap is a positive sign of greater congruence in enterprise performance between SETAs.

Notably in 2006/07 the variance between SETAs at 30 per cent was wider than the variance between enterprise size at 17 per cent (76 per cent for small enterprises and 93 per cent for large enterprises). This suggests that in the year in question, the type of economic activity that enterprises engaged in – i.e. the SETA they belonged to - impacted more strongly on training than did enterprise size.

Table 3.2: Enterprises reporting employee participation in training by SETA in 2006/07 compared to 2002/03

SETA	Yes				No				Total			
	2002/03		2006/07		2002/03		2006/07		2002/03		2006/07	
	N	Row %	N	Row %	N	Row %	N	Row %	N	Row %	N	Row %
FASSET	701	69	791	85	316	31	135	15	1 017	100	926	100
BANKSETA	208	85	123	87	36	15	19	13	244	100	141	100
CHIETA	595	68	672	92	276	32	56	8	871	100	728	100
CTFL	727	58	561	66	518	42	287	34	1 245	100	848	100
CETA	1 383	43	2 951	82	1 870	57	639	18	3 253	100	3 590	100
ETDP	944	71	378	79	395	29	101	21	1 339	100	479	100
ESETA	177	50	420	75	177	50	142	25	354	100	562	100
FOODBEV	792	69	876	80	356	31	218	20	1 148	100	1 095	100
FIETA	676	74	659	71	234	26	263	29	910	100	922	100
HWSETA	905	69	1 277	84	402	31	243	16	1 307	100	1 520	100
ISETT	911	78	915	89	253	22	113	11	1 164	100	1 029	100
INSETA	256	58	429	95	187	42	23	5	443	100	452	100
LGSETA			55	50			55	50			109	100
MAPPP	962	67	979	67	471	33	490	33	1 433	100	1 469	100
MQA	603	77	464	87	179	23	67	13	782	100	531	100
MERSETA	3 744	57	5 670	83	2 806	43	1 188	17	6 550	100	6 858	100
POSLEC	813	75			278	25			1 091	100		
PAETA	1 390	57			1 029	43			2 419	100		
SETASA	542	65			287	35			829	100		
SASSETA			1 234	91			115	9			1 349	100
AGRISETA			2 310	75			768	25			3 078	100
SERVICES	2 917	62	4 860	79	1 821	38	1 315	21	4 738	100	6 175	100
THETA	1 329	60	1 575	71	903	40	629	29	2 232	100	2 203	100
TETA	939	63	853	62	547	37	521	38	1 486	100	1 374	100
W&RSETA	2 634	52	5 439	92	2 449	48	480	8	5 083	100	5 919	100
Total	24 149	60	33 491	81	15 791	40	7 866	19	39 938	100	41 357	100

NOTE: The two sets of SETAs for the NSS2003 and 2007 differ because, after the NSS2003 some sectors merged to form new SETAs. The former Diplomacy, Intelligence, Defense, and Trade and Industry Sector Education and Training Authority (DIDETA), amalgamated with the former, Police, Private Security, Legal and Correctional Services (POSLEC SETA) as the new Safety and Security (SASSETA, code 19). Similarly, the former, Primary Agriculture Education and

Training Authority (PAETA), amalgamated with Secondary Agriculture Sector Education and Training Authority (SETASA) to form AGRI Sector Education and Training Authority (AGRISETA, code 20).

We now change the focus of our analysis from training at the level of the enterprise, to the distribution of training access within the workforce.

Training rates to measure participation in training

For the purpose of the NSS, 'training rate' was defined as the proportion of employees who received training in a given period (the 2006/07 financial year in the case of the NSS2007).

The HSRC developed two questions that dealt with numbers of employees trained per enterprise. The same two questions were included in the NSS2003 and the NSS2007. Each question was created to obtain different information about who was trained and moreover, each question required respondents to report data in different ways. In each case the resultant training rates calculated from the data were different, as expected.

For the one question, (Question 3.2 in the NSS2007 questionnaire) our aim was to compare training rates *between* different (permanent, non-permanent and disabled) employee categories.

> The question was: "Please estimate the number of employees who participated in training during the 2006/07 financial year by permanent, non-permanent and disabled"
>
> For ease of reference this will be referred to as 'training rate A'

For the other question, (Questions 3.3 and 3.4 in the NSS questionnaire), our aim was to compare training rates *within* the permanent employee category by gender and race across the occupational categories.

> The question was: "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"
>
> For ease of reference this will be 'training rate B'

Table 3.3 compares the training rates 'A' and 'B' between 2002/03 and 2006/07.

To briefly characterise the differences: the value of Training rate A is that it can give a broader perspective on training of all employees. By all employees, we refer to permanent and non-permanent employees. In order to obtain accurate data on disabled workers, we specifically requested responses on the size and training of this group under training rate A.

The focus of the NSS 2003 and NSS 2007 is predominantly on the population of permanent employees. The surveys focus on permanent employees because this is the core group in the South African workforce for whose training employers can be encouraged to be directly accountable. From a methodological perspective, a strong case can be made to focus only on permanent employees because this is a relatively stable population and enterprise record keeping for this group will be of reasonable quality. This does not in any way mean that the training needs of unemployed or temporarily employed people are less important.

Thus training rate B focuses only on permanent employees, and provides data for in-depth analysis of training rates across race, gender and occupational category.

We will proceed directly to a separate discussion of training rate A and B. In this process, we will discuss why the two sets of training rates should not be directly compared with each other.

Table 3.3: Training rates for permanent employees in comparison with rates for non-permanent and disabled employees in 2002/03 and 2006/07

	Question in the National Skills Survey	Employee groups for which data were required	Categories of data required from each firm	Training ratio 2002/03 %	Training ratio 2006/07 %
A 3.2	Please **estimate the number of employees who participated in training** during the 200X/0X financial year by: permanent, non-permanent and disabled	All employees	Aggregate data by permanent, non-permanent and disabled	41% for permanent 19% for non-permanent 16% for disabled (38% for all employees)	53% for permanent 34% for non-permanent 24% for disabled (51% for all employees)
B 3.3 and 3.4	Please **provide a breakdown of estimated numbers of permanent employees** who participated in training during the 200X/0X financial year by: occupation group and gender	Only permanent employees	Disaggregated by occupation and gender	25%	53%
	Please **provide a breakdown of estimated numbers of permanent employees** who participated in training during the 200X/0X financial year by: occupation group and population group		Disaggregated by occupation and race		

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

Permanent and non-permanent employee participation in training

In general permanent employees by virtue of their status are more likely to receive training chances than contracted employees because investment in the former is more likely to accrue value to the business than the latter type of worker who will return to the labour market at the end of her contract.

Nevertheless very large proportions of the working age population are unemployed or temporarily employed in South Africa, so from the perspective of government, any opportunity to generate training for persons who are temporarily employed is important as the skills learned may raise the chances that recipients will obtain employment sooner. Also, it is much more cost effective to encourage enterprises to train workers in temporary employment than for government to fund workforce development programmes outside of the normal working environment.

Moving to compare the proportion of training received between permanent and non-permanent employees. For permanent employees, the training rate rose from 41 per cent in 2002/03 to 53 per cent in 2006/07 (Table 3.4). Thus we can infer that more than half of all permanent employees in South African workplaces received some form of training in 2006/07.

Training of non-permanent employees also rose in the period. The increase in training exposure of non-permanent employees from 19% to 34% is slightly higher than the increase realised for permanent employees. In the NSS2003 it was argued that the difference in training access between permanent and non-permanent employees was probably based on the perception that those in non-permanent posts would be more likely to leave and, this justified lower levels of training expenditure on the latter. There are also scheduling and logistical problems in arranging training for staff contracted on a non-permanent or non-full-time basis. However, it should be noted that between 2002/03 to 2006/07 the overall percentage for non-permanent employees trained increased faster than the overall percentage for permanent employees trained (15 percentage point increase compared to 12 percentage points). Explaining this sign of a shift in training more in favour of non-permanent employees would require further research.

Turning now to enterprises size and training rate, from Table 3.4 which compares training rate (A) between 2002/03 and 2006/07 by enterprise size, the general pattern is, as expected, for training access to increase with enterprise size. Indeed, medium and large enterprises achieved much larger increases in rates of enterprise training between the two periods.

Table 3.4: Training ratios for permanent, non-permanent and disabled employees by enterprise size in 2006/07 compared to 2002/03 (%)

Enterprise size	2002/03				2006/07			
	Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	Disabled employees (permanent and non-permanent)	Training ratio of all employees	Permanent employees (including disabled)	Non-permanent employees (including disabled)	Disabled employees (permanent and non-permanent)	Training ratio of all employees
Small (11-49)	27	15	18	26	33	22	28	31
Medium (50-149)	35	21	24	33	45	38	12	44
Large (150+)	46	19	13	43	66	39	37	64
Total	41	19	16	38	53	34	24	51

It is to be expected that training rates will vary between SETAs – i.e. between the sectors they service (Table 3.5). Given strong upward shifts in overall training performance that we have observed in the period, wide variance in training rates between SETAs may be expected. This is particularly the case for non-permanent and disabled employees. Much of this variance can only be explained through further research.

We now focus on patterns of consistent performance over the period. Between 2002/03 and 2007/07, the mining, information and communication technology, forestry and education sectors retained consistently high rates of training for non-permanent employees.

Also of interest are sectors where training among non-permanent employees is equal to or higher than that of permanent employees. In 2002/03 this was the case with the forestry and

mining sectors, whereas by the 2006/07 year, such a pattern of training was visible in the security, agriculture and wholesale and retail sectors.

Table 3.5: Training ratios for permanent, non-permanent and disabled employees by SETA size in 2006/07 compared to 2002/03 (%)

Enterprise size	2002/03				2006/07			
	Permanent employees (excluding disabled)	Non-permanent employees (excluding disabled)	Disabled employees (permanent and non-permanent)	Training ratio of all employees	Permanent employees (including disabled)	Non-permanent employees (including disabled)	Disabled employees (permanent and non-permanent)	Training ratio of all employees
FASSET	53	3	55	51	61	19	40	59
BANKSETA	54	50	38	54	85	0	68	76
CHIETA	46	22	35	45	53	35	50	53
CTFL	22	3	25	21	36	24	34	35
CETA	40	12	14	32	33	23	32	33
ETDP	45	35	70	44	52	26	58	49
ESETA	35	16	44	31	22	0	14	26
FOODBEV	41	4	17	36	52	18	38	49
FIETA	42	49	21	42	63	28	66	62
HWSETA	40	12	41	39	57	2	3	42
ISETT	50	30	47	48	56	31	32	57
INSETA	29	0	7	24	79	31	77	76
LGSETA					9	0		8
MAPPP	25	3	16	23	41	11	56	37
MQA	56	92	6	58	66	42	27	67
MERSETA	45	13	16	41	46	23	7	46
POSLEC	36	1	5	36				
PAETA	25	5	5	22				
SETASA	26	12	28	24				
SASSETA					39	44	28	39
AGRISETA					39	56	41	44
SERVICES	54	14	25	50	50	13	42	37
THETA	45	22	10	42	70	60	58	70
TETA	49	45	64	49	31	9	13	29
W&RSETA	34	24	21	33	44	56	14	47
Total	41	19	16	38	53	34	24	51

Disabled employee participation in training

Despite a 50 per cent increase in training received between 2002/02 and 2007/07 – from 16 per cent to 24 per cent - disabled workers still access substantially less training than their colleagues. Notwithstanding generally improved training opportunities the situation of disabled workers relative to the general workforce actually worsened over the period. In percentage terms, the rate at which disabled workers were trained in 2006/07 (24 per cent for disabled in relation to 51 per cent for all workers gives disabled workers a 27 per cent disadvantage in training access) dropped further behind the training ratio for all workers in

2002/03 (16 per cent for disabled in relation to 38 per cent for all workers gave disabled workers a 22 per cent disadvantage).

With respect to enterprises size and training rate (Table 3.4) we would expect training access of disabled workers to increase with size. Indeed, medium and large enterprises achieved much larger increases in rates of training between the two periods. There is one anomaly. The data suggests that large enterprises, more than doubled their training of disabled employees (13 per cent in 2002/03 compared to 37 per cent in 2006/07), whereas in medium enterprises disabled employee training halved (24 per cent in 2002/03 compared to 12 per cent in 2006/07). While we may expect large enterprises to provide better training for disabled employees on the basis of their bigger infrastructure, this large fluctuation deserves further attention.

Among disabled personnel, relatively high levels of training in both 2002/03 and 2006/07 were provided in the financial services, banking chemicals, education and information and communication technology sectors.

In order to assess progress towards the NSDS target, it is necessary to calculate the share of the disabled in all training as opposed to the proportion of those trained within this group. The NSDS target requires that disabled employees receive a 4 per cent share of all training opportunities. In 2002/03, disabled employees 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. In 2006/07, disabled employees represented 0.93 per cent of the population of permanent employees and received a 0.62 per cent share of all training of permanent employees. Although the share by disabled employees of all training of permanent employees has more than doubled since 2002/03, it still falls way short of the 4 per cent NSDS target.

Training rates of permanent employees: Comparing rate A and rate B

The NSS2003 showed that the training rate for permanent employees could be located on a continuum between 25 per cent (Training rate A) and 41 per cent (Training rate B) (Table 3.3). The NSS2007, on the other hand, locates training rates 'A' and 'B' at about 53 per cent. This clearly signifies a substantial improvement in training volumes between 2003 and 2007.

We must ask why the NSS2007 training rates 'A' and 'B' were much closer when compared with the equivalent rates calculated for the NSS2003. This narrowing of the difference between training rates 'A' and 'B' between 2003 and 2007 may be ascribed to improvements in the ability of enterprises to monitor and report on their training activity. We assume that the requirement for enterprises to report training frequency by occupational category was relatively unfamiliar and more difficult in 2003 than 2007. This would have contributed to somewhat conservative estimates obtained for training rate 'B' in 2003.

Since then, enterprises have had four years to improve their training record keeping. Conforming to the requirements for submission of Workplace Skills Plans and Annual Training Reports would have caused them to report training more consistently and more accurately. In addition, the NSS2007 survey was posted shortly after enterprises were obliged

to submit their employment and training data to the SETAs. The preparation of these submissions to SETAs may have made it easier for enterprises to respond to a related request for similar information in the form of the NSS2007 instrument.

All further analysis of training rates will refer only to training exposure within the category of permanent employees using 'Training rate B'. This was calculated to be 25 per cent in the NSS2003 and 53 per cent in the NSS2007.

Training rate (B): Training rates of permanent employees disaggregated

The training rates expressed in the tables below and all further tables that deal with access to training will refer to training within the ranks of permanent employees only.

Enterprise size and training

In 2002/07, small enterprises trained one-in-three workers, medium size enterprises trained more than two out of five workers and large firms trained two in every three workers (Table 3.6).

Table 3.6: Training ratio by enterprise size and occupational category in 2002/03 and 2006/07 (%)

	Training rate B 2002/03	Training rate B 2006/07	% change
Small (11-49)	**22**	**34**	12
Medium (50-149)	27	43	16
Large (150+)	26	64	38
Total	25	53	28

All firm sizes increased their training rate between 2003/04 and 2006/07, but the margin of improvement between NSS2003 and NSS2007 differs vastly according to firm size. The most outstanding feature in Table 3.6 is the significant increase in training in large firms in 2006/07 (38 percentage point increase). Whereas medium firms had a slightly higher training rate in 2002/03 vis-à-vis large firms (27 per cent and 26 per cent respectively) large firms easily outperformed medium firms in 2006/07. Even though the training rate of small enterprises more than doubled between 2003 and 2007, the percentage improvement was by far the lowest across enterprise size category.

Only four percentage points separated the training rate of small, medium and large enterprises in the 2002/03. What this means is that while enterprise size generated small differences in aggregate training rates in 2002/03, occupational category and SETA membership became important drivers of differences in training exposure. Yet four years later the training spread across enterprise size expanded to thirty percentage points. As we proceed with this analysis we will see that in 2007, the differences in training rate between enterprise sizes is similar in

magnitude to the differences between training rates by occupational categories or SETA membership. This was not the case in 2002/03. The analytic challenge in 2007 is therefore that much more complex**.**

The training rate increase discussed above is an impressive achievement. Nevertheless we should bear in mind that training activity at the enterprise and sectoral level can fluctuate widely year on year. We must accept that training activity is a cyclical phenomenon and that enterprise investment in training could be sensitive to a variety of factors in the external environment, some of which are discussed further in this report. On the other hand, we may take some comfort in the continued effectiveness of the skills levy which should act as a buffer against sudden economic shocks that could cause enterprises to reduce their commitment to training.

Given the sizeable increase in training rate between 2002/03 and 2006/07, it will be important for SETAs and the Department of Labour to monitor training activity closely for any signs of a decline from this point on.

Training in SETAs

Table 3.7 compares training rates between 2002/03 and 2006/07 by SETA. All SETAs improved their training rate except for the MQA which dropped 5 per cent over the period off a high base. The SETAs which achieved the sharpest increases in training rate were: INSETA, BANKSETA and HWSETA

Training rate variance between a low of 31 per cent for TETA[1] and a high of 89 per cent for BANKSETA generated a range of close to 60 per cent between highest and lowest SETA training rates in the NSS2007. The training rate variance in the NSS2003 was almost as high with a difference of 52 per cent between the MQA (training rate of 61 per cent) and HWSETA (training rate of 9 per cent).

[1] The lowest training rate was recorded for LGSETA (10 per cent). However, a low number of private firms registered with LGSETA and participated in the NSS2006/07 survey. Consequently, there are concerns regarding the reliability of the LGSETA data. Therefore we prefer to refer instead to TETA as having the lowest training rate (31 per cent).

Table 3.7: Training ratio by SETA in 2006/07 compared to 2002/03 (%)			
SETA	**2002/03**	**2006/07**	**Difference**
FASSET	35	62	27
BANKSETA	24	89	65
CHIETA	23	55	32
CTFL	27	34	7
CETA	13	35	22
ETDP	26	64	38
ESETA	13	33	20
FOODBEV	15	57	42
FIETA	26	68	42
HWSETA	9	60	51
ISETT	23	48	25
INSETA	11	83	72
LGSETA		10	
MAPPP	16	36	20
MQA	61	56	-5
MERSETA	21	49	28
POSLEC	29		
PAETA	18		
SETASA	21		21
SASSETA		43	
AGRISETA		42	
SERVICES	44	58	14
THETA	26	41	15
TETA	24	31	7
W&RSETA	28	42	14
Total	25	53	28

Training rate and occupational category

We must preface this discussion of training according to occupational category by noting that the Department of Labour requested that changes be made to the nine major occupational categories according to which data was collected for the NSS2003. This was done in order to bring the categories into alignment with the new Organising Framework of Occupations currently being implemented by the Department of Labour. The old categories as used in the NSS2003 and in the NSS2007 are juxtaposed in the table below:

Table 3.8: Occupational categories NSS2003 and NSS2007			
#	Occupational category employed in NSS2003 (SOC)	Occupational category employed in NSS2007 (OFO)	#
1	Managers	Managers	1
2	Professionals	Professionals	2
3	Technicians	Technicians and trade workers	3
		Community & personal service workers	4
4	Administrative and secretarial workers	Clerical and administrative workers	5
5	Service and sales workers	Sales workers	6
6	Agricultural workers		
7	Craft and skilled trade workers		
8	Operators	Machinery operators and drivers	7
9	Elementary workers	Labourers	8

It is clear that the required three changes are quite substantial. First, the removal of the category of 'Agricultural workers' provided for this group to be classified among the other occupations (e.g. a worker employed in the agricultural sector as a technician would now fall in the category of 'technicians and trade workers').

Second, the 'community and personal service workers' category was inserted. This means that based on their detailed occupational description, certain former 'service and sales workers' are classified now as 'community and personal service workers'.

Thirdly 'craft and skilled trade workers' and 'technicians' who were accorded separate categories in the NSS2003, are now amalgamated.

The outcome of these changes is that instead of nine occupational categories, there are now eight for the purposes of the NSS2007. As a consequence, analysis of training by occupational category becomes somewhat more challenging.

Table 3.9 below shows that in all categories measured in 2003 and in 2007, there were increases in training rate as was to be expected in view of the fact that the overall training rate more than doubled.

Table 3.9: Comparison of training rates by occupational category 2002/03 and 2006/07							
SOC NSS2003	OFO NSS2007	Training rate in % NSS2003	Training rate in % NSS2007	Difference in %	Rank 2002/03	Rank 2006/07	Change in rank
Managers	Managers	24	52	28	4	5	down 1
Professionals	Professionals	18	62	44	8	2	up 6
Technicians	Technicians and trades workers	20	64	44	7	1	up 7
	Community & personal service workers		43			8	
Admin/sec	Clerical and administrative workers	22	55	33	6	4	up 2
Service/sales	Sales workers	33	57	24	1	3	down 2
Agriculture		19			8		
Craft/skilled trade		23			5		
Operators	Machinery operators and drivers	29	50	21	2	6	down 4
Elementary	Labourers	27	48	21	3	7	down 4
Total	Total	25	53	28			

However, there were significant shifts between levels of training by occupation. A simple ranking demonstrates this more clearly than reference to percentages trained. Technicians (up six places with highest levels of training in 2006/07), professionals (up six places from lowest proportion receiving training in 2002/03) as well as clerical & administrative workers all experienced increased access to training between 2003 and 2007. On the other hand the proportions of 'machinery operators and drivers' and of 'labourers' receiving training declined substantially.

Training trends at the occupational level are partially obscured by the introduction of OFO categories in 2007 which involved exchange of occupational sub-groups between the broad occupational categories and the introduction of a new occupational category. Nevertheless, a significant shift took place towards more training for professional, technical and administrative workers in the 2006/07 year. Relative to 2002/03, training opportunities for operators and elementary workers declined. The general picture is that training opportunities have become more accessible to higher skill workers and less accessible to low skill workers.

Looking more closely at training ratios by occupational category in 2006/07, as might be expected training rates in each occupation tended to increase with enterprise size (Table 3.10). This was with the exception of 'community and personal service workers' which was the only occupation where the highest training rate was not to be found in the large enterprise category, but in the small enterprise category. In only one other instance did small enterprises generate a higher occupational training rate than medium size enterprises. This was for 'technicians and trade workers'. Meanwhile, medium-sized enterprises did not record the highest training rate in any occupational category. The conditions informing these patterns may be worth investigating.

Table 3.10: Training ratio by enterprise size and occupational category in 2006/07 (%)				
Occupational category	**Small(11-49)**	**Medium (50-149)**	**Large (150+)**	**Differential between high and low rate**
Managers	34	47	71	37
Professionals	45	58	70	25
Technicians and trade workers	47	44	76	29
Community & personal service workers	47	29	44	-3
Clerical and administrative workers	36	42	70	34
Sales workers	44	48	68	24
Machinery operators and drivers	32	45	56	24
Labourers	24	37	60	36
Total	34	43	64	30

Training according to national and international standards

When training is accomplished according to external training standards, it confers several potential advantages both to an enterprise and to the employees receiving such training. For the firm, such training can ensure that internal training processes meet particular quality requirements, are harmonised with international practice, and provide for the accreditation of employee competencies.

The key indicator of training against standards simply reflects the number of employees engaged in training according to standards as a proportion of all those trained in a given period. There was minimal change in the percentage of permanent employees trained to standards from 30 per cent to 31 per cent of all those trained between 2002/03 and 2006/07 respectively (Table 3.11 and Table 3.12). The pattern of training to standards according to enterprise size was fairly stable with a 5 per cent shift in favour of larger enterprises against medium size enterprises.

Despite a significant increase in the total number of all employees exposed to training between 2003 and 2007, the proportion of employees engaged in training according to standards increased marginally. Standards-based training among those trained declined in small and medium-sized enterprises. This means that questions regarding the overall quality of training in South African workplaces are strongly relevant. Given that the proportion of training to standards has not advanced, we must ask whether this reflects a constraint on the supply side where training service providers are not geared up to provide more standards based opportunities, or whether enterprise demand is not forthcoming.

Table 3.11: Permanent employees engaged in training according to standards by enterprise size in 2002/03							
Enterprise size	Training according to standards				All employees trained	Total trained to standards	% of all employees trained to standards
	SAQA/NQF	Other nationally recognised standards	ISO 9000	Other internationally recognised standards			
Small (11-49)	15 109	19 331	6 308	9 720	130 308	50 468	39
Medium (50-149)	19 865	14 707	13 605	6 818	149 499	54 995	37
Large (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

Table 3.12: Permanent employees engaged in training according to standards by enterprise size in 2006/07							
Enterprise size	Training according to standards				All employees trained	Total trained to standards	% of all employees trained to standards
	SAQA/ NQF	Other nationally recognised standards	ISO 9000	Other inter-nationally recognised standards			
Small (11-49)	30 890	29 731	6 521	17 873	229 932	85 015	37
Medium (50-149)	58 730	23 460	7 516	6 750	322 936	96 456	30
Large (150+)	282 336	15 382	27 462	8 079	1 129 629	333 259	30
Total	371 956	68 573	41 500	32 702	1 682 497	514 730	31

If training according to a national or international standards is taken as a proxy for a 'structured learning programme' as specified in NSDS target 1.2[2], then the number of employees engaged in structured training more than doubled from 2002/03 to 514 730 employees in 2006/07. This represents 16.1 per cent of all permanently employed workers (3 198 045) in the enterprise population of the NSS2007. A small proportion of those receiving training according to standards would have participated in programmes that ran over more than one year. Therefore, in 2006/07 the total of those completing a structured learning programme would have been less than the 514 730 recorded as being engaged in 'structured learning'.

Although the overall proportions of training to standards did not change markedly between the NSS2003 and the NSS2007, it is worth looking more closely at changes between the different standards types (Table 3.13). In real terms, the numbers trained to SAQA/NQF standards increased significantly in scale from 65 777 to 371 956 in four years. The contribution to this increase by firm size was disproportionate. Over the four years the number of workers trained to SAQA/NQF standards doubled, and tripled in small and medium firms respectively. Large firms increased training to SAQA/NQF standards by a factor of eight, from 30 804 to 282 336. This is persuasive evidence of strong buy-in among enterprises for SAQA benchmarked programmes, driven by the regulation which provides for reimbursement of training expenditure for SAQA accredited courseware.

[2] NSDS target 1.2 was reached by March 2003 (Department of Labour 2003b: 18).

As a result the percentage of training according to SAQA/NQF standards increased significantly from 30 per cent in 2002/03 to 72 per cent in 2006/07. This increase is attributable to the significant uptake of this form of training within large and medium enterprises between 2002/3 and 2006/07 (28 per cent to 85 per cent, and 36 per cent to 61 per cent respectively). As a result of the significant increase in the percentage training according to SAQA/NQF, the proportional percentage of training in other nationally recognised standards, ISO 9000 and other internationally recognised standards decreased in 2006/07. The numbers trained to any other standard, local or international also declined in real terms from 151 329 to 142 775.

Table 3.13: 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.

Table 3.14: Permanent employees engaged in training according to standards by enterprise size in 2006/07 (%)

Enterprise size	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other inter-nationally recognised standards	Total trained to standards
Small (11-49)	36	35	8	21	100
Medium (50-149)	61	24	8	7	100
Large (150+)	85	5	8	2	100
Total	72	13	8	6	100

Given the centrality of the NQF to the national education and training vision it is noteworthy that the number of employees who received training in accordance with NQF standards increased from 9.0 per cent of all permanently employed workers in 2002/03 to 22.1 per cent in 2006/07. This implies that about one in ten employees received NQF-aligned training during 2006/07.

We will now consider training according to standards between the SETAs.

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 than others. In 2002/03 the transport, financial services, education and manufacturing sectors showed a higher level of recourse to structured training, whereas the banking, local government and energy sectors showed a higher recourse to structured training in 2006/07 (Table 3.15).

Table 3.15: 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	51	16	24	9	100	79
BANKSETA	24	13	0	63	100	17
CHIETA	47	19	15	19	100	23
CTFL	20	54	10	17	100	14
CETA	15	68	9	8	100	4
ETDP SETA	30	40	0	30	100	77
ESETA	27	59	14	0	100	48
FOODBEV	28	14	52	6	100	60
FIETA	28	64	1	8	100	34
HWSETA	7	40	16	37	100	8
ISETT	6	18	34	42	100	48
INSETA	44	25	7	23	100	20
MAPPP	23	43	1	33	100	19
MQA	8	12	70	10	100	12
MERSETA	24	40	23	13	100	72
POSLEC SETA	1	89	2	8	100	54
PAETA	11	60	7	23	100	11
SETASA	14	22	28	36	100	43
SERVICES	47	15	11	27	100	11
THETA	11	49	1	39	100	39
TETA	63	26	7	5	100	92
W&RSETA	63	22	4	11	100	19
Total	30	35	19	16	100	30

By 2006/07 the majority of SETAs had recorded improvements in the percentage of workers engaged in structured training as a proportion of all trained (Table 3.16). The data reflects that for 2006/07 in only two SETAs – tourism and hospitality and wholesale and retail – workers trained to standards constituted less than 20% of those receiving training. In 2002/03, eight SETAS trained less than 20% of those trained to standards.

The pattern of 'affiliation' to different structured training benchmarks was diverse in 2002/03 and in 2006/07 (Tables 3.15 and 3.16). This suggests that sectors differ in how they meet their training needs. Each sector takes recourse to a unique combination of different standards that apply to its own combination of occupational groupings, skills levels and skills needs. The emphasis on international standards is influenced by the extent to which a particular sector needs 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.

There was also considerable variation in affiliation to different training benchmarks between 2002/03 and 2006/07. In 2002/03, 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.

In 2006/07 however, the pattern of SETA affiliation to the SAQA/NQF framework was almost inverse to 2002/03 – benchmarked training was more evident in the banking, mining and services sectors, but less so in the wholesale and retail, construction, and hotel and tourism sectors.

Table 3.16: Permanent employees engaged in structured training by SETA in 2006/07 (%)

SETA	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other inter-nationally recognised standards	Total trained to standards	% of all employees trained to standards
FASSET	84	13	3	1	100	55
BANKSETA	100	0	0	0	100	82
CHIETA	59	14	12	16	100	32
CTFL	85	9	2	3	100	50
CETA	35	51	2	13	100	30
ETDP	72	26	0	3	100	66
ESETA	58	13	23	5	100	67
FOODBEV	64	22	13	1	100	31
FIETA	64	7	25	3	100	42
HWSETA	68	15	7	10	100	36
ISETT	39	24	1	37	100	47
INSETA	63	32	0	5	100	22
LGSETA	0	0	0	100	100	70
MAPPP	64	21	5	10	100	41
MQA	95	0	4	0	100	33
MERSETA	43	36	14	6	100	30
SASSETA	58	20	7	15	100	31
AGRISETA	60	26	9	5	100	39
SERVICES	94	3	1	2	100	39
THETA	39	42	3	16	100	15
TETA	64	29	3	3	100	52
W&RSETA	33	59	3	5	100	17
Total	73	18	5	4	100	33

Training expenditure

Enterprise commitment to training employees is reflected by the size of their investment in training activities. Monitoring levels of investment in training is important because the levy grant scheme was specifically introduced to encourage higher levels of training expenditure in the workplace.

Training expenditure as a percentage of payroll

In line with the NSS2003, training expenditure in an enterprise is reflected as a percentage of payroll in the NSS2007. Across all enterprises, training expenditure as a percentage of payroll increased from 2.1 per cent in 2002/03 to 3.0 per cent in 2006/07, which amounted to a 43% increase (Table 3.17). This is an important and positive finding because it means that

enterprises in general are increasing their commitment to investing in training beyond the 1 per cent stipulated in the skills levy legislation.

Table 3.17: Training expenditure as a percentage of payroll by enterprise size		
Enterprise size	**Training expenditure as a % of payroll**	
Year	**2002/03**	**2006/07**
Small 11-49	1,0%	1.6%
Medium 50-149	1,1%	1.8%
Large 150+	2,8%	3.8%
Total	2,1%	3.0%

However, it is important to consider how these resources were distributed and to whom. This notable increase in expenditure, does not equate with a near doubling in the proportion of employees trained between 2002/03 and 2006/07. If access to training increased in the population of permanent workers how could this have been achieved without an equivalent increase in expenditure in the same period?

Enterprises could have increased training provision through implementing less expensive training strategies. This could be reflected in: emphasising different training methodologies (e.g. less person-to-person training and more use of distance learning), providing training in different skills sets (e.g. offering more basic training in Basic First Aid or HIV prevention; offering training in soft-skills that does not require specialized training facilities; limiting training that requires special facilities or equipment such as certain forms of technical training), or sourcing lower quality training providers. Given that the numbers trained increased substantially, it is also likely that some reductions in the per capita cost of training could have been achieved through improved securing economies of scale or leveraging improved efficiencies in the delivery of training.

Training expenditure per trained employee and across all employees

Looking at training expenditure by enterprise size, in 2002/03, medium enterprises invested more on each trained employee than did large and small enterprises. However, large enterprises invested much more on each trained employee in 2006/07 than did small and medium enterprises (3.18). This is in line with international trends that show expenditure on training to increase with enterprise size.

Average training expenditure per trained employee increased in nominal terms from R3 627 in 2002/03 to R5 864 in 2006/07. If inflation is taken into account (based on a 5 per cent annual inflation rate), the 2003 amount is estimated to be the equivalent of R4 486 in 2007. The R5 864 expended in 2006/07 represents a 30.7 per cent increase over the adjusted 2002/03 expenditure on training per trained employee over the four year period.

Table 3.18: Average training expenditure by enterprise size in 2006/07 compared to 2002/03 (ZAR)		
Enterprise size	Average expenditure on training per TRAINED employee	
Year	2002/03	2006/07
Small 11-49	2 549	2 885
Medium 50-149	4 309	3 993
Large 150+	3 681	7 269
Total	3 627	5 864

Because of the way training expenditure is actually distributed, training could be concentrated on a particular employee group. Thus, considering only training expenditure per trained worker does not place that expenditure against all employees who could have been trained. We therefore divide training expenditure by all employees to obtain a measure of training expenditure spread across all employees in a given year. Comparison of average expenditure per trained employee with average expenditure across all employees affords some insight into whether training expenditure was concentrated or spread within the workforce (Table 3.19). We have done this by presenting training expenditure across all employees as a percentage of training expenditure per trained employee for 2002/03 (column B/A = C%) and for 2006/07 (column D/E = F%). Where the percentage is low, this means that expenditure is concentrated on a smaller proportion of the workforce. Where the percentage is high, this means that training expenditure is spread more equitably.

Table 3.19: Average training expenditure by enterprise size in 2006/07 compared to 2002/03 (ZAR)						
	A	B	C	D	E	F
	Average expenditure on training per TRAINED employee	Average expenditure on training across ALL employees	B/A=%	Average expenditure on training per TRAINED employee	Average expenditure on training across ALL employees	E/D=%
Year	Mar-02	Mar-02		Jul-06	Jul-06	
Small 11-49	2549	1105	43.4	2885	1207	41.8
Medium 50-149	4309	1571	36.5	3993	1850	46.3
Large 150+	3681	1748	47.5	7269	4566	62.8
Total	3627	1653	45.6	5864	3186	54.3

Our calculations suggest that in 2002/03 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. In 2006/07 the allocation of funds for training in large enterprises was spread over a wider proportion of employees, than was the case in medium and small enterprises.

The data for 2006/07 suggest that in the case of large enterprises there was higher per capita expenditure on training, and this expenditure was allocated more equitably across all employees. In small enterprises there was a lower per capital expenditure and this was spread

less equitably across all employees. Overall, the data suggests that in 2006/07 more was spent on training per capita and this money was more equitably distributed across all employees than in 2002/03.

Training expenditure in SETAs

Table 3.20 shows training expenditure in 2002/03 and 2006/07 by SETA. Among the SETAs, there was a large variation in expenditure on training as a percentage of payroll. Average training expenditure per trained employee ranged from high levels in MQA (R10 771), CHIETA (R10 274) and INSETA (R10 261) to low levels such as AGRISETA (R 963), FOODBEV (R1 215), LGSETA (R2 143) and SASSETA (R2 213). In other words, in certain SETAs enterprises were expending between five and ten times as much on training as enterprises in other SETAs.

SETAs where training expenditure as a percentage of payroll as measured in the HSRC training survey of 2000, and the NSS2003 and NSS2007, appears to have declined successively since 2000 are: FASSET, CETA, LGSETA and AGRISETA. SETAs whose training expenditure seems to have grown consistently in the period include: BANKSETA, ESETA, MQA, THETA and W&RSETA.

In the MQA SETA, enterprises committed the highest training expenditure as a percentage of payroll in 2003 (4.9 per cent) and committed a similar proportion in 2007. FIETA committed the highest training expenditure in 2007 (12.9 per cent), but the lowest in 2003 (0.2 per cent). Apart from a huge increase in expenditure in FIETA, other SETAs where training expenditure more than doubled between 2003 and 2007 were INSETA (6.1 per cent) and BANKSETA (5.8 per cent).

Table 3.20: Training expenditure by SETA in 2002/03 and 2006/07 (ZAR)

SETA	A		B		C		D	
	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	
Year	2002/03	2006/07	2002/03	2006/07	2002/03	2006/07	2002/03	2006/07
FASSET	8 345	5 252	4 474	2 912	3 936	1 858	1,2	0.9
BANKSETA	4 843	6 941	2 546	5 941	4 727	610	1,9	5.8
CHIETA	4 104	10 274	2 036	5 744	1 350	1 178	1,9	2.9
CTFL	2 974	2 342	1 023	980	1 185	302	0,9	1.9
CETA	1 687	3 274	613	1 355	2 105	634	1,8	1.3
ETDP	7 378	2 226	3 790	1 399	2 263	687	2,2	1.2
ESETA	1 300	4 744	356	1 349	622	620	0,8	1.3
FOODBEV	3 269	1 215	678	681	2 974	423	1,3	1.0
FIETA	975	4 471	443	3 248	2 958	151	0,3	12.9
HWSETA	3 098	5 673	1 862	3 509	2 794	752	2,6	2.8
ISETT	6 661	4 862	2 433	2 891	1 769	1 046	1,5	1.7
INSETA	4 990	10 261	1 106	8 449	4 764	830	2,2	6.1
LGSETA		2 143		1 250		1 138		0.7
MAPPP	6 451	6 005	1 582	2 502	2 371	795	2,1	1.9

Table 3.20: Training expenditure by SETA in 2002/03 and 2006/07 (ZAR)								
SETA	A		B		C		D	
	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	
Year	2002/03	2006/07	2002/03	2006/07	2002/03	2006/07	2002/03	2006/07
MQA	3 513	10 771	2 311	6 211	634	731	5,0	5.1
MERSETA	7 808	3 533	4 005	1 883	4 400	669	2,1	1.7
POSLEC	1 234		472		461		1,7	
PAETA	816		233		363		1,2	
SETASA	2 274		557		1 612		0,9	
SASSETA		2 212		842		259		1.9
AGRISETA		963		462		306		0.9
SERVICES	1 904	3 588	1 386	1 337	562	663	2,0	1.2
THETA	4 373	5 483	2 166	3 820	2 154	727	2,9	3.2
TETA	1 951	4 210	1 177	1 841	512	938	2,8	1.2
W&RSETA	1 734	2 324	779	1 004	1 189	542	0,9	1.1
Total	3 627	5 864	1 653	3 186	1 638	644	2,1	3.0

Participation in the levy grant scheme

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

Enterprise size and grant claims

The NSS2003 data showed that 85 per cent of large enterprises and 66 per cent of medium enterprises claimed grants (Table 3.21). The NSS2003 data confirmed that the system had been adopted by significant proportions of large and medium enterprises. There was greater difficulty in capturing small enterprises in the NSDS system, yet 29 per cent of small enterprises reported having claimed grants, which had already exceeded the NSDS target of 20 per cent set for 2005.

The total number of enterprises claiming grants rose from 41 per cent in 2002/03 to 55 per cent in 2006/07. In all three enterprise size groups, the percentage of grant claimants increased by 15 per cent, 13 per cent and 9 per cent for medium, small and large enterprises respectively.

Table 3.21 : Enterprises claiming grants by size in 2006/07 compared to 2002/03												
Year	2002/03						2006/07					
Enterprise size	Yes		No		Total		Yes		No		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Small (11-49)	7 984	29	19 610	71	27 594	100	11 110	42	15 251	58	26 361	100
Medium (50-149)	5 509	66	2 848	34	8 357	100	7 921	81	1 840	19	9 761	100
Large (150+)	2 272	85	396	15	2 668	100	2 257	93	158	7	2 415	100
Total	15 764	41	22 854	59	38 618	100	21 289	55	17 250	45	38 538	100

It is necessary to consider the incidence of grant claims among the SETAs, because the characteristics of the different economic sectors seems to impact on the volume of grant claims.

Grant claims by SETA

The pattern of grant claims among SETAs was extremely variable, ranging from 83 per cent in the financial services sector and 72 per cent in the banking sector, to 31 per cent in the tourism and 33 per cent in the local government sectors in 2006/07 (Table 3.22) . 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 (i.e. industry bodies) 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 were motivated to source continuing professional development in various professional fields.

Also, the pattern of SETA grant claims in 2002/03 and in 2006/07 fluctuated widely. This meant that some sectors showed marked improvements, such as the construction, education and wholesale and retail sectors, whereas in others, such as the food and beverage and tourism and hotel sectors a slight decline in grant claims over the four year period was evident.

Table 3.22: Enterprises claiming grants by SETA in 2006/07 compared to 2002/03

Year	2002/03						2006/07					
SETA	Yes		No		Total		Yes		No		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
FASSET	773	78	220	22	993	100	723	83	152	17	875	100
BANKSETA	176	72	68	28	244	100	95	72	37	28	132	100
CHIETA	385	45	478	55	863	100	488	69	219	31	707	100
CTFL	758	61	487	39	1 245	100	581	71	236	29	817	100
CETA	698	23	2 310	77	3 008	100	1 733	51	1 650	49	3 383	100
ETDP	262	20	1 077	80	1 339	100	366	70	154	30	519	100
ESETA	96	28	246	72	342	100	231	47	261	53	491	100
FOODBEV	631	55	517	45	1 148	100	629	53	554	47	1 183	100
FIETA	288	33	590	67	878	100	364	43	487	57	851	100
HWSETA	338	27	917	73	1 255	100	536	38	866	62	1 402	100
ISETT	704	62	431	38	1 135	100	608	64	346	36	953	100
INSETA	247	57	186	43	433	100	309	68	143	32	452	100
LGSETA							18	33	36	67	55	100
MAPPP	788	55	645	45	1 433	100	850	60	574	40	1 423	100
MQA	352	46	416	54	768	100	323	72	128	28	451	100
MERSETA	2 880	45	3 498	55	6 378	100	4 320	65	2 322	35	6 642	100
POSLEC	419	41	612	59	1 031	100						
PAETA	875	37	1 510	63	2 385	100						
SETASA	439	57	328	43	767	100						

Table 3.22: Enterprises claiming grants by SETA in 2006/07 compared to 2002/03												
Year	2002/03						2006/07					
SETA	Yes		No		Total		Yes		No		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
SASSETA							684	55	566	45	1 250	100
AGRISETA							1 398	48	1 520	52	2 918	100
SERVICES	1 429	31	3 136	69	4 565	100	2 070	38	3 373	62	5 442	100
THETA	703	34	1 363	66	2 066	100	596	31	1 317	69	1 913	100
TETA	576	42	791	58	1 367	100	537	42	748	58	1 285	100
W&RSETA	1 948	39	3 029	61	4 977	100	3 832	71	1 561	29	5 392	100
Total	15 764	41	22 854	59	38 618	100	21 289	55	17 250	45	38 538	100

Grant claims and propensity to provide training

Based on data from the NSS2003 and NSS2007, statistical analysis showed that a significantly larger percentage of enterprises with low training rates did not claim grants (Table 3.23). Even though causality could not be inferred, the association between these two behaviours is 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.

Table 3.23: Enterprises claiming grants by training rate category in 2006/07					
Training rate category		Does your establishment claim grants against its levy payment?			Total
		Claim grants	Don't claim grants	Unsure	
0 – 33%	Number	7 966	11 868	1 393	21 227
	Row %	38%	56%	7%	100%
	Column %	39%	70%	66%	54%
33 – 66%	Number	6 250	3 242	334	9 826
	Row %	64%	33%	3%	100%
	Column %	31%	19%	16%	25%
66 – 100%	Number	6 113	1 953	370	8 436
	Row %	72%	23%	4%	100%
	Column %	30%	11%	18%	21%
Total	Number	20 329	17 063	2 097	39 489
	Row %	51%	43%	5%	100%
	Column %	100%	100%	100%	100%

Development of workplace skills plans

A workplace skills plan (WSP) is evidence of the propensity for an enterprise to engage in strategic planning of skills development activities. It is important for the enterprise to engage in a process that could lead to the development of a quality 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.

Enterprise size and workplace skills plans

The percentage of enterprises that claimed to have developed WSPs increased from 51 per cent in 2002/03 to 62 per cent in 2006/07. In this period, the proportion of small and medium enterprises claiming to have developed WSPs rose by 12 per cent and 8 percent respectively, whereas among large firms those with WSPs decreased by 1 per cent (Table 3.24)

Table 3.24: Enterprises having workplace skills plans by size in 2006/07 compared to 2002/03

Year	2002/03						2006/07					
Enterprise size	Yes		No		Total		Yes		No		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
Small (11-49)	10 430	39	16 069	61	26 498	100	13 261	51	12 692	49	25 953	100
Medium (50-149)	6 203	76	1 967	24	8 169	100	8 042	84	1 525	16	9 568	100
Large (150+)	2 509	94	169	6	2 679	100	2 242	93	163	7	2 405	100
Total	19 142	51	18 204	49	37 346	100	23 545	62	14 380	38	37 926	100

In 2006/07 enterprises that claimed to have developed WSPs (62 per cent) exceeded the number of enterprises that reported claiming grants (55 per cent). This could mean that a number of enterprises which submitted their WSPs, were still in the process of claiming grants at the time of responding to the NSS2007 questionnaire.

Enterprises with WSPs by SETA

At the SETA level, the distribution of enterprises having WSPs revealed a similar variance to the distribution of those claiming grants (Table 3.25). The pattern of enterprises with WSPs by SETAs in 2006/07 showed wide variation from health and energy with 49 per cent respectively to education where 93 per cent of enterprises had WSPs.

Furthermore, certain sectors showed marked variation in performance on this indicator over time. There were strong increases within the education and chemicals sectors, whereas in banking and forestry, there were relatively small decreases.

Table 3.25: Enterprises with workplace skills plans by SETA in 2006/07 compared to 2002/03												
Year	2002/03						2006/07					
SETA	Yes		No		Total		Yes		No		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
FASSET	728	73	265	27	993	100	677	73	249	27	926	100
BANKSETA	204	84	40	16	244	100	104	74	37	26	141	100
CHIETA	456	55	369	45	824	100	561	77	166	23	727	100
CTFL	709	60	479	40	1 188	100	555	66	288	34	843	100
CETA	1 259	44	1 626	56	2 885	100	1 680	53	1 490	47	3 170	100
ETDP	464	36	822	64	1 286	100	467	93	36	7	503	100
ESETA	118	37	201	63	319	100	278	49	284	51	562	100
FOODBEV	648	59	446	41	1 095	100	788	69	360	31	1 148	100
FIETA	481	56	373	44	854	100	414	50	414	50	828	100
HWSETA	623	49	646	51	1 268	100	712	49	742	51	1 454	100
ISETT	879	77	256	23	1 135	100	735	82	157	18	892	100
INSETA	278	67	135	33	414	100	283	67	142	33	425	100
LGSETA							18	25	55	75	73	100
MAPPP	886	62	546	38	1 432	100	895	64	508	36	1 403	100
MQA	484	70	210	30	694	100	388	73	143	27	531	100
MERSETA	3 452	55	2 796	45	6 248	100	4 509	71	1 863	29	6 372	100
POSLEC	502	57	378	43	880	100						
PAETA	1 064	48	1 166	52	2 230	100						
SETASA	559	73	209	27	768	100						
SASSETA							725	69	331	31	1 056	100
AGRISETA							1 874	66	974	34	2 847	100
SERVICES	1 807	40	2 696	60	4 503	100	2 855	50	2 840	50	5 695	100
THETA	1 097	51	1 066	49	2 163	100	1 071	50	1 055	50	2 126	100
TETA	658	53	587	47	1 245	100	830	72	325	28	1 155	100
W&RSETA	1 784	38	2 895	62	4 680	100	3 125	62	1 921	38	5 046	100
Total	19 142	51	18 204	49	37 346	100	23 545	62	14 380	38	37 926	100

Statistical analysis (Table 3.26) suggests that there was some association between enterprises having a WSP and the extent of training in 2006/07. The percentage of enterprises with WSPs increased as training rate categories increased from 49 per cent to 73 per cent to 78 per cent of enterprises in the 0-33%, the 33-66%, and in the 66-100% training categories respectively.

Table 3.26: Enterprises having workplace skills plans by training rate category in 2006/07				
Training rate category		A Workplace Skills Plan?		Total
		Yes	No	
0 – 33%	Number	9 679	9 942	19 621
	Row %	49%	51%	100%
	Column %	43%	70%	53%
33 – 66%	Number	6 667	2 513	9 180
	Row %	73%	27%	100%
	Column %	30%	18%	25%
66 – 100%	Number	6 194	1 786	7 980
	Row %	78%	22%	100%
	Column %	27%	13%	22%
Total	Number	22 540	14 241	36 781
	Row %	61%	39%	100%
	Column %	100%	100%	100%

Registration with SETAs

SETAs are the institutions through which the NSDS is co-coordinated at the level of economic sectors. All enterprises paying the levy must be registered with a SETA in order to benefit from grant payments. Consequently, unregistered enterprises fall outside the sphere of direct SETA and NSDS influence, and in that space they cannot be incentivized by or benefit directly from the policy framework.

Enterprise size and registration with a SETA

Overall, 63 per cent of enterprises reported being registered with a SETA in 2002/03 compared to 70% in 2006/07 (Table 3.27). While registration of large enterprises was steady at 95% between the NSS2003 and NSS2007, the small enterprise proportion increased by 6 per cent to 62 percent and the medium enterprise proportion increased by 10 per cent to 88 per cent. Notwithstanding the improvement, it is clear that a significant challenge lies in generating more involvement of small enterprises – with two non-registered enterprises for every three that are registered.

We can compare the proportion of enterprises reporting registration (95 per cent of large firms and 62 per cent of small firms in 2006/07) with the proportion of enterprises claiming grants (93 per cent to 42 per cent for large and small firms respectively in 2006/07). What this comparison suggests is that large enterprises were better able to convert their registration (95 per cent) into the financial gains associated with claiming grants (93 per cent). For small enterprises the proportions successfully submitting a grant claim (42 per cent) was much lower than those which registered (62 per cent). Why this was the case is worthy of further consideration. The key issue will be to establish how small enterprise characteristics and how SETA characteristics contributed to the differential.

Table 3.27: Enterprises reporting registration with a SETA by size in 2006/07 compared to 2002/03																
Year	2002/03								2006/07							
Enterprise Size	Yes		No		Unsure		Total		Yes		No		Unsure		Total	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Small (11-49)	15 008	56	8 832	33	3 035	11	26 875	100	17 807	62	8 472	29	2 634	9	28 913	100
Medium (50-149)	6 324	78	1 397	17	386	5	8 107	100	9 048	88	751	7	523	5	10 322	100
Large (150+)	2 555	95	121	4	25	1	2 701	100	2 311	95	79	3	39	2	2 429	100
Total	23 887	63	10 350	27	3 446	9	37 683	100	29 165	70	9 302	22	3 196	8	41 664	100

Satisfaction with services provided by the SETAs

Services provided by the SETAs are an important factor in creating the conditions within which enterprises can engage in skills development activities. For this reason, enterprises were asked to rate SETA service activities on a five-point scale ranging from 'Poor' (1) to 'Excellent' (5) (Table 3.28). In the table, the mean rating and standard deviation of enterprise scores is given for each SETA service.

Between 2002/03 and 2006/07, there was no shift in the overall rating which remained at 2.5 (Tables 3.28 and 3.29). This suggests that from the perspective of enterprises little has changed with regard to SETA performance over the four years.

Moving to specific service categories, in all but one service category there were shifts in ratings. But these rating shifts involved mostly 0.1 point and 0.2 point difference in means between 2002/03 and 2006/07, with the exception of one activity. The activity which showed the biggest movement with a 0.3 point decline was SETA 'responsiveness to queries'.

The service categories that received lower ratings in 2006/07 included: 'advice and support concerning Learnerships' (-0.1), 'Provision of information about courses, programmes and training including Learnerships' (-0.1), and 'Provision of information about grants' (-0.1). This means that in all four categories that evaluated SETAs on their communication and responsiveness they were rated lower than the 2002/03 year.

Table 3.28: Enterprise rating of SETA services by size in 2002/03								
Enterprise size	Small (11-49)		Medium (50-149)		Large (150+)		Total	
SETA service	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	

Table 3.29: Enterprise rating of SETA services by size in 2006/07								
Enterprise size	Small (11-49)		Medium (50-149)		Large (150+)		Table Total	
SETA services	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev
Advice and support on quality assurance of training (ETQA)	2.2	1.2	2.5	1.2	2.9	1.2	2.4	1.2
Internet site and web pages	2.5	1.2	3.0	1.1	3.2	1.1	2.7	1.2
Promptness in paying grants	2.6	1.3	2.9	1.2	3.1	1.2	2.8	1.3
Provision of information about courses, programmes and training including Learnerships	2.3	1.2	2.6	1.2	2.8	1.1	2.4	1.2
Provision of information about grants	2.3	1.3	2.7	1.2	3.0	1.2	2.5	1.3
Provision of Sector Skills Plans	2.1	1.2	2.5	1.1	3.0	1.2	2.3	1.2
Provision of free training	2.0	1.2	2.3	1.3	2.4	1.2	2.1	1.2
Responsiveness to queries	2.4	1.2	2.7	1.3	2.7	1.2	2.5	1.3
Submission procedures	2.5	1.3	2.9	1.2	3.0	1.2	2.7	1.3
Other	1.9	1.4	2.5	1.4	2.3	1.8	2.1	1.5
Total	2.3		2.7		2.9		2.5	

The analysis given above can be developed a step further by disaggregating the ratings of SETA services according to enterprise size (Table 3.30).

Less than 10 per cent of any enterprise size category rated SETA services as '>4 to 5' (where 5 = excellent). Just over one third of all enterprises rated SETA services '1 to 2' (where 1 = poor). This suggests that a significant proportion of all enterprises is not satisfied with SETA services. Of greater concern is that 71 per cent of small enterprises rated SETA services '1 to 2' (where 1 = poor), because the biggest challenge to the success of the NSDS, lies is in this constituency which is still in greatest need of support.

Table 3.30: Enterprise rating of SETA services by size in 2006/07					
Enterprise size		Average firm rating across all SETA services:			Total
		Average rating of 1 to 2	Average rating of >2 to 4	Average rating of >4 to 5	
Small (11-49)	Number	7 087	8 340	1 257	16 684
	Row %	42	50	8	100
	Column %	71	53	55	59
Medium (50-149)	Number	2 453	5 832	817	9 102
	Row %	27	64	9	100
	Column %	24	37	36	32
Large (150+)	Number	500	1 670	220	2 390
	Row %	21	70	9	100
	Column %	5	11	10	8
Total	Number	10 040	15 842	2 294	28 176
	Row %	36	56	8	100
	Column %	100	100	100	100

Enrolment in Learnerships

The 'Learnership' is a central vehicle for 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 an 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).

Enterprise participation in Learnership programmes

It is important to show how the Learnership programmes have evolved. In order to achieve this, we first generate a map of enterprise involvement. This is important because the institutional unit of implementing Learnerships is the enterprise.

Altogether, nearly 10 000 enterprises had registered Learnerships in 2006/07 of which 60 per cent, 30 per cent and 10 per cent were small, medium and large enterprises respectively (Table 3.31). This finding is to be expected because small firms are the majority size category, but from another perspective it is pleasing that small enterprises which struggle most to implement and sustain training activities are involved with Learnership programmes.

However, when we compare the number of enterprises involved in Learnerships with the total number of enterprises in each category, then it is clear that large enterprises are more motivated, or are better resourced or are better informed as to how to implement Learnership programmes. For these reasons, 45 per cent of all large enterprises in comparison with 28 per cent and 20 per cent of all medium and small enterprises respectively registered Learnerships.

Table 3.31 Enterprises with employees registered in Learnerships in 2006/07				
Enterprise size	Enterprises with employees registered for Learnerships (18.1 and 18.2)		Total number of enterprises	
	Number of firm	Proportion of firms	Total number of private firms	Enterprises with employees registered for Learnerships as (%) off all enterprises
Small (11-49)	5 845	59	29 686	20
Medium (50-149)	2 963	30	10 534	28
Large (150+)	1 100	11	2 435	45
Total	9 908	100	42 655	23

We now consider the response of enterprises to the two types of Learnership programme: for current employees (18.1) and for new employees (18.2) (Table 3.32). There is far stronger enterprise involvement in the 18.1 Learnerships than the 18.2 Learnerships. Of the total number of enterprises (9 908) that offered one or the other or both programmes, 86 per cent and 41 per cent of enterprises had a commitment to the 18.1 and 18.2 Learnerships respectively. A distinguishing feature of enterprise involvement is that involvement in 18.1 Learnerships decreases as enterprise size increases, whereas involvement in 18.2 Learnerships increase strongly with rising enterprise size. Thus large enterprises are far more likely than small enterprises to adopt 18.2 Learnerships for new employees. We can infer that based on this experience, the Learnership as a route into employment is far better entrenched in large enterprises than the other enterprise sizes. This may be because large enterprises have the resources and can bear the risk associated with such an initiative.

Table 3.32 Number and percentage of firms with employees registered in Learnerships in 2006/07				
Enterprise size	Current employees (18.1)		New employees (18.2)	
	Number of firms with employees registered for Learnerships	% of all firms with employees registered for Learnerships	Number of firms with employees registered for Learnerships	% of all firms with employees registered for Learnerships
Small (11-49)	5 099	87	2 114	36
Medium (50-149)	2 567	87	1 235	42
Large (150+)	815	74	679	62
Total	8 481	86	4 028	41

We now shift our analysis from enterprises hosting Learnerships to the learners themselves. On aggregate, the distribution of learners registered for Learnerships follows a similar pattern to the distribution of enterprises involved in these programmes. That is, for the proportion of enterprises and learners involved in such programmes to rise with increasing enterprise size. Overall, large enterprises hosted 42 per cent of learners on Learnership programmes as compared with 36 per cent in medium enterprises, and 22 per cent of learners in small enterprises (Table 3.33).

However, once we separate registration for 18.1 Learnerships from 18.2 Learnerships, an anomaly presents itself: the medium size enterprise share of 18.2 Learnerships is larger than expected. On the one hand, 42 per cent of medium size enterprises host 18.2 Learnership programmes with a 46% share of learners registered. On the other hand, 62 per cent of large enterprises host Learnership programmes with a surprisingly low 36 per cent share of learners registered. Further investigation would be needed to explain this.

Table 3.33: Percentage share of learners registered in Learnerships in 2006/07 by enterprise size

Enterprise size	Current employees (18.1) as a % of all Learnerships	New employees (18.2) as a % of all Learnerships	Total	% Share of all learners registered for Learnerships
Small (11-49)	71	29	100	22
Medium (50-149)	54	46	100	36
Large (150+)	64	36	100	42
Total	62	38	100	100

Registration of Learnerships between 2003 and 2005/6

Next we consider learner registration in Learnerships between June 2003 and the 2005/06 year by SETA. The 2003 data is sourced from Department of Labour Quarterly Reports and the 2005/6 data is based on an HSRC database created in May 2007 as part of a research contract awarded by the Department to the HSRC. Given that the Learnership programme is still moving towards maturity, it is to be expected that there would be quite wide variation in numbers of programmes offered and number of learners registered. Nevertheless, in the period between 2003 and 2005/06, learner registrations increased by 59 per cent to 54 617. Programmes in the financial, manufacturing and services sectors each attracted substantial registrations over both years. In 2005/06, Learnership registrations in the chemicals, health and security sectors were also strong.

Simultaneously, in the two year period the number of Learnership programmes on offer expanded from 159 to 956, which means that every SETA offered learners a wider curriculum choice. This also explains a steep decline in the average number of learners registered for a Learnership programme from 216 to 57. Smaller learner groups meant that the quality of learning and interaction should improve. But smaller learner numbers also made programmes more costly to sustain.

Table 3.34: Learners registered in Learnerships by June 2003 and in 2005/06 by SETA						
SETA	June 2003			2005/06		
	Total number of Learnership programmes offered per SETA	Total number of learners registered	Average number of learners registered per Learnership programme	Total number of Learnership programmes offered per SETA (2007)	Total number of learners registered within the year 2005/06	Average number of learners registered per Learnership programme
FASSET	4	10 441	2 610	22	4 030	183
BANKSETA	5	278	56	39	1 640	42
CHIETA	12	418	35	57	1 800	32
CTFL	19	1 794	94	49	859	18
CETA	4	225	56	64	6 181	97
ETDP	4	800	200	17	589	35
ESETA	7	214	31	35	1 862	53
FOODBEV	8	387	48	40	1 884	47
FIETA	nd	182	-	69	350	5
HWSETA	9	1 791	199	15	4 503	300
ISETT	4	1 808	452	24	1 915	80
INSETA	7	56	8	37	755	20
LGSETA				30	2 465	82
MAPPP	11	167	15	46	113	2
MQA	nd	0	-	62	2 667	43
MERSETA	9	4 514	502	96	5 294	55
POSLEC	1	70	70			
PAETA	8	337	42			
SETASA	1	103	103			
SASSETA				55	6 275	114
AGRISETA				71	3 307	47
SERVICES	23	7 068	307	60	2 598	43
THETA	10	1 836	184	24	2 795	116
TETA	9	307	34	34	1 057	31
W&RSETA	4	631	158	10	1 678	168
Total	**159**	**34 278**	**216**	**956**	**54 617**	**57**

Note: nd = no data

Source: Department of Labour quarterly reports from SETAs, Department of Labour (2007); Learnership Contact Database, HSRC May 2007.

Between 2002/03 and 2006/07 the overall distribution of learners registered for Learnerships shifted from 55.9 per cent to 62.1 per cent in favour of the 18.1 Learnership type while 18.2 Learnership registrations declined correspondingly. However, at the level of individual SETAs, the proportion of 18.1 and 18.2 types varied widely over the two years providing no signs of a clear pattern.

As expected, in 2002/03 three sectors – finance, services and manufacturing - dominated Learnership registrations. Together they contributed 64 per cent of all learners registered in that year. By 2006/07, seven sectors contributed 65 per cent of registrations (finance, wholesale and retail, mining, services, chemicals, manufacturing and food and beverages) showing how

Learnership programmes were taken up across a wider range of sectors thereby broadening the base of the initiative. This greater diversification in the take-up of Learnerships across SETAs is welcome. Notwithstanding this broader base, there is still concentration in relatively few SETAs which raises questions regarding the viability and applicability of Learnerships to all sectors.

Table 3.35: Percentage share of learners registered in Learnerships by June 2002/03 compared to 2006/07 by SETA

SETA	2002/03			2006/07		
	18.1 as a % of all Learnerships per SETA	18.2 as a % of all Learnerships per SETA	SETA share of all learners registered for Learnerships (%)	18.1 as a % of all Learnerships per SETA	18.2 as a % of all Learnerships per SETA	SETA share of all learners registered for Learnerships (%)
FASSET	85.5	14.5	30.5	34.5	65.5	17.1
BANKSETA	47.5	52.5	0.8	69.9	30.1	3.1
CHIETA	66.7	33.3	1.2	80.3	19.7	1.2
CTFL	77.1	22.9	5.2	62.8	37.2	2.8
CETA	70.2	29.8	0.7	72.6	27.4	6.1
ETDP	0.0	100.0	2.3	35.7	64.3	1.3
ESETA	62.1	37.9	0.6	81.1	18.9	0.4
FOODBEV	93.5	6.5	1.1	86.9	13.1	4.5
FIETA	100.0	0.0	0.5	82.7	17.3	3.2
HWSETA	66.6	33.4	5.2	92.1	7.9	3.6
ISETT	0.0	100.0	5.3	56.3	43.7	0.7
INSETA	80.4	19.6	0.2	55.0	45.0	2.7
LGSETA				100.0	0.0	0.0
MAPPP	71.9	28.1	0.5	44.9	55.1	1.6
MQA	0.0	100.0	0.0	52.0	48.0	10.5
MERSETA	55.7	44.3	13.2	85.4	14.6	5.3
POSLEC	38.6	61.4	0.2			
PAETA	62.0	38.0	1.0			
SETASA	46.6	53.4	0.3			
SASSETA				76.6	23.4	4.0
AGRISETA				85.1	14.9	4.3
SERVICES	29.3	70.7	20.6	25.9	74.1	6.9
THETA	7.2	92.8	5.4	56.0	44.0	3.6
TETA	0.0	100.0	0.9	67.6	32.4	2.8
W&RSETA	67.2	32.8	1.8	78.5	21.5	14.2
Total	**55.9**	**44.1**	**100.0**	**62.1**	**37.9**	**100.0**

Source: June 2003 data - Department of Labour quarterly reports from SETAs

EQUITY IN THE NSDS

Given highly unequal patterns of access to both employment and training in the past, the NSDS places a strong emphasis on equity, which it treats as cross-cutting theme.

As data on disability have already been presented, the focus here is on race and gender.

Gender

Between 2002/03 and 2006/07 the distribution of training according to gender altered substantially. In 2002/03, 22 per cent of females and 28 per cent of males received training (Table 3.36). Four years later, in 2006/07, 56 per cent of females received training as opposed to a 51 per cent training rate for males. This meant that the NSDS equity target of 54 per cent females trained was exceeded for the year 2006/07.

We must consider this improvement within the context of a significant aggregate increase in training rates between 2003 and 2007 of 25 per cent to 53 per cent across all permanent employees. With an aggregate training rate in the twenty's in 2002/03, the difference between male and female training rates of 6 percentage points signalled that on aggregate males received 27 per cent more training than females. In 2006/07, the 5 percentage points advantage on aggregate training in favour of females (56 per cent to 51 per cent) translated into 9.8 per cent more training than males. This means that training rates in 2006/07, though favouring females, were nonetheless more equitable than in 2002/03.

Although all enterprise size groups experienced higher training rates, the magnitude of the increase rose with enterprise size, where small enterprises experienced the smallest increment and large enterprises were beneficiaries of the largest increment. Simultaneously, the differential in training rates between males and females increased with enterprise size, such that males and females in large enterprises experienced a 31 per cent and a 49 per cent increase in training rate respectively between the NSS2003 and the NSS2007. Therefore females working in large enterprises were by far the biggest beneficiaries of a changed distribution of access to training by gender. However, because training rates in large enterprises in 2006/07 were much higher than in medium and small enterprises, male employees in large enterprises received far more opportunities for training than males or females in small and medium size enterprises.

Table 3.36: Training ratio by gender and enterprise size in 2006/07 compared to 2002/03 (%)

Gender	2002/03				2006/07			
	Small (11-49)	Medium (50-149	Large (150+)	Total	Small (11-49)	Medium (50-149	Large (150+)	Total
Male	21	27	30	28	34	41	61	51
Female	23	26	20	22	35	48	69	56
Total	22	27	26	25	34	43	64	53

Gender and occupation

Tables 3.37 and 3.38 show training ratios by gender and occupation in 2002/03 and 2006/07. In 2002/03, female employees were particularly at a disadvantage in the technician, professional, craft/skilled trade and operator categories and to a lesser extent among managerial and administrative workers. They enjoyed a marginally higher level of training access in service

and sales work and agricultural occupations, which are associated to some extent with gender segmentation. This means that in broader perspective, female workers in high skill and technical fields received fewer opportunities for training than their male counterparts.

Making comparisons between 2002/03 and 2006/07 is problematic since the occupational categories have been changed.

Nevertheless, we observe that in 2006/07, females enjoyed noticeably higher training ratios compared to men in the high skill managerial, professional and technical occupations, but noticeably lower ratios in the community and sales occupations. Thus, apart from improved rates of training among female labourers, in 2006/07 improved training access was concentrated mainly on high skill female managerial, professional and technical workers.

Table 3.37: Training ratio by gender and occupational category in 2002/03 (%)

Occupational group	Male	Female	Total	Difference
Managers	25	22	24	-3
Professionals	24	13	18	-11
Technicians	28	10	20	-18
Admin/sec	25	21	22	-4
Service/sales	32	35	33	3
Agriculture	19	20	19	1
Craft/skilled trade	24	13	23	-11
Operators	31	20	29	-11
Elementary	27	28	27	1
Total	28	22	25	-6

Table 3.38: Training ratio by gender and occupational category in 2006/07 (%)

Occupational category	Male	Female	Total	Difference
Manager	49	59	52	10
Professionals	56	71	62	15
Technicians and trade workers	59	76	64	17
Community & personal service workers	50	34	43	-16
Clerical and administrative workers	56	54	55	-2
Sales workers	62	50	57	-12
Machinery operators and drivers	50	49	50	-1
Labourers	45	55	48	10
Total	51	56	53	5

Race

In aggregate terms, training ratios increased for all race groups across all size categories in the period, 2002/03 to 2006/07 (Table 3.39). By far the largest increase in training access in each race group was experienced among workers in the large enterprise category and the smallest training increase according to race group was among workers within the small enterprise category.

There was a 10 per cent difference between the race group with the highest and the lowest aggregate training rate in 2002/03. In 2006/07 the difference between race groups in aggregate

training rate was reduced to 8 per cent. This means that overall, inequity of access to training on the basis of race was smaller in 2006/07 than it was in 2002/03.

Table 3.39: Training ratio by race and enterprise size in 2006/07 compared to 2002/03 (%)

Race	2002/03				2006/07			
	Small (11-49)	Medium (50-149)	Large (150+)	Total	Small (11-49)	Medium (50-149)	Large (150+)	Total
African	19	25	32	28	31	41	61	51
Coloured	27	24	21	23	39	44	66	52
Indian	17	23	16	18	32	56	68	59
White	25	33	19	23	39	45	70	56
Total	22	27	26	25	34	43	64	53

However, this result is paradoxical. Though on aggregate the differential in race access to training was reduced, African workers who experienced the highest training rate in 2002/03 had the lowest training rates in 2006/07. The rank order of training rate for 2002/03 by race (African then Coloured then White and then Indian) became Indian (59 per cent) then White (56 per cent) then Coloured (52 per cent) then African (51 per cent) in 2006/07. In terms of the need to redress past unequal treatment according to race - which continues to influence the current demography of occupational access - it is important to expand training access to formerly disadvantaged groups to ameliorate the situation. The NSS2007 data showed this not to be the case.

The result is also paradoxical because even though training increased on aggregate, differences in training access increased between workers of the same race group but who were employed in different enterprise size categories. Thus African workers employed in large enterprises with the lowest training rate by race in that enterprise category (61 per cent) had practically double the opportunity to receive training than their contemporaries who were employed in small enterprises (31 per cent).

In 2006/07, the difference in training rate by race group *within* the large enterprise category was 9 percentage points, and the difference in training rate by race group *within* the small enterprise category was 8 percentage points. Yet the difference between the group with the lowest training rate by race and enterprise size (African workers in small enterprises at 31 per cent) was 39 per cent lower than the group with the highest training rate by race and enterprise size (White workers in large enterprises at 70 per cent). The difference between the training rate for White workers in large enterprises (70 per cent) as compared with White workers in small enterprises (39 per cent) was 31 per cent. Likewise, the difference between the training rate for African workers in large enterprises (61 per cent) as compared with African workers in small enterprises (31 per cent) was 30 per cent – a very similar magnitude.

Notwithstanding the substantial overall increase in training propensity, what we can read from the shift in training rates between 2002/03 and 2006/07 is that the gap between training in small enterprises and large enterprises has stretched alarmingly. And further, this gap has exacerbated the decline of African workers access to training relative to other race groups

particularly in the medium and large enterprise size categories. This reversal is most evident in large enterprises where African workers received the highest opportunities for training in 2002/03 but by 2006/07 received the lowest opportunities for training by race group.

Race and occupation

We now turn to a comparison of training ratios by race and occupation in 2002/03 and 2006/07. In 2002/03 (Table 3.40) African managers, administrative and secretarial workers, and elementary workers were exposed to markedly more training opportunities in these occupations than other race groups. Furthermore, African workers benefited from a better overall training rate compared to other race groups.

In 2006/07 (Table 3.41), Africans in the following four occupations were exposed to highest levels of training across the race groups: clerical and administrative workers (60 per cent), sales workers (60 per cent), managers (59 per cent), and community & personal service workers (46 per cent). Other race groups were the beneficiaries of the highest training ratios in occupations as follows: Indian workers in three occupations (professionals 74 per cent, technicians and trade workers 73 per cent) and machinery operators and drivers 68 per cent); Coloured workers in one occupation (labourers 51 per cent) while White workers were not the recipients of the highest training rate in any occupation.

Table 3.40: Training ratio by race and occupational category in 2002/03 (%)

Occupational	African	Coloured	Indian	White	Total	Rank in 2002/03
Managers	34	16	18	23	24	4
Professionals	16	10	16	19	18	9
Technicians	16	13	22	23	20	7
Admin/sec	27	21	17	21	22	6
Service/sales	33	35	22	35	33	1
Agriculture	19	19	-	26	19	8
Craft/skilled trade	21	27	19	25	23	5
Operators	27	35	19	23	29	2
Elementary	30	13	05	10	27	3
Total	28	23	18	23	25	-

Table 3.41: Training ratio by race and occupational category in 2006/07 (%)							
Occupational category	**African**	**Coloured**	**Indian**	**White**	**Total**	**Rank in 2006/07**	**Rank change 2002/03 to**
Manager	59	56	55	50	52	5	1
Professionals	53	71	74	63	62	2	7
Technicians and trade workers	62	52	73	68	64	1	5/7
Community & personal service	46	41	26	37	43	8	n/a
Clerical and administrative workers	60	59	56	48	55	4	2
Sales workers	60	52	46	57	57	3	-2
Machinery operators and drivers	49	44	68	56	50	6	-4
Labourers	48	51	35	45	48	7	-4
Total	51	52	59	56	53	-	-

How could it be that African workers overall had the lowest aggregate training rate (51 per cent) but were the biggest recipients of training in four out of eight occupational categories? This suggests that African workers must have received consistently low levels of training in the other categories. Yet African workers were the recipients of the lowest levels of training in only one category (professionals with 53 per cent). The answer to this question lies in closely examining the variance in training access by race and occupation. The variance between the occupation where Africans received the most training opportunities (Technicians and trade workers, 62 per cent) and the least training opportunities (Community & personal service workers, 46 per cent) was 16 percentage points. In comparison, the variance between highest and lowest occupational training rate for other race groups was at least double that of African workers (30 per cent for Coloured workers, 31 per cent for White workers and 48 per cent for Indian workers. This means that the training rates of African workers across occupations did not vary nearly as much as the other race groups.

The other critical dimension in variance of training rate between race groups occurred within the occupational categories. The four occupations within which there was significant variation between the training rates of race groups were: machinery operators and drivers (24 per cent), professionals (21 per cent), technicians and trade workers (21 per cent) and community & personal service workers (20 per cent). In other words on aggregate, machinery operators and drivers from one race group (Coloured workers) received 24 per cent less training than machinery operators and drivers of another race group (Indian workers). If we take professionals for example, Indian professionals (74 per cent) received 21 per cent more training than African professionals (53 per cent).

The three professions where African workers had the highest training rates (managers, clerical and administrative workers and sales workers) also happened to experience much narrower variance between training rates of race groups (9, 12 and 14 per cent respectively). This goes some way to explaining why the training rate of African workers had the lowest variation between occupational categories. Finally, in the one category, community & personal service

workers, where Africans were beneficiaries of the highest training rate (46 per cent), this occupation had by far the lowest aggregate training compared to all other occupations.

Equity targets expressed in terms of the NSDS

The discussion above is based on training rates, which are calculated as the percentage of those receiving training *within* each gender or race category. For instance, these ratios do not reflect the share of training received by Africans as a proportion of all employees.

The equity targets expressed by the NSDS refer to training access across all race groups. It was therefore necessary to calculate the distribution of all training *across* all race groups which is presented in Table 3.42.

Table 3.42: Training access by race 1999/00, 2002/03 and 2006/07(%)

Race	NSDS target	1999/00[1]		2002/03		2006/07	
African	85 Black	48	69 Black	56,3	73,3 Black	58.5	74.5 Black
Coloured		12		13,6		11.6	
Indian		9		3,4		4.4	
White	15	32		26,7		25.5	

Note: [1]Totals may not add to 100 on account of rounding off. Data for 1999/00 from Kraak et al. (2000).

The share of training obtained by Black workers has risen incrementally between 1999 and 2007, but still falls short of the NSDS target of 85 per cent. Similarly, a small shift towards the NSDS gender equity targets is reflected in Table 3.43.

Table 3.43: Training access by gender 1999/00, 2002/03, and 2006/07(%)

	NSDS target	1999/00[1]	2002/03	2006/07
Male	46	70	66,7	65.5
Female	54	30	33,3	34.5

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

THE NSDS FROM THE PERSPECTIVE OF THE NATIONAL SKILLS SURVEYS OF 2003 AND 2007

At the inception of the first NSDS, a new institutional and financial structure for the planning, incentivising and co-ordination of training was under construction (DoL, 1998; DoL 1999). These structures represented a co-ordinated approach to flexible labour market regulation and national skills development. The broad overall thrust of the National Skills Development Strategy (NSDS) for 2001-2005 was 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 broad thrust of this first NSDS was expressed in a set of five objectives (Table 3.44). The key concepts embedded in these objectives were:

a. to sustain the 'quality' of provision (note that key concepts are identified in bold type)
b. to promote skills development for 'productivity' and 'employability'
c. further purposes of skills development were 'employment growth', and 'sustainable livelihoods'
d. skills development was aimed at the 'formal economy' – though not exclusively (see 'e' and 'f' below)
e. to address 'life-long learning' needs which go beyond preparation for formal employment
f. to create links between skills development and 'social development' initiatives,
g. to assist 'new entrants' into employment
h. to give specific emphasis to 'small businesses'

Table 3.44: First NSDS Objectives 2001 to 2005 and Second NSDS Objectives 2005 to 2010[3]

	2001 to 2005	2050 to 2010
1	Developing a culture of high **quality life-long learning**	Prioritising and communicating **critical skills** for **sustainable growth**, **development** and **equity**
2	Fostering skills development in the **formal economy** for **productivity** and **employment growth**	Promoting and accelerating **quality training** for all in the **workplace**
3	Stimulating and supporting skills development in **small businesses**	Promoting **employability** and **sustainable livelihoods** through skills development
4	Promoting skills development for **employability** and **sustainable livelihoods** through **social development** initiatives	Assisting designated groups, including **new entrants** to participate in accredited work, integrated learning and work-based programmes to acquire critical skills to enter the labour market and **self-employment**
5	Assisting **new entrants** into employment	Improving the **quality** and **relevance** of provision

There are some similarities between the objectives framed for the first (2001-2005) and the second NSDS 2005-2010. But there are also differences of emphasis between the objectives and the core principles of the two strategies (Table 3.45).

[3] See Appendix A for full tables of the NSDS objectives and indicators.

Table 3.45 The Core Principles of the National Skills Development Strategy, 2005-2010
1. Support economic growth for employment creation and poverty eradication
2. Promote productive citizenship for all by aligning skills development with national strategies for growth and development
3. Accelerate Broad Based Black Economic Empowerment and Employment Equity. (85% Black, 54% women and 4% people with disabilities, including youth in all categories). Learners with disabilities to be provided with reasonable accommodation such as assistive devices and access to learning and training material to enable them to have access to and participate in skills development
4. Support, monitor and evaluate the delivery and quality assurance systems necessary for the implementation of the NSDS
5. Advance the culture of excellence in skills development and lifelong learning

Source: (DoL 2005b, Table 22)

In combination, the core principles and objectives of the second NSDS introduced new emphases and reinforced existing emphases such as:

i. highlight on 'equity' characteristics of training access
ii. support for Black Economic Empowerment
iii. support for disabled workers and work seekers
iv. stress on skills development for 'self employment',
v. strong focus on 'critical skills',
vi. strengthen the 'relevance' of training
vii. skills development for sustainable growth
viii. skills development in the workplace

It is important to clarify to what degree the objectives and principles of the two NSDS were addressed by the NSS2003 and the NSS2007.

Firstly, we need to note that a number of objectives specified in the NSDS (or the concepts embedded in certain objectives) were not specifically addressed in the NSS2003 or the NSS2007 which were focused on formal training of employed workers in small medium and large enterprises. Consequently, on the basis of this emphasis, not all of the indicators specified in the NSDS are addressed in the surveys. For example the surveys do not deal specifically with training of unemployed people.

Secondly, we must recognise that a limited number of NSDS objectives are comparable across the first and second NSDS periods. Changes in the skills development and policy terrain caused government to shift its strategic response and as a result the two NSDS sets of objectives and indicators differ.

Thirdly, because the NSS2003 and NSS2007 were kept similar for comparative purposes, the NSS questionnaires address a limited number of objectives and indicators in each NSDS:

- The NSS2003 and NSS2007 address a, b, d, g[4] and h in the first NSDS.
- The NSS2003 and NSS2007 directly address the following concepts in the second NSDS: i, iii, vi, viii.

One new item added to the NSS2007 aimed to collect data on Learnerships in enterprises. Therefore the NSS2007 reflects on the new objectives of the second NSDS only in this instance.

[4] The NSS2003 only addresses new entrants through eliciting enterprise intentions to create Learnerships. It does not obtain data on actual Learnership programmes established or Learners registered.

Fourth, even where there are similarities in key concepts between objectives (e.g. Objective 4 in the first NSDS and Objective 3 in the second NSDS) they are placed in a different arrangement. The objectives and indicators were not linked for ease of comparison across the two NSDS by the writers of the second NSDS. This makes for difficulties in comparison.

There are further analytic challenges in the arrangement of the indicators. In the first NSDS period, there were five objectives with thirteen associated indicators, whereas the second NSDS period has five objectives with twenty associated indicators. Clearly there cannot be an exact one-to-one mapping of the indicators as there are different numbers for each NSDS.

The indicators are given in the Table 3.46 below, in order as they are presented in the actual NSDS documents. It is necessary to scan the indicators to consider which indicators can be addressed by the data available in the NSS2002 and NSS2007. In each case that there is data from the NSS studies, the indicator is shaded.

Table 3.46 Indicators for the NSDS 2001-2005 and 2005-2010 compared

No	2001-5 Indicators	2005-10 Indicators
1.1.	By March 2005, 70 % of workers will have at least a level one qualification on the National Qualification Framework.	Skills development supports national and sectoral growth, development and equity priorities
1.2.	By March 2005, a minimum of 15 % of workers to have embarked on a structured learning programme, of whom at least 50 % have completed their programme satisfactorily.	Information on critical skills is widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners
1.3.	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.	
2.1.	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.	By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed
2.2.	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.	By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured
2.3.	By March 2005, Learnerships are available to workers in every sector.	By March 2010 at least 80% of government departments spend at least 1% of personnel budget on training and impact of training on service delivery measured and reported
2.4.	By March 2005, all government departments assess and report on budgeted expenditure for skills development relevant to Public Service, sector and departmental priorities.	By March 2010, at least 500 enterprises achieve a national standard of good practice in skills development approved by the Minister of Labour.
2.5.		Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the sector from the second year onwards. Impact of support measured.
2.6.		From April 2005 to March 2010 there is an annually increasing number of people who benefit from incentivised training for employment or re-employment in new investments and expansion initiatives. Training equity targets achieved. Of number trained, 100% to be South African citizens.
2.7.		By March 2010 at least 700 000 workers have achieved at least ABET level 4.
2.8.		By March 2010 , at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.
3.1.	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.	By March 2010, at least 450 000 unemployed people are trained. This training should incrementally be quality assured and by March 2010 no less than 25% of the people trained undergo accredited

		training. Of those trained at least 70% should be placed in employment, self-employment or social development programmes including (EPWP), or should be engaged in further studies. Placement categories each to be defined, measured, reported and sustainability assessed.
3.2.		By March 2010, at least 2 000 non-levy paying enterprises, Non-governmental Organisations (NGOs), Community Based Organisations (CBOs), and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.
3.3.		By March 2010, at least 100 000 unemployed people have participated in ABET level programmes of which at least 70% have achieved ABET level 4.
4.1.	By March 2003, 100% of the National Skills Fund apportionment to social development is spent on viable development projects.	By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.
4.2.	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%.	100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.
4.3.		By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.
5.1.	By March 2005, a minimum of 80 000 people under the age of 30 have entered learnerships.	By March 2010 each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public or private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.
5.2.	By March 2005, a minimum of 50% of those who have completed learnerships, within six months of completion are employed (e.g. have a job or are self-employed), in full-time study or further training, or are in a social development programme.	By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success.
5.3.		By March 2010 there are measurable improvements in the quality of the services delivered by skills development institutions and those institutions responsible for the implementation of the National Qualifications Framework (NQF) in support of the NSDS.
5.4.		By March 2010, there is an NSA constituency based assessment of an improvement in stakeholder capacity and commitment to the National Skills Development Strategy.

From McGrath and Paterson (2008) from Source: DoL 2001 and 2005b

As can be seen from the Table 3.46 above, the NSS2003 and NSS2007 data is able to reflect more on the indicators of the first NSDS than of the second NSDS. The indicators from the first NSDS that are addressed are: 1.2, 1.3, 2.1, 2.2, 2.3, 3.1, 5.1 and 5.2. The indicators from the second NSDS that are addressed are: 2.2, 2.8, and 5.3.

The table and discussion below is based on objectives specified in the NSDS for which there were targets attached, and which were specified in such a way that performance could be tracked using data emanating from the NSS 2003 and 2007.

SUMMARY: NSS2007 results relevant to the NSDS 2001-2005 and 2005-2010

Features of training that are related to NSDS targets are summarised in Table 3.47 below.

Overall, 81 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 51 and 53 per cent. The overall volume of training was satisfyingly high. Formal training was reported to be far more common than informal training, but it needs to be stressed that only 31 per cent of formal training was reported as being structured. About 8.3% per cent of all employees had exposure to NQF-aligned training in 2006/07 – a significant improvement from 3 per cent in 2002/03.

Training expenditure was a reasonable 3.0 per cent of payroll, an improvement over the NSS2003.

Across all these indicators there were large sectoral variations, which 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 below average, although SETAs were apparently more successful in reaching and servicing the needs of their larger clients.

Table 3.47: National Skills Development Strategy objectives and indicators based on data available in the National Skills Survey 2007

	Objective	Indicator	Small (11-49)	Medium (50-149)	Large (150+)
1	**Developing a culture of high-quality lifelong learning**	NSDS 1.2 - Participation in all training (enterprises)	81%		
			76%	93%	93%
		NSDS 1.2 - Participation in all training (employees)	51-53%		
			34%	43%	64%
		NSDS 1.2 - Proportion of training that is structured	31%		
			37%	30%	30%
		NSDS 1.2 - Proportion of training that is NQF-aligned	22%		
		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 NSDS II : 2.2 –Skills development in at least 40% of small levy paying firms supported	42%	81%	93%
		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	51%	84%	93%
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 NSDS II: 2.8 -125 000 workers enter and at least 50% successfully complete programmes including Learnerships and Apprenticeships	24% of firms		
		NSDS 5.1 – Share of Type 18.1 Learnerships for current employees	71%	54%	64%

		NSDS 5.2 – Share of Type 18.2 Learnerships for new entrants/unemployed persons	29%	46%	36%	
	Additional indicators relevant to objectives 2 and 3: Fostering skills development	Training expenditure as a % of payroll	3.0%			
			1.6%	1.8%	3.8%	
		Reported registration of enterprises with SETAs	62%	88%	95%	
		Satisfaction with SETAs NSDS II:5.3 – measurable improvements in the quality of the services delivered by the skills development institutions	Average to below average Unchanged 2003-2007			
	NSDS equity targets	Participation in training by race	A	C	I	W
			59%	12%	4%	25%
		Participation in training by gender	F	35%	M	65%
		Participation in training by disabled workers	0,62%			

Note: All indicators refer to the first NSDS except the following indicators from the second NSDS (NSDS II): 2.2, 2.8, and 5.3.

Overall, 55 per cent of all enterprises reported having claimed grants from the levy grant system in 2006/07, with far weaker coverage at the small enterprise level counterbalancing widespread participation among large enterprises. Use of workplace skills plans was reported by 62 per cent of all enterprises, a noticeable increase from the 51 per cent of 2002/03 but with a sharp differentiation by size. Cumulatively, 70 per cent of all enterprises reported that they were registered with a SETA, again, a notable increase from the 63 per cent of 2002/03.

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). In 2006/07 54 617 learners were registered in that year, but the NSS2007 only shows registration in a single year and cannot therefore assist in cumulative calculations of total learners registered or total learners completing their programmes. The extent to which sectors developed and launched Learnerships was concentrated in three sectors: financial services, services and manufacturing. The data of 2006/07 confirms that 62 per cent of all enterprises had 18.1 Learnership registrations, and 38 per cent of all enterprises registered 18.2 Learnerships.

There was some progress towards the equity targets but much still has to be done. Female participation in training increased from 33 per cent in 2002/03 to 35 per cent in 2006/07, but was still far from the 54 per cent target. Black participation increased over the same time from 73 per cent in 2002/03 to 75 per cent in 2006/07, but was still below the 85 per cent target. Disabled employees represented 0,77 per cent of all employees in 2006/07 and had an even smaller share of access to training (0,62 per cent, which was below the 4 per cent target, but a significant improvement from the 0.28 per cent share in 2002/03).

CHAPTER 3 APPENDIX

Table 1.1: Objectives and indicators of the National Skills Development Strategy 2001		
	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

Table 1.2: Objectives and indicators of the National Skills Development Strategy 2005-2010		
	Objectives	**Success indicators**
1	Prioritising and communicating critical skills for sustainable growth, development and equity	1. Skills development supports national and sectoral growth, development and equity priorities. 2. Information on critical skills is widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.
2	Promoting and accelerating quality training for all in the workplace	1. By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed. 2. By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured. 3. By March 2010 at least 80% of government departments spend at least 1% of personnel budget on training and impact of training on service delivery measured and reported. 4. By March 2010, at least 500 enterprises achieve a national standard of good practice in skills development approved by the Minister of Labour. 5. Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the sector from the second year onwards. Impact of support measured. 6. From April 2005 to March 2010 there is an annually increasing number of people who benefit from incentivised training for employment or re-employment in new investments and expansion initiatives. Training equity targets achieved. Of number trained, 100% to be South African citizens. 7. By March 2010 at least 700 000 workers have achieved at least ABET Level 4. 8. By March 2010, at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.
3	Promoting employability and sustainable livelihoods through skills development	1. By March 2010, at least 450 000 unemployed people are trained. This training should incrementally be quality assured and by March 2010 no less than 25% of the people trained undergo accredited training. Of those trained at least 70% should be placed in employment, self-employment or social development programmes including (EPWP), or should be engaged in further studies. Placement categories each to be defined, measured, reported and sustainability assessed. 2. By March 2010, at least 2 000 non-levy paying enterprises, Non-governmental Organisations, Community Based Organisations, and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate. 3. By March 2010, at least 100 000 unemployed people have participated in ABET level programmes of which at least 70% have achieved ABET Level 4.
4	Assisting designated groups, including new entrants to participate in accredited work, integrated learning and work-based programmes to acquire critical skills to enter the labour market and self-employment	1. By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured. 2. 100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad of whom at least 70% find placement in employment or self-employment. 3. By march 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.

Table 1.2: Objectives and indicators of the National Skills Development Strategy 2005-2010		
	Objectives	**Success indicators**
5	Improving the quality and relevance of provision	1. By March 2010 each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence within public or private institutions and through Public Private Partnerships where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training. 2. By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success. 3. By March 2010 there are measurable improvements in the quality of the services delivered by skills development institutions and those institutions responsible for the implementation of the National Qualifications Framework (NQF) in support of the NSDS. 4. By March 2010, there is an NSA constituency based assessment of an improvement in stakeholder capacity and commitment to the National Skills Development Strategy.

Source: Department of Labour (2005) National Skills Development Strategy April 2005 – March 2010 Pretoria

Chapter 4

ANALYSIS OF TRAINING RATES AND TRAINING EXPENDITURE IN PRIVATE ENTERPRISES

INTRODUCTION

This chapter focuses specifically on what the NSS2007 findings reveal about enterprise training in the 2007 year. As with the previous chapter, the analysis is based on the following enterprise size categories of small (11 – 49 employees), medium (50 – 149 employees) and large (more than 150 employees).

The chapter is structured in three sections.

The first section provides an overview of some key characteristics of private enterprises with respect 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 second section addresses the core indicator of training access – namely training rate. Training rates are discussed with reference to occupation, race, gender, SETA and enterprise size.

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

POPULATION OF ENTERPRISES

Size of enterprise and workforce

The numbers of enterprises and numbers of employees referred to in this analysis are based on the population of enterprises that paid skills development levies to the South African Revenue Service (SARS) between December 2005 and November 2006. A sample from the population of enterprises which paid the SARS levy was selected to participate in the NSS2007. The data received from these enterprises was adjusted proportionately to reflect the actual population of all enterprises that paid the skills levy. This was undertaken according to a standard statistical weighting procedure. On this basis the analysis presented here refers to a population of 42 655 private enterprises (Table 4.1). The total number of people employed in these enterprises, and whose training activities are reported on, was approximately 6.2 million.

Table 4.1: Number of enterprises and number of employees (Permanent and non-permanent) in 2006/07				
Firm Size	**Total number of enterprises**	**% share of total number of enterprises**	**Total number of employees**	**% share of total number of employees**
Small (11-49)	29 686	69.6	1 374 233	22.2
Medium (50-	10 534	24.7	1 743 650	28.1
Large (150+)	2 435	5.7	3 080 202	49.7
Total	42 655	100.0	6 198 086	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.

The reader must bear in mind that these numbers do not necessarily reflect the total population of enterprises and employees in small, medium and large enterprises in the private sector in 2006/07. This is because the population of enterprises on which the survey is based is the South African Revenue Service (SARS) dataset for enterprises that paid skills development levies between December 2005 and November 2006. The number of enterprises – and their employees – that for whatever reasons were not included in the SARS dataset for the financial year in question are not reflected. The nature and size of this group is, of course an unknown but we assume it is a relatively small population that escapes the capture of the SARS systems. 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'.

Distribution of enterprises and employment

The distribution of enterprises and employment across SETAs is shown in Table 4.2. For some sectors such as mining and banking, there was a small number of enterprises but the average enterprise size was large in relation to other sectors. For construction and manufacturing, the sectoral share of all employment was much lower than the share of all enterprises. Approximately 8 out of every 10 enterprises in the energy; health and welfare; and tourism and hospitality sectors were small enterprises. SETAs responsible for a heterogeneous membership base and large numbers of small enterprises face a greater challenge in facilitating training than SETAs with a relatively homogenous membership/client base comprising mostly medium and large enterprises.

Table 4.2: SETA share of total employment and of total number of enterprises in the sample (%) in 2006/07				
Full name of SETA	**Acronym**		**% share of total employment**	**% share of total number of enterprises**
Financial and Accounting Services	**FASSET**	1	2.2	2.2
Banking Sector Education and Training Authority	**BANKSETA**	2	3.3	0.3
Chemical Industries Education and Training Authority	**CHIETA**	3	1.1	1.8
Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	**CTFL**	4	1.9	2.1
Construction Education and Training Authority	**CETA**	5	5.4	8.6
Education, Training and Development Practices Sector Education and Training Authority	**ETDP**	7	0.6	1.3
Energy Sector Education and Training Authority	**ESETA**	8	0.4	1.4
Food and Beverages Manufacturing Industry Sector Education and Training Authority	**FOODBEV**	9	3.0	2.8
Forest Industries Sector Education and Training Authority	**FIETA**	10	2.7	2.2
Health and Welfare Sector Education and Training Authority	**HWSETA**	11	2.0	3.7
Information Systems, Electronics and Telecommunications Technologies	**ISETT**	12	1.4	2.4
Insurance Sector Education and Training Authority	**INSETA**	13	1.7	1.1
Local Government Sector Education and Training Authority	**LGSETA**	14	0.0	0.3
Advertising, Publishing, Printing and Packaging	**MAPPP**	15	1.4	3.4
Mining Qualifications Authority	**MQA**	16	18.1	1.3
Manufacturing, Engineering and Related Services Education and Training Authority	**MERSETA**	17	8.8	16.6
Safety and Security Sector Education and Training Authority	**SASSETA**	19	3.3	3.2
AGRI Sector Education and Training Authority	**AGRISETA**	20	7.0	7.6
Services Sector Education and Training Authority	**SERVICES**	23	13.9	15.0
Tourism and Hospitality Education and Training Authority	**THETA**	25	4.3	5.4
Transport Education and Training Authority	**TETA**	26	2.9	3.2
Wholesale and Retail Sector Education and Training Authority	**W&RSETA**	27	14.5	14.1
	Total		100.0	100.0

Note: Table 4.2 gives the full name of each SETA, together with its acronym and its official code & number. Subsequent tables only use the SETA acronym and code & number.)

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Ownership

The extent to which local or foreign ownership influences training propensity is of some interest. Foreign involvement was more evident through full ownership (6.3 per cent) than through joint venture (1.6 per cent). The proportion of joint ventures and of foreign owned enterprises both increased with enterprise size (Table 4.3). Nearly one in four large enterprises (24.2 per cent) was entirely foreign owned or owned in a joint venture.

Table 4.3: Ownership by enterprise size (%) in 2006/07				
Enterprise size	**South African**	**Joint venture**	**Foreign**	**Group total**
Small (11-49)	95.0	0.6	4.4	100.0
Medium (50-149)	87.7	3.6	8.6	100.0
Large (150+)	75.8	4.8	19.4	100.0
Total	92.1	1.6	6.3	100.0

Table 4.4 shows the distribution of enterprises by ownership and SETA. High levels of joint venture or foreign ownership occured in particular sectors. Joint ventures were prevalent in the chemical industries and information technology sectors, while foreign ownership was more strongly evident in the chemicals, clothing, textiles, footwear and leather, insurance and manufacturing sectors.

Joint venture *and* foreign ownership was concentrated particularly in the chemicals (21.7 per cent) and information technology (18.0 per cent) sectors.

Table 4.4: Ownership by SETA (%) in 2006/07					
SETA	**SETA code**	**South African**	**Joint venture**	**Foreign**	**Group total**
FASSET	1	95.7	4.3	0.0	100.0
BANKSETA	2	93.4	0.0	6.6	100.0
CHIETA	3	78.3	8.7	13.0	100.0
CTFL	4	86.3	1.3	12.4	100.0
CETA	5	97.8	0.3	1.9	100.0
ETDP	7	92.7	0.7	6.6	100.0
ESETA	8	95.1	0.0	4.9	100.0
FOODBEV	9	93.3	0.0	6.7	100.0
FIETA	10	94.1	2.1	3.9	100.0
HWSETA	11	92.8	3.4	3.8	100.0
ISETT	12	82.0	7.8	10.2	100.0
INSETA	13	95.9	4.1	0.0	100.0
LGSETA	14	100.0	0.0	0.0	100.0
MAPPP	15	94.2	1.7	4.1	100.0
MQA	16	91.6	2.8	5.6	100.0
MERSETA	17	88.2	0.8	11.1	100.0
SASSETA	19	100.0	0.0	0.0	100.0
AGRISETA	20	96.2	0.7	3.1	100.0
SERVICES	23	92.3	2.2	5.5	100.0
THETA	25	89.5	1.8	8.6	100.0
TETA	26	89.3	1.8	8.9	100.0
W&RSETA	27	92.4	1.0	6.6	100.0
Total		92.1	1.6	6.3	100.0

Number of years in operation

Table 4.5 shows the mean and median age of enterprises by size. The age of an enterprise seemed to be related to size, where larger enterprises tended to be older than small enterprises. More than one in every four enterprises had been in existence between 20 and 50 years.

The median presents the 'middle' value: 50 per cent of cases lie below and 50 per cent of cases lie above this value. It is a measure of central tendency and is not sensitive to outlying values. In the case of large enterprises, it shows that 50 per cent of all large enterprises are older than 27 years.

Table 4.5: Number of years in operation by enterprise size in 2006/07

Enterprise size	Mean	Median
Small (11-49)	18.8	14
Medium (50-149)	24.7	18
Large (150+)	39.5	27
Total	21.4	15

Table 4.6 shows the mean and median age of enterprises by SETA. The mean age of all enterprises was 21.4 years but the shorter mean age in the services, information technology, banking, transport, and construction sectors suggests that in these sectors a number of new enterprises were established in the recent past. This is suggestive of recent economic growth in these sectors.

For example, enterprises in the banking sector have an average age of 18.7 years whereas 50 per cent of those enterprises have been in existence for less than 7 years. This suggests that there are certain enterprises in the banking sector that are much older than other enterprises in the sector, and that the number of banks has expanded relatively recently.

Table 4.6: Number of years in operation by SETA in 2006/07			
SETA	**SETA code**	**Mean**	**Median**
FASSET	1	27.3	15
BANKSETA	2	18.7	7
CHIETA	3	24.4	22
CTFL	4	30.7	17
CETA	5	19.8	15
ETDP	7	25.1	12
ESETA	8	22.7	22
FOODBEV	9	20.5	14
FIETA	10	24.5	17
HWSETA	11	20.1	12
ISETT	12	15.5	13
INSETA	13	21.1	15
LGSETA	14	20.0	17
MAPPP	15	29.2	19
MQA	16	29.5	20
MERSETA	17	23.0	20
SASSETA	19	21.4	13
AGRISETA	20	26.2	20
SERVICES	23	13.3	10
THETA	25	20.8	15
TETA	26	19.5	13
W&RSETA	27	22.2	18
Total		21.4	15

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 appeared to be a slightly negative correlation between overall training rate and the age of enterprises, this correlation was not statistically significant at the 95% confidence interval.

POPULATION OF EMPLOYEES

Distribution of permanent and non-permanent employees

The total number of enterprises and employees in this study refers to has been described described. Table 4.7 shows a breakdown of employees by permanent, non-permanent and disabled employees by enterprise size. Non-permanent employees comprised 17.4 per cent of employment in the 2006/7 year (Table 4.8). The proportion of permanent to non-permanent employees did not differ markedly between small and medium enterprises at about five-to-one. The proportion of non-permanent employees in large enterprises was much smaller than in small and medium enterprises.

Table 4.7: Employee status by enterprise size in 2006/07			
Enterprise size	**Permanent employees (including disabled)**	**Non-permanent employees (including disabled)**	**Total number of employees**
Small (11-49)	1 090 450	283 783	1 374 233
Medium (50-149)	1 332 573	411 077	1 743 650
Large (150+)	2 694 834	385 368	3 080 202
Total	5 117 857	1 080 228	6 198 086

Table 4.8: Employee status by enterprise size in 2006/07 (%)				
Enterprise size	**Permanent employees (including disabled)**	**Non-permanent employees (including disabled)**	**Disabled employees (permanent and non-permanent)**	**Total number of employees**
Small (11-49)	79.3	20.7	0.5	100.0
Medium (50-149)	76.4	23.6	1.2	100.0
Large (150+)	87.5	12.5	0.6	100.0
Total	82.6	17.4	0.8	100.0

Table 4.9 shows a breakdown of employee numbers according to their employment status by SETA. The distribution of employment at the SETA level shows that the 1 080 228 non-permanent employees were unevenly distributed between SETAs. Agriculture, services and the wholesale and retail sectors had high proportions of non-permanent employees in their employ.

Table 4.9: Employee status by SETA in 2006/07					
SETA		**Permanent employees (including disabled)**	**Non-permanent employees (including disabled)**	**Disabled employees (permanent and non-permanent)**	**Total number of employees**
FASSET	1	134 764	4 041	858	138 806
BANKSETA	2	183 975	21 621	1 040	205 596
CHIETA	3	60 973	6 358	340	67 331
CTFL	4	109 190	10 384	783	119 574
CETA	5	268 561	63 064	907	331 625
ETDP	7	30 224	4 492	153	34 716
ESETA	8	21 655	1 456	89	23 111
FOODBEV	9	165 790	20 999	793	186 789
FIETA	10	165 412	4 840	1 800	170 252
HWSETA	11	90 128	34 944	6 108	125 072
ISETT	12	81 549	7 566	274	89 115
INSETA	13	95 636	7 694	319	103 330
LGSETA	15	2 111	36		2 148
MAPPP	16	76 739	9 794	500	86 533
MQA	17	976 169	142 952	9 434	1 119 122
MERSETA	19	509 507	38 221	11 691	547 729
SASSETA	20	187 471	16 729	391	204 199
AGRISETA	22	275 063	161 858	1 759	436 921
SERVICES	23	583 447	275 659	2 861	859 106
THETA	25	239 500	26 622	2 912	266 122

Table 4.9: Employee status by SETA in 2006/07					
SETA		Permanent employees (including disabled)	Non-permanent employees (including disabled)	Disabled employees (permanent and non-permanent)	Total number of employees
TETA	26	163 133	17 117	1 530	180 250
W&RSETA	27	696 859	203 781	3 107	900 640
Total		5 117 857	1 080 228	47 648	6 198 086

Table 4.10 describes employee status in percentage by SETA. According to this breakdown, the proportion of non-permanent employees varied considerably between sectors. There were four sectors where the proportion of non-permanent employees exceeded 20 per cent. They were: health and welfare, agriculture, services, and wholesale and retail. Sectors with the lowest proportion of non-permanent employees included the financial and accounting services and forest industry sectors.

Table 4.10: Employee status by SETA (%) in 2006/07					
SETA		Permanent employees (including disabled)	Non-permanent employees (including disabled)	Disabled employees (permanent and non-permanent)	Total number of employees
FASSET	1	97.1	2.9	0.6	100.0
BANKSETA	2	89.5	10.5	0.5	100.0
CHIETA	3	90.6	9.4	0.5	100.0
CTFL	4	91.3	8.7	0.7	100.0
CETA	5	81.0	19.0	0.3	100.0
ETDP	7	87.1	12.9	0.4	100.0
ESETA	8	93.7	6.3	0.4	100.0
FOODBEV	9	88.8	11.2	0.4	100.0
FIETA	10	97.2	2.8	1.1	100.0
HWSETA	11	72.1	27.9	4.9	100.0
ISETT	12	91.5	8.5	0.3	100.0
INSETA	13	92.6	7.4	0.3	100.0
LGSETA	15	98.3	1.7	0.0	100.0
MAPPP	16	88.7	11.3	0.6	100.0
MQA	17	87.2	12.8	0.8	100.0
MERSETA	19	93.0	7.0	2.1	100.0
SASSETA	20	91.8	8.2	0.2	100.0
AGRISETA	22	63.0	37.0	0.4	100.0
SERVICES	23	67.9	32.1	0.3	100.0
THETA	25	90.0	10.0	1.1	100.0
TETA	26	90.5	9.5	0.8	100.0
W&RSETA	27	77.4	22.6	0.3	100.0
Total		82.6	17.4	0.8	100.0

Disabled employees

Data on disabled workers is reported on a consolidated basis (i.e. inclusive of permanent and non-permanent disabled employees) to maximise accuracy of returns. The proportion of disabled employees was about 0.8 per cent of the total number of employees, or less than one

in every one hundred workers (Table 4.11). The data suggests that proportionately more disabled people were employed in medium sized than in small and large enterprises.

Table 4.11: Disabled employees by enterprise size in 2006/07			
Enterprise size	**Disabled employees (permanent and non-permanent)**	**Total number of employees**	**Disabled employees (permanent and non-permanent)**
Small (11-49)	7 425	1 374 233	0.5
Medium (50-149)	20 777	1 743 650	1.2
Large (150+)	19 447	3 080 202	0.6
Total	47 648	6 198 086	0.8

At the SETA level, there was wide variation in the employment of disabled workers. There were small proportions of disabled workers in the following sectors which varied from 0.2 per cent in the security sector to 0.3 per cent in the construction, information technology, insurance services, and wholesale and retail and services sectors. Substantially higher proportions of disabled workers were employed in the health and welfare (4.9 per cent) and manufacturing sectors (2.1 per cent).

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Table 4.12: Employee status by SETA in 2006/07				
SETA		**Disabled employees (permanent and non-permanent)**	**Total number of employees**	**Disabled employees (permanent and non-permanent)**
FASSET	1	858	138 806	0.6
BANKSETA	2	1 040	205 596	0.5
CHIETA	3	340	67 331	0.5
CTFL	4	783	119 574	0.7
CETA	5	907	331 625	0.3
ETDP	7	153	34 716	0.4
ESETA	8	89	23 111	0.4
FOODBEV	9	793	186 789	0.4
FIETA	10	1 800	170 252	1.1
HWSETA	11	6 108	125 072	4.9
ISETT	12	274	89 115	0.3
INSETA	13	319	103 330	0.3
LGSETA	15		2 148	0.0
MAPPP	16	500	86 533	0.6
MQA	17	9 434	1 119 122	0.8
MERSETA	19	11 691	547 729	2.1
SASSETA	20	391	204 199	0.2
AGRISETA	22	1 759	436 921	0.4
SERVICES	23	2 861	859 106	0.3
THETA	25	2 912	266 122	1.1
TETA	26	1 530	180 250	0.8
W&RSETA	27	3 107	900 640	0.3
Total		47 648	6 198 086	0.8

Employees who left employment in 2006/07

The attrition rate of employees is a potentially important driver of training activities. Table 4.13 reveals the number and percentage of permanent employees leaving employment in 2006/07 by enterprise size. There was a 4.9 per cent difference in the proportion of employees leaving small enterprises and those leaving medium enterprises in the year in question. This was a relatively large difference, the causes of which would need to be pursued. Though not by any means a major driver of employee movement, access to skills development within a planned career path are favourable factors that enhance employee loyalty to an enterprise.

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

Table 4.13: Number of permanent employees leaving employment by enterprise size in 2006/07

Enterprise size	Number of permanent employees	Number leaving	Number leaving as a % of permanent employees only
Small (11-49)	1 085 065	147 600	13.6
Medium (50-149)	1 274 133	235 178	18.5
Large (150+)	2 688 373	399 495	14.9
Total	5 047 570	782 274	15.5

Note: The data in this table excludes enterprises that reported staff turnover of ≥100%.

Table 4.14 shows the distribution of permanent employees leaving employment in 2006/07 by SETA. At the SETA level, there were economic sectors where the proportion of employees leaving was higher than the average of 15.5 per cent. Worst affected were the services sector (24.7 per cent), wholesale and retail (23.7 per cent), information systems, electronics and telecommunications technologies (22.4 per cent) and safety and security (19.4 per cent).

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

Table 4.14: Number of permanent employees leaving employment by SETA in 2006/07				
Enterprise size		Number of permanent employees	Number leaving	Number leaving as a % of permanent employees only
FASSET	1	134 747	25 467	18.9
BANKSETA	2	183 975	4 343	2.4
CHIETA	3	60 973	7 099	11.6
CTFL	4	107 422	18 306	17.0
CETA	5	268 561	32 438	12.1
ETDP	7	30 224	5 081	16.8
ESETA	8	21 655	2 327	10.7
FOODBEV	9	165 790	24 486	14.8
FIETA	10	158 396	17 806	11.2
HWSETA	11	89 813	13 909	15.5
ISETT	12	81 549	18 239	22.4
INSETA	13	95 636	18 053	18.9
LGSETA	14	2 111	291	13.8
MAPPP	15	76 739	8 800	11.5
MQA	16	971 057	90 413	9.3
MERSETA	17	509 237	66 301	13.0
SASSETA	19	176 550	34 231	19.4
AGRISETA	20	272 107	42 385	15.6
SERVICES	23	543 438	134 425	24.7
THETA	25	239 500	25 420	10.6
TETA	26	162 009	27 805	17.2
W&RSETA	27	696 079	164 649	23.7
Total		5 047 570	782 274	15.5

Note: Excluding all firms with staff turnover reported to be 100% or more.

The possibility that employee turnover is related to training propensity was explored. Although there was a slight positive correlation between the training ratio and the employee turnover ratio, this association was not found to be statistically significant at the 95% confidence interval.

TRAINING RATES IN PRIVATE ENTERPRISES IN SOUTH AFRICA IN 2006/07

A 'training ratio' or a 'training rate' can be calculated by dividing the number of employees who receive training by the total number of employees, and serves as a simple and useful measure of training access. The definition of training used in the NSS2007 covers a broad range of activities and seeks not to prejudice any form of training exposure in the process of 'measuring' training activities (See Methodology Chapter for discussion). The OECD uses a similarly broad measure (e.g. O'Connell 1999: 6). The aim is to apply the same definition on a recurrent basis over time, so that change could be observed.

The NSS 2007 questionnaire elicited data for the calculation of a training rate through questions that were aimed to obtain:

(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, and by occupational category, SETA and enterprise size.

An advantage of this procedure is that the two different datasets provide an opportunity to cross-check results on training rates among permanent employees that were produced from two different questions. The training rates are summarized in Table 4.15.

Table 4.15: Training rates for permanent personnel in comparison with rates for non-permanent and disabled personnel in NSS2007

Question as 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 2006/07 financial year by the following categories: permanent, non-permanent and disabled	Aggregated	Permanent, non-permanent and disabled employees	51
B 3.3 and 3.4	Please **provide a breakdown of estimated numbers of permanent employees** who participated in training during the 2006/07 financial year by: • occupation group and gender	Disaggregated by occupation and gender	Permanent employees only	53
	Please **provide a breakdown of estimated numbers of permanent employees** who participated in training during the 2006/07 financial year by: • occupation group and population group	Disaggregated by occupation and race		

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

The aggregate training rate of all employees (A) (based on data from question 3.2) was 51 per cent. This can be disaggregated into a 24 per cent training ratio for disabled employees, a 34 per cent training ratio for non-permanent employees, and a 53 per cent training ratio for permanent employees (see Table 4.16).

Table 4.16: Training ratio of permanent, non-permanent and disabled employees by enterprise size (%) (Training Rate A) in 2006/07				
Enterprise size	**Training ratio of permanent employees (including disabled)**	**Training ratio of non-permanent employees (including disabled)**	**Training ratio of disabled employees (permanent and non-permanent)**	**Training ratio of all employees**
Small (11-49)	33	22	28	31
Medium (50-	45	38	12	44
Large (150+)	66	39	37	64
Total	53	34	24	51

Given that the number of permanent employees was much larger than that of non-permanent and disabled employees, the relatively higher training rate among permanent employees raised the training rate for all employees to 51%.

A sizeable proportion of employees in private enterprises, or 17.4 per cent of the workforce, worked 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. Employers evidently discriminated in favour of permanent employees, probably in response to pressure from trade unions and the legislative environment. Overall, the training rate of non-permanent employees was less than that of permanent employees (Table 4.16). Medium and large enterprises provide a much higher proportion of training to non-permanent staff than small enterprises.

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

Training rate calculated for permanent employees: Training rate B

Training rate (B) was calculated from disaggregated information elicited from responses to question 3.3 and 3.4, producing a training rate of 53 per cent (Table 4.17).

Table 4.17: Training rate of permanent employees (Training Rate B) in 2006/07	
Enterprise size	**Training rate**
Small (11-49)	34
Medium (50-149)	43
Large (150+)	64
Total	53

The relationship between enterprise size and training rates was examined and it was found that the relationship is statistically significant at the 95% confidence interval. Training rates increase with enterprise size – thus enterprise size is a key factor in training.

Comparison of training rates 2000, 2002/3 and 2006/07

A very important trend that policy makers and practitioners are watching is change in the propensity of enterprises to provide skills development opportunities for workers. Therefore we briefly present the evolution of training rate in South African private sector enterprises was calculated in three successive investigations of workforce training conducted by the HSRC.

Diagram 1 illustrates training continua for 2000, 2003 and 2007 expressed in percentages.

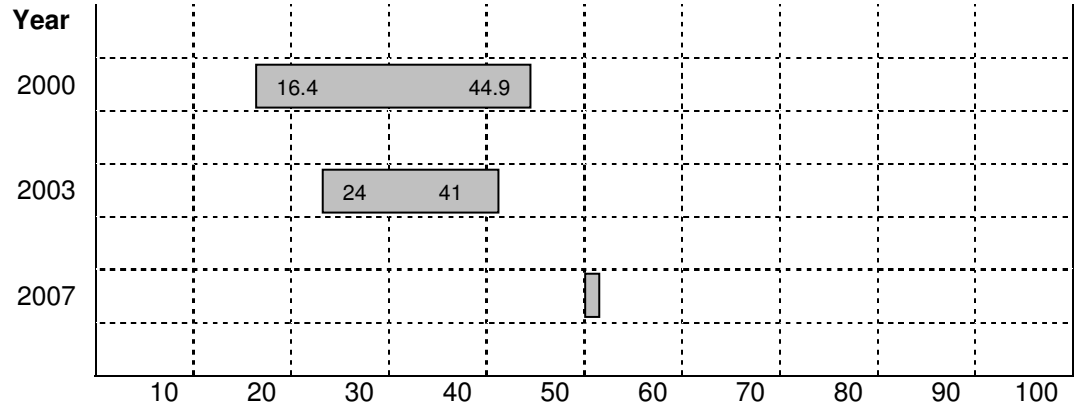
2000 Baseline Survey

The Baseline Survey of Industrial Training in South Africa of 2000, conducted by the HSRC, defined a continuum between two points, 16.4 and 44.9 per cent, which represented the probable minimum and maximum levels of training in South Africa (Kraak et al. 2000).

The complexity of the 2000 survey form and the data-gathering method produced a large number of incomplete survey responses (Kraak et al. 2000). The 2000 survey yielded 670 returns in all. Within this set of returned questionnaires, a relatively low number of enterprises (384 or 57 per cent of all returns) provided complete, usable data on their training activities.

One calculation of training rate was based on the assumption that a significant proportion of enterprises that provided not data for training were not actively training a *minimum level of training* was calculated that was based on the known training activity in 384 enterprises in relation to the total employment of 379 322 employees in all 670 enterprises. This was calculated to be 16.4 per cent in 2000.

Diagram 1: Training rate continua for 2000, 2003 and 2007 (%)



However, the minimum level of training as calculated above was understood to be a pessimistic indicator of training activity. The probability that a numbers of enterprises

provided training but did not record this in their questionnaires had to be entertained. In this case, it was assumed that the training rate would be higher than 16.4%.

In order to bracket the possible range within which overall training could fall, a second calculation was done, based only on the returns from enterprises that provided data on the training they provided. A *maximum training rate*, based on known training activity reported by only 384 enterprises, involving only 138 487 employees was calculated to be 44.9 per cent. This figure was optimistic, but at least set the upper limit on the possible training rate in 2000.

National Skills Survey 2003

In the NSS2003, two training rates were calculated in the same way that two training rates were calculated for the NSS2007. In 2002/3 the Training Rate A was 41 per cent and the Training Rate B was 24 per cent (Diagram 1). Training rates A and B differed because the questions asked for respondents to provide information in different ways. For training rate A, respondents were required to provide a global estimate of the numbers of permanent, non-permanent and disabled workers receiving training in their enterprise. In training rate B, data disaggregated at a detailed level by occupation and race was required only for training received by permanent employees. We used Training Rate B for all analysis of training rates disaggregated by occupation, race, gender etc.

The calculation of two different training rates in the NSS2003 meant that a single 'precise' or 'true' overall training rate was not calculated. It was deemed preferable to make reference to both training rates as a means of bracketing the range in which the overall training rate probably lie. Having two perspectives on the training rate was not considered problematic because they served as perspectives – a ball-park estimate and a detailed breakdown - on the same phenomenon. If the methodology was replicated, change in the two rates could be traced over time.

National Skills Survey 2007

The method of calculating training rates in the NSS2003 was replicated precisely in the NSS2007, and produced a training rate of 51 per cent for all employees and 53 per cent for permanent employees. The training rate of very close to a single figure for 2007 (Diagram 1) can be ascribed to a significant improvement in the business information systems and reporting capabilities of enterprises. Also, given the larger sample size of the NSS2007, and that training rates were calculated from detailed responses on training activities among permanent employees, it is with reasonable confidence that we can say that the training rate in South Africa currently stands at over one in every two employees.

Having discussed the training rates at the national level, training rates for permanent employees (based on training rate B), will be disaggregated for further analysis.

TRAINING RATE BY OWNERSHIP CATEGORY

The discussion now turns to training rates of permanent employees by enterprise ownership status and size. Overall, greater access to training was reported in joint venture enterprises (71 per cent) than in their South African counterparts (50 per cent) and foreign enterprises (47 per cent) (Table 4.18).

The pattern of training rates rose as size increased for South African enterprises, but this did not appear to hold for the joint venture and foreign enterprise categories. Though medium sized joint venture companies seem to invest significantly in training there were wide variations in the training rate of joint ventures between small, medium and large enterprises.

Table 4.18: Training rate of permanent employees by ownership status and enterprise size (%) in 2006/07

Enterprise size	South African	Joint venture	Foreign	Total
Small (11-49)	34	31	52	34
Medium (50-149)	42	80	36	43
Large (150+)	61	69	59	64
Total	50	71	47	53

In five sectors South African enterprises had a training rate of more than 60 per cent whereas in four sectors joint venture enterprises had a training rate of more than 70 per cent and in six sectors foreign enterprises reported a training rate of more than 80 per cent (Table 4.19).

Foreign and joint venture enterprises were relatively unevenly distributed across economic activities. It is clear that even though joint venture enterprises in the aggregate seemed to have trained more than South African enterprises, there was considerable variation within that group at the SETA level. For instance, joint ventures in ISETT and HWSETA appeared to train less than South African and foreign enterprises. There was volatility of training rates among joint venture and foreign enterprises, and anomalies in the data probably derive from small numbers in the sub-sample. Further research would need to be undertaken in order to understand the dynamics of training among foreign enterprises.

Table 4.19: Training rate of permanent employees by ownership status and SETA in 2006/07					
SETA		**South African**	**Joint venture**	**Foreign**	**Total**
FASSET	1	63	52		62
BANKSETA	2	89		87	89
CHIETA	3	48	51	83	55
CTFL	4	16	20	66	34
CETA	5	34	31	54	35
ETDP	7	62	74	91	64
ESETA	8	31		35	33
FOODBEV	9	58		25	57
FIETA	10	68	0	83	68
HWSETA	11	60	18	82	60
ISETT	12	51	6	40	48
INSETA	13	72	90		83
LGSETA	14	10			10
MAPPP	15	34	71	40	36
MQA	16	56	56	29	56
MERSETA	17	51	94	35	49
SASSETA	19	43			43
AGRISETA	20	43		9	42
SERVICES	23	34	84	29	58
THETA	25	36	44	47	41
TETA	26	31		100	31
W&RSETA	27	41		60	42
Total		50	71	47	53

TRAINING BY OCCUPATION

Analysis of training by occupational category is integral to our understanding of how upgrading of the workforce is taking place. The empirical base of such work rests on systems of classifying classes and sub-classes of occupations. For the National Skills Survey of 2003, a South African sub-variant of the International Standard Occupational Code (ISOC) classification system was used as required by the South African Department of Labour. Recently, the Department adopted a new occupational classification system – the Organising Framework for Occupations (OFO) - which was applied in the NSS2007. The use of different sets of occupational categories between the NSS2003 and NSS2007 placed some limits on comparison between the two surveys.

Table 4.20 shows training rates of permanent employees by occupational group expressed in percentages. Training ratios ranged over twenty percentage points from just over four-in-ten trained among 'community and personal service workers' to over six-in-ten for 'technicians and trade workers'. The occupation with the highest training ratio, 'technicians and trade workers' in 2007, suggests that South African employers across economic sectors had invested before and during that year in upgrading or acquiring new technologies which changed

business processes involving technicians and as a result, required training and upgrading of skills levels.

Table 4.20: Training rate of permanent employees by occupational group in 2006/07 (%)	
Occupational category	**Training rate**
Managers	52
Professionals	62
Technicians and trade workers	64
Community & personal service workers[1]	43
Clerical and administrative workers	55
Sales workers	57
Machinery operators and drivers	50
Labourers	48
Total	53

Higher training rates were evident in high skilled occupations where six out of every ten 'professionals' (62 per cent) and 'technicians and trade workers' (64 per cent) received training. Other occupational categories benefiting from exposure to training above the mean included 'sales workers' (57 per cent) and 'clerical and administrative workers' (55 per cent), which suggests that across sectors, businesses allocated resources to sales and to customer service functions

Lower training levels among 'managers' (52 per cent) presents somewhat as an anomaly in relation to enhanced levels of training access among other high skill occupations. Further attention may be warranted to unpack this finding.

The new category of 'community & personal service workers' (43 per cent) must be observed over time to establish training patterns in this group. This category of worker contains occupations that are segmented on the basis of gender and race, as well as between private and public sector. The demography and general skills make-up of these workers will be important factors is assessing their training rate in future

Overall, the skills development regime was clearly oriented away from low-skill occupational categories of worker, because the two low-skill categories, 'machinery operators and drivers' (50 per cent), and 'labourers' (48 per cent) received the lowest exposure to training. This is clearly undesirable. Even though such a pattern is replicated in many national training and skills development systems internationally, we must be mindful that historical policies of racial discrimination in education and in occupational access have produced a persistent pattern of association between race and low skill occupations. This legacy presents a standing challenge to policy dealing with racial equity in the conjunct fields of training and occupational opportunities.

[1] Community and personal service workers "assist health professionals in the provision of patient care, provide information and support on a range of social welfare matters, and provide other services in the areas of aged care and childcare, education support, hospitality, defence, policing and emergency services, security, travel and tourism, fitness, sports and personal services". ANZCO (2006), INSETA (2008) (See Appendix for a list of sub-occupations)

TRAINING RATE BY ENTERPRISE SIZE AND SETA

The analysis now proceeds to address training rates of permanent employees by enterprise size and SETA. Enterprises and SETAs are the fundamental institutional building blocks of policy development, and also of analysis.

Training rate by enterprise size

The training rate of large enterprises (64 per cent) was almost double the rate of small enterprises (34 per cent), which means that in the year in question, a worker employed in a large enterprise was twice as likely to receive training as her contemporary in a small enterprise (Table 4.21). Given that over half of all permanent employees in 2007 were employed in large enterprises, this is a positive outcome because this majority had the benefit of a relatively high probability to receive training. On the other hand, in small enterprises where training is most difficult to mobilise – for both enterprise and SETA – just over one million workers had only a one-in-three chance of some exposure to training.

Table 4.21: Training rate of permanent employees by enterprise size and SETA (%) in 2006/07

SETA		Small (11-49)	Medium (50-149)	Large (150+)	Total
FASSET	1	53	48	79	62
BANKSETA	2	59	81	89	89
CHIETA	3	39	46	82	55
CTFL	4	15	9	46	34
CETA	5	30	35	48	35
ETDP	7	60	63	82	64
ESETA	8	30	37	35	33
FOODBEV	9	22	53	83	57
FIETA	10	27	13	84	68
HWSETA	11	44	59	68	60
ISETT	12	58	47	42	48
INSETA	13	66	69	87	83
LGSETA	14	10			10
MAPPP	15	24	38	54	36
MQA	16	34	61	56	56
MERSETA	17	46	43	69	49
SASSETA	19	49	35	41	43
AGRISETA	20	29	49	57	42
SERVICES	23	31	43	78	58
THETA	25	45	34	44	41
TETA	26	16	37	35	31
W&RSETA	27	28	48	49	42
Total		34	43	64	53

Training rate at SETA level

There was a massive range in training rates between SETAs (Table 4.21). Training rate ranged between a low of 31 per cent for TETA and 89 per cent for BANKSETA generating a difference of close to 60 per cent (Table 4.21). SETAs with training ratios of 35 per cent or less included CTFL, CETA, ESETA and TETA. The only sectors with very high training rates were BANKSETA (89 per cent) and INSETA (83 per cent) in the broad banking and insurance economic sectors.

When the SETA training rates are disaggregated by enterprise size, different distributions of training between SETAs emerge. For example, in the financial services, banking and insurance sectors, the propensity to train was highest among large enterprises. In contrast, small enterprises were inclined to train more in the information systems, electronics and telecommunications technologies and tourism and hospitality sectors.

It is also apparent that medium enterprises did not necessarily fall in between small and large enterprises in terms of their propensity to train. Put differently, within South African economic sectors, the propensity to train does not necessarily shift linearly between the enterprise sizes. For example, in the energy, mining and transport SETAs, training rates of medium sized enterprises were the highest, whereas in the clothing, forestry and safety and security SETAs, training rates of medium sized enterprises were the lowest of the size groups.

TRAINING RATE AND GENDER

Training rate of permanent employees by gender and enterprise size is an integral dimension to assess for equity purposes. The data shows that there was a 5 per cent difference between the aggregate male and female training ratios (51 and 56 per cent respectively). It is clear that even on the first-level indicator of training rate, South African workplaces showed some transformation in favour of gender equity in access to training.

Contrary to NSS2003 findings, the tendency for females to receive more training than males was visible across all enterprise size groups (Table 4.22). Large enterprises reveal the widest difference between female (69 per cent) and male (61 per cent) training rates (a difference of 8 per cent).

Table 4.22: Training rate of permanent employees by gender and enterprise size (%) in 2006/07

SETA	Small (11-49)	Medium (50-149)	Large (150+)	Total
Male	34	41	61	51
Female	35	48	69	56
Total	34	43	64	53

Table 4.23 shows training rates of permanent employees by gender and SETA expressed as percentages. It was observed that the overall training rate across the different SETAs varies considerably. This variation sets the parameters within which access to training by gender is experienced. There was greater variation in training rate between SETAs than between male and female workers within SETAs.

In fourteen SETAs, the training rate for female workers was higher than for male workers. This difference was most evident in CHIETA, HWSETA, SERVICES and BANKSETA where the female worker training rate was 22 per cent, 21 per cent, 13 per cent, and 12 percentage points higher than the male worker training rate respectively. In eight SETAs, the training rate for male workers was higher than for female workers. This difference was most striking in FIETA and CTFL where the male worker training rate was 18 per cent and 13 percentage points higher than the female worker training rate respectively.

Table 4.23: Training rate of permanent employees by gender and SETA in 2006/07 (%)

SETA		Male (D)	Female (E)	Total	Difference (D) – (E)
FASSET	1	59	67	62	-8
BANKSETA	2	81	93	89	-12
CHIETA	3	48	70	55	-22
CTFL	4	41	28	34	14
CETA	5	34	41	35	-7
ETDP	7	66	63	64	3
ESETA	8	32	36	33	-4
FOODBEV	9	55	59	57	-4
FIETA	10	72	54	68	18
HWSETA	11	43	65	60	-22
ISETT	12	48	50	48	-2
INSETA	13	78	87	83	-9
LGSETA	15	19	4	10	16
MAPPP	16	33	41	36	-8
MQA	17	56	63	56	-7
MERSETA	19	50	44	49	6
SASSETA	20	45	39	43	6
AGRISETA	22	43	41	42	2
SERVICES	23	51	64	58	-13
THETA	25	38	45	41	-7
TETA	26	33	26	31	7
W&RSETA	27	42	42	42	0
Total		51	56	53	-6

TRAINING RATE AND RACE

Table 4.24 shows training rates of permanent employees by race and enterprise size expressed as percentages. Overall, training exposure by race varied between a low of 51 per cent for African workers to a high of 59 per cent for Indian workers while Coloured and White workers were exposed to training on a 52 per cent and 56 per cent basis, respectively. There was a 9 percentage point difference between the highest and lowest training rates between race groups in 2007. This is a warning sign that the human capital potential and the redress needs of African workers are not being addressed sufficiently.

There was a clear pattern of racial differences in training access between small, medium and large enterprises. African workers in small enterprises (31 per cent) were exposed to the lowest

training rate, whereas White workers in large enterprises (70 per cent) were exposed to the highest training rate. Clearly, firm size emerged in 2007 as a critical determinant of training rate as experienced by race group. This meant that for every race group, access to training was better in larger enterprises.

Table 4.24: Training rate of permanent employees by race and enterprise size in 2006/07 (%)

SETA	Small (11-49)	Medium (50-149)	Large (150+)	Total
Black	32	42	62	52
African	31	41	61	51
Coloured	39	44	66	52
Indian	32	56	68	59
White	39	45	70	56
Total	34	43	64	53

TRAINING RATE BY OCCUPATIONAL CODE AND RACE

Table 4.25 shows training rates of permanent employees by race and occupational categories expressed as percentages.

In 2006/07, Africans in the following four occupations were exposed to highest levels of training across the race groups: 'clerical and administrative workers' (60 per cent), 'sales workers' (60 per cent), 'managers' (59 per cent), and 'community & personal service workers' (46 per cent). Other race groups were the beneficiaries of the highest training ratios in occupations as follows: Indian workers in three occupations (professionals 74 per cent; technicians and trade workers 73 per cent; and machinery operators and drivers 68 per cent); Coloured workers in one occupation (labourers 51 per cent) while White workers were not the recipients of the highest training rate in any occupation.

African workers overall had the lowest training rate (51 per cent) but were the biggest recipients of training in four out of eight occupational categories. This suggests that the training rates of African workers across occupations did not vary nearly as much as the other race groups.

The other critical dimension in variance of training rate between race groups occurred within occupational categories. The four occupations within which there was significant variation between the training rates of race groups were: 'machinery operators and drivers' (24 per cent), 'professionals' (21 per cent), 'technicians and trade workers' (20 per cent) and 'community & personal service workers' (20 per cent). The two professions where African workers had the highest training rates – 'clerical and administrative workers' and 'sales workers' - had much narrower variance between training rates of race groups (12 and 14 per cent respectively). This goes some way to explaining why the training rate of African workers had the lowest variation between occupational categories. Finally, in one category, 'community & personal service workers', Africans were beneficiaries of the highest training rate (46 per cent) but this occupation had by far the lowest aggregate training compared to all other occupations.

Table 4.25: Training rate of permanent employees by occupational category and race in 2006/07 (%)					
Occupational category	**African**	**Coloured**	**Indian**	**White**	**Total**
Manager	59	56	55	50	52
Professionals	53	71	74	63	62
Technicians and trade workers	62	52	73	68	64
Community & personal service workers	46	41	26	37	43
Clerical and administrative workers	60	59	56	48	55
Sales workers	60	52	46	57	57
Machinery operators and drivers	49	44	68	56	50
Labourers	48	51	35	45	48
Total	51	52	59	56	53

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

TRAINING RATE BY OCCUPATIONAL CODE AND ENTERPRISE SIZE

Within certain occupational groups, there were clear differences in the propensity to train across enterprise size. All occupational categories, except for 'technicians and trade workers', and 'community and personal service workers', follow the trend of increased training with increased enterprise size.

The occupational category that received the highest overall training rate was the 'technicians and trade workers' (64 per cent), whereas the category that had the lowest access to training was 'community and personal service workers' (43 per cent). 'Professionals' received the second highest training rate (62 per cent) whereas 'sales workers' received the third highest (57 per cent) (Table 4.26).

In large enterprises the training focus was on 'technicians and trade workers' (76 per cent) where almost eight of every ten employees received training. It is also clear that 'professionals' (58 per cent) received the most training in medium enterprises while small enterprises concentrated on 'community and personal service workers' (47 per cent) and 'technicians and trade workers' (47 per cent).

Table 4.26: Training ratio by SOC code (according to the OFO) and enterprise size in 2006/07 (%)				
Occupational category	**Small (11-49)**	**Medium (50-149)**	**Large (150+)**	**Total**
Manager	34	47	71	52
Professionals	45	58	70	62
Technicians and trade workers	47	44	76	64
Community & personal service workers	47	29	44	43
Clerical and administrative workers	36	42	70	55
Sales workers	44	48	68	57
Machinery operators and drivers	32	45	56	50
Labourers	24	37	60	48
Total	34	43	64	53

EXPENDITURE ON TRAINING

Changes in the pattern of training expenditure are an important measure of the commitment of enterprises to addressing skills development among their employees. This section examines the dynamics of expenditure on training by South African enterprises. The distribution of expenditure and its magnitude are analysed first by enterprise size and then by SETA.

Overall expenditure

Training expenditure as a percentage of payroll reported in the HSRC survey of training in 2000 is compared with data from the NSS2003 and NSS2007. 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.

On an aggregate basis, expenditure on training increased from 1.3[2] to 2.0 per cent between 2000 and 2003, and in 2007 it was measured as 3.0 per cent (Table 4.27). There is a consistent increasing trend in training expenditure since 2001.

[2] 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 and 2007 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 4.27: Expenditure on training by enterprise size 2000/01 to 2006/07							
Enterprise size	2006/7	2006/7	2006/7	2006/7	2000/01	2002/3	2006/7
	a	b	c	d	e	f	g
	Total payroll	Total training expenditure	Average training expenditure per trained employee	Average training expenditure per employee	Training expenditure as a % of payroll	Training expenditure as a % of payroll	Training expenditure as a % of payroll
	(000 000)	(000 000)					
	R	R	R	R			
Small (11-49)	44 325	702	2 885	1 207	n.d.	1.0	1.6
Medium (50-	103 181	1 827	3 993	1 850	n.d.	1.3	1.8
Large (150+)	213 390	8 176	7 269	4 566	n.d.	2.5	3.8
Total	360 896	10 705	5 864	3 186	1.3	2.0	3.0

We have discussed how the training rate more than doubled between 2003 and 2007, but we see that training expenditure did not increase as much - from 2.0 per cent to 3.0 per cent, or by a factor of 50 per cent. This shows that while access to training increased, this did not coincide with an equivalent increase in expenditure. On average more workers got access to less expensive training in 2007. This could be because enterprises: invested in different training methodologies (e.g. less person-to-person training and more use of distance learning); provided training in different skills sets (e.g. offering more basic training in Basic First Aid or HIV prevention to workers and less training requiring specialised facilities, or specialised knowledge); exploited economies of scale more than in 2003; improved the efficiency of training systems; sourced lower quality training; or sourced training where there was more competition between suppliers which drove the price downwards.

It was also found in the NSS2007 that the average number of days arranged per permanent employee who received training in 2006/07 was less than 5 days. One can safely assume that the training mainly consisted of short courses. More than half of all small enterprises (59.4 per cent), 65.5 per cent of medium sized enterprises and 79.4 per cent of large enterprises reported that they arranged from one to five days of training for their employees who received training in 2006/7.

Expenditure and enterprise size

Table 4.27 shows expenditure on training by enterprise size from 2000/01 to 2006/07.

In the 2006/7 year, training expenditure as a percentage of payroll rose from 1.6 per cent in small enterprises to 1.8 per cent and 3.8 per cent in medium and large enterprises respectively. This gradation in expenditure increasing from small to large is to be expected. The expenditure data reflects a tendency for large enterprises to spend much more than medium and small enterprises. The increment between small and medium size enterprise expenditure is much smaller than the increment between medium and large enterprises. A similar pattern was observable for the 2002/3 year.

Average training expenditure per trained employee increased from R3 691 in 2003 to R5 864 in 2007. Working on a 5 per cent annual inflation rate, the 2003 amount is estimated to be the equivalent of R4 486 in 2007. This means that measured in 2007 Rands, there was a 30.7 per cent increase in expenditure on training per employee over the four year period.

The average training expenditure per employee trained reflects the tendency for large enterprises to spend more on training. Small enterprises spent less than half what large enterprises spent on training per trained employee in 2006/07 (column c). However, training expenditure is seldom distributed to all staff in a particular year. Training may be more or less centralised or dispersed among workers in an enterprise.

To obtain a measure of the spread of training across all employees, the total training expenditure is divided by all employees in a given year. Averaging expenditure across all employees reveals a similar large gap between large and small enterprises, the former spending roughly 3 times more than the latter in crude expenditure terms (column d).

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

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

The results of this calculation indicate to what extent training expenditure is concentrated in a small group of employees or is allocated over a wider base of employees. The calculation of percentages based on this formula for small, medium and large enterprises were 42 per cent, 46 per cent and 63 per cent respectively. This means that large firms were more successful in spreading training benefits to a larger group of employees than small and medium firms. Put differently, on account of design or default, training expenditure among small and medium enterprises was focused more exclusively on certain employee groups.

Expenditure by SETA

Table 4.28 shows training expenditure by SETA from 2000/01 to 2006/07.

In 2006/07, average training expenditure per trained employee ranged from high levels in SETAs such as MQA (R10 771), CHIETA (R10 274) and INSETA (R10 261) to low levels in other SETAs such as AGRISETA (R963), FOODBEV (R1 215), LGSETA (R2 143) and SASSETA (R2 212). In other words, in certain SETAs enterprises were expending between five and ten times as much on training as enterprises in other SETAs.

SETAs where training expenditure as a percentage of payroll as measured in the HSRC training survey of 2000, and the NSS2003 and NSS2007 has declined successively since 2000 were FASSET, CETA, MAPPP and TETA. SETAs whose training expenditure appears to have grown consistently in the period include: BANKSETA, ESETA, MQA, THETA and W&RSETA.

Table 4.28: Expenditure on training by SETA 2000/01 to 2006/07								
SETA		2006/7	2006/7	2006/7	2006/7	2000/01	2002/3	2006/7
		a	b	c	d	E	f	g
		Total payroll	Total training expenditure	Average training expenditure per trained employee	Average training expenditure per employee	Training expenditure as a % of payroll	Training expenditure as a % of payroll	Training expenditure as a % of payroll
		(000 000)	(000 000)					
		R	R	R	R			
FASSET	1	18 058	170	5 252	2 912	1.5	1.2	0.9
BANKSETA	2	18 622	1 087	6 941	5 941	1.2	1.9	5.8
CHIETA	3	8 027	235	10 274	5 744	3.9	2.0	2.9
CTFL	4	3 669	71	2 342	980	2.7	1.1	1.9
CETA	5	21 515	276	3 274	1 355	1.9	1.8	1.3
ETDP	7	2 209	27	2 226	1 399	n.d.	2.1	1.2
ESETA	8	1 755	23	4 744	1 349	0.1	0.8	1.3
FOODBEV	9	5 149	50	1 215	681	0.7	1.5	1.0
FIETA	10	3 668	474	4 471	3 248	0.2	0.2	12.9
HWSETA	11	9 025	253	5 673	3 509	n.d.	2.6	2.8
ISETT	12	12 102	201	4 862	2 891	3.8	1.6	1.7
INSETA	13	10 667	651	10 261	8 449	n.d.	1.8	6.1
LGSETA	14	41	0	2 143	1 250	-	-	0.7
MAPPP	15	7 334	138	6 005	2 502	2.7	2.0	1.9
MQA	16	91 518	4 666	10 771	6 211	4.6	4.9	5.1
MERSETA	17	38 178	645	3 533	1 883	0.7	2.2	1.7
POSLEC		-	-	-	-	n.d.	2.0	-
PAETA		-	-	-	-	2.4	1.2	-
SETASA		-	-	-	-	4.3	1.2	-
SASSETA	19	5 800	113	2 212	842	-	-	1.9
AGRISETA	20	9 774	89	963	462	-	-	0.9
SERVICES	23	25 769	312	3 588	1 337	0.3	2.0	1.2
THETA	25	22 446	707	5 483	3 820	2.2	2.6	3.2
TETA	26	15 170	179	4 210	1 841	2.7	2.7	1.2
W&RSETA	27	30 400	338	2 324	1 004	0.8	1.0	1.1
Total		360 896	10 705	5 864	3 186	**1.3**	**2.0**	**3.0**

SUMMARY

Enterprise size

There was a difference in aggregate training rates on the basis of enterprise size, as is the case in the international experience. The 2006/7 gap in training rates between South African small, medium and large enterprises (34, 43 and 64 per cent respectively) was noticeably higher than in the 2002/3 year. It is clear that there was a massive range in training rates between SETAs, from the highest, the BANKSETA (89 per cent), to the lowest, TETA (31 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 were wide variations in training ratios between occupational categories. The highest training ratio was among 'technicians and trade workers' (64 per cent), which suggests that South African employers across economic sectors placed emphasis on business functions that involve interaction with technological change and innovation. This could also be a result of the widespread impact of various technologies on business processes that necessitated increased involvement among technicians. The second highest training rate of 62 per cent was for the 'professional' category as expected.

Equity and access

Overall, training exposure by race varied between a low of 51 per cent for African workers to a high of 59 per cent for Indian workers while Coloured and White workers were exposed to training on a 52 per cent and 56 per cent basis, respectively. There was a 9 percentage point difference between the highest and lowest training rates per race group in 2007.

There was a clear pattern of racial differences in training access between small, medium and large enterprises. African workers in small enterprises (31 per cent) were exposed to the lowest training rate, whereas White workers in large enterprises (70 per cent) were exposed to the highest training rate. Clearly, firm size emerged in 2007 as a critical determinant of training rate as experienced by race group. This means that for every race group, access to training was better in larger enterprises.

There was a 5 percentage point difference between the aggregate male and female training ratios (51 and 56 per cent respectively). This reflects a large positive change from the 2002/03 period when males benefited from greater access to training..

Foreign enterprises

Overall, comparison between the ownership categories suggests that joint ventures enterprises provided greater access to training than their South African counterparts and foreign

enterprises. This contradicts the findings of the 2003 survey. Small numbers of respondents in the foreign owned and joint venture categories suggest that these findings should be taken as indicative rather than definitive.

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 was compared with data from the NSS2003 and NSS2007. This comparison suggests that expenditure on training steadily increased from 1,3 to 2,0 per cent between 2000 and 2003, and then rose to 3.0 per cent in 2007. Increases of these proportions are a positive 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 spend more on training than the other enterprise sizes. In simple terms, small enterprises spend less than half what large enterprises spend on training per trained employee. In 2002/07, the average training expenditure per employee by SETA that shows relatively high spending profiles for the mining, energy, insurance and banking sectors.

CHAPTER 4 APPENDIX 1

Examples of SOC 400 as for the Mining Sector

SOC 400: **Community & Personal Service Workers**	
442201	Alarm, Security or Surveillance Monitor
411101	Ambulance Officer
431101	Bar Attendant
431201	Cafe Worker
431403	Cleaning Supervisor
411701	Community Worker
411301	Diversional Therapist
451201	Driving Instructor
411401	Enrolled Nurse
441202	Fire Fighter
431402	Housekeeping Service Manager
411102	Intensive Care Ambulance Paramedic / Ambulance Paramedic
442204	Security Officer
452309	Sports Development Officer
431501	Waiter or Bartender

Mining Qualifications Authority (2008)

FULL BREAKDOWN OF SOC 400

4 COMMUNITY AND PERSONAL SERVICE WORKERS
41 Health and Welfare Support Workers
411 Health and Welfare Support Workers
4111 Ambulance Officers and Paramedics
411101 Ambulance Officer
411102 Intensive Care Ambulance Paramedic / Ambulance Paramedic
4112 Dental Hygienists, Technicians and Therapists
411201 Dental Hygienist
411202 Dental Prosthetist
411203 Dental Technician
411204 Dental Therapist
4113 Diversional Therapists
411301 Diversional Therapist
4114 Enrolled and Mothercraft Nurses
411401 Enrolled Nurse
411402 Mothercraft Nurse
4115 Indigenous and Other Health Workers
411501 Indigenous Heath Worker (Inyanga)
411502 Ancillary Health Care Worker
4116 Massage Therapists
411601 Massage Therapist
4117 Welfare Support Workers
411701 Community Worker
411702 Disabilities Services Officer
411703 Family Support Worker
411704 Parole or Probation Officer
411705 Residential Care Officer
411706 Youth Worker
411706 Juvenile Justice Officer
411707 Social Auxiliary Worker
42 Carers and Aides
421 Child Carers
4211 Child Carer
421101 Child Care Worker

421102 Family Day Care Worker
421103 Nanny
421104 Out of School Hours Care Worker
422 Education Aides
4221 Education Aides
422101 Integration Aide
422102 Preschool Aide
422103 Teachers' Aide
423 Personal Carers and Assistants
4231 Aged and Disabled Carer
423101 Aged or Disabled Care
4232 Dental Assistants
423201 Dental Assistant
4233 Nursing Support and Personal Care Workers
423301 Hospital Orderly
423302 Nursing Support Worker
423303 Personal Care Assistant
423304 Therapy Aide
4234 Special Care Workers
423401 Child or Youth Residential Care Assistant
423402 Hostel Parent
423403 Refuge Worker
43 Hospitality Workers
431 Hospitality Workers
4311 Bar Attendants and Baristas
431101 Bar Attendant
431102 Barista
4312 Cafe Workers
431201 Cafe Worker
4313 Gaming Workers
431301 Gaming Worker
4314 Hotel and Hospitality Service Managers
431401 Hotel Service Manager
431402 Housekeeping Service Manager
4315 Waiters and Bartenders
431501 Waiter / Bartender
4319 Other Hospitality Workers
431903 Cloak Room Attendant
431904 Hotel Cellar Hand
431905 Property Steward
431906 Washroom Attendant
44 Protective Service Workers
441 Defence Force Members, Fire Fighters and Police
4411 Defence Force Members (Non-Commissioned and nec)
441101 Defence Force Member (Non-Commissioned and nec)
4412 Fire and Emergency Workers
441201 Emergency Service Worker
441202 Fire Fighter
4413 Police, Detectives and Traffic Officers
441301 Detective
441302 Police Officer (Non-Commissioned)
441303 Traffic Officer
442 Prison and Security Officers
4421 Prison Officers
442101 Prison Officer
4422 Security Officers and Guards
442201 Alarm, Security or Surveillance Monitor
442202 Armoured Car Escort
442203 Crowd Controller
442204 Private Investigator
442205 Retail Loss Prevention Officer
442206 Security Consultant
442207 Security Officer
45 Sports and Personal Service Workers
451 Personal Service and Travel Workers
4511 Beauty Therapists
451101 Beauty Therapist
4512 Driving Instructors

451201 Driving Instructor
4513 Funeral Workers
451301 Funeral Director
451302 Chapel or Memorial Attendant
451303 Embalmer
4514 Gallery, Museum and Tour Guides
451401 Gallery or Museum Guide
451402 Tour Guide
4515 Personal Care Consultants
451501 Natural Remedy Consultant
451502 Weight Loss Consultant
4516 Tourism and Travel Advisers
451601 Tourist Information Officer
451602 Travel Consultant
4517 Travel Attendants
451701 Flight Attendant
451702 Bus Hostess
451703 Marine Steward
451704 Railway Steward
451709 Travel Attendants nec
4518 Other Personal Service Workers
451801 Civil Celebrant
451802 Hair or Beauty Salon Assistant
451803 Sex Worker or Escort
451804 Astrologer
451805 Butler
451806 Dog Walker
451807 Fortune Teller
451808 Tattoo Artist
452 Sports and Fitness Workers
4521 Fitness Instructors
452101 Fitness Instructor
4522 Outdoor Adventure Guides
452201 Bungy Jump Master
452202 Fishing Guide
452203 Hunting Guide
452204 Mountain Guide
452205 Outdoor Adventure Instructor
452206 Trekking Guide
452207 Whitewater Rafting Guide
452208 Cycle Touring Guides
452209 Diving Operator
452210 Horsetrekking Guides
452211 Kayaking Guides
452212 Adventure Tourism Operator
452213 Caving Guide
4523 Sports Coaches, Instructors and Officials
452301 Diving Instructor (Open Water)
452302 Gymnastics Coach or Instructor
452303 Horse Riding Coach or Instructor
452304 Snowsport Instructor
452305 Swimming Coach or Instructor
452306 Tennis Coach
452307 Other Sports Coach or Instructor
452308 Dog or Horse Racing Official
452309 Sports Development Officer
452310 Sports Umpire
452311 Other Sports Official
4524 Sportspersons
452401 Footballer
452402 Golfer
452403 Jockey
452404 Lifeguard
452405 Cricketer
452409 Other Sportsperson

Department of Labour (2007) APPENDIX 4 : ORGANISING FRAMEWORK FOR OCCUPATIONS : SCARCE AND CRITICAL SKILLS TEMPLATE - Accessed at: http://www.dantal.co.za/OFO%20scarce%20and%20critical%20skills%20template.pdf Date accessed: 20 March 2008

Chapter 5

TRAINING ACTIVITIES, TRAINING NEEDS AND TRAINING INFRASTRUCTURE

INTRODUCTION

The NSS2007 yielded data that sheds light on qualitative features of training in the workplace including delivery methods, human resource development practices, skills gaps, etc. They are discussed under the following themes:

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

The performance of the levy-grant system is scrutinised with particular reference to the participation of enterprises, and enterprise rating of SETA services. The core units of analysis are enterprise size and SETA affiliation.

SKILLS NEEDS

Factors causing employee turnover

Enterprises reported that in 2006/7 12.6 per cent of workers terminated their employment. The discussion below explores how enterprises attributed importance to the causes of this employee turnover.

The NSS2007 questionnaire used rating scales to obtain information on the views of respondents about various matters related to training. Throughout the questionnaire a standardised approach to asking for ratings from respondents was adopted, using a 5-point scale. For example, an item in the questionnaire dealt with factors that cause employee turnover. Respondents were asked to rate the importance of a set factors, in causing employee turnover. Table 5.1 shows how respondents rated the importance of each factor. The rating

numbers in the Table represent the average rating allocated by enterprises for each factor. The relative importance of each factor is therefore revealed through the size of the rating allocated to it by respondents. In looking at ratings of this kind, the absolute size of a rating (out of a possible 5) is less important than the relative differences between ratings.

As might be expected, in Table 5.1, 'loss of employees to other enterprises' had the highest average rating given to it by all enterprises. This signals that in the view of respondents, 'loss of employees to other enterprises' was the largest contributor to employee turnover.

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

The third highest ranked factor was 'loss of employees through illnesses.

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

The 'other' category produced the highest mean value of all factors causing employee turnover. Consequently, the 'other' category was disaggregated, analysed and also listed in Table 5.1. 'Expiry of contracts' was rated as the largest 'other' contributor to staff turnover. Two per cent (901 enterprises) of all enterprises noted this factor as significant. 'Deaths' was perceived as a noteworthy factor by 1 per cent of all enterprises (481 enterprises).

Table 5.1: Factors causing employee turnover by enterprise size

Factors	Small (11-49)	Medium (50-149)	Large (150+)	Total	% of firms responded
Loss of employees to other enterprises	2.4	2.7	3.3	2.5	73
Dismissals	1.8	1.8	2.0	1.8	68
Loss of employees through illness	1.7	1.7	1.6	1.7	60
Retirement	1.3	1.4	1.5	1.3	53
Retrenchment	1.3	1.4	1.6	1.3	49
Emigration	1.1	1.2	1.3	1.2	46
Other:	3.0	3.3	3.5	3.1	10
Contract Ends	4.5	3.9	5.0	4.2	2
Absconding	3.5	4.0	3.7	3.6	1
Resignations	2.7	3.9	3.3	2.8	2
Deaths	2.2	1.7		2.1	1

Table 5.2 shows how the relative importance of factors causing employee turnover were rated by SETAs. 'Loss of employees to other enterprises' was considered to affect employee turnover significantly in all SETAs. The mean rating of this factor was the highest of all factors for all SETAs except CTFL and FOODBEV.

Enterprises in FOODBEV reported that the factor 'dismissals' (2.5) was the highest contributor to staff turnover. In CTFL the data suggests that 'dismissals' (2.2) and 'loss of employees through illness' (2.2) had the strongest influence on staff turnover.

The factor, 'loss of employees through illness' produced relatively higher ratings of influence in CTFL (2.2), LGSETA (2.3) and AGRISETA (2.3), which may reflect the impact of HIV/AIDS on the workforce in these sectors.

'Emigration' was accorded the lowest average rating across all SETAs, as compared with other factors. Thus emigration was not perceived as an important factor on an aggregate basis. Analysis would probably reveal that emigration impacts differently by occupational category.

Table 5.2: Factors causing employee turnover by SETA

Full name of SETA	SETA acronym	SETA Code	Dismissals	Emigration	Loss of employees through illness	Loss of employees to other enterprises	Retirement	Retrenchment	Other
Financial and Accounting Services	**FASSET**	1	1.5	1.2	1.3	3.0	1.4	1.2	3.0
Banking Sector Education and Training Authority	**BANKSETA**	2	1.7	1.1	1.3	3.5	1.5	1.0	
Chemical Industries Education and Training Authority	**CHIETA**	3	1.8	1.1	1.9	2.5	1.3	1.4	2.8
Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	**CTFL**	4	2.2	1.1	2.2	2.0	1.4	2.1	3.4
Construction Education and Training Authority	**CETA**	5	1.6	1.1	1.9	2.4	1.5	1.2	3.1
Education, Training and Development Practices Sector Education and Training Authority	**ETDP**	7	1.4	1.1	1.6	2.5	1.7	1.1	3.9
Energy Sector Education and Training Authority	**ESETA**	8	1.7	1.6	1.8	2.3	1.5	1.1	3.5
Food and Beverages Manufacturing Industry Sector Education and Training Authority	**FOODBEV**	9	2.5	1.1	1.5	2.3	1.2	1.2	3.6
Forest Industries Sector Education and Training Authority	**FIETA**	10	1.9	1.4	2.0	2.2	1.2	1.4	3.8
Health and Welfare Sector Education and Training Authority	**HWSETA**	11	1.7	1.3	1.3	2.3	1.3	1.1	3.8
Information Systems, Electronics and Telecommunications Technologies	**ISETT**	12	1.4	1.1	1.0	3.3	1.1	1.0	2.9
Insurance Sector Education and Training Authority	**INSETA**	13	1.2	1.4	1.0	3.2	1.5	1.1	4.2
Local Government Sector Education and Training Authority	**LGSETA**	14	1.7	1.0	2.3	2.7	1.0	1.0	
Advertising, Publishing, Printing and Packaging	**MAPPP**	15	1.7	1.2	1.4	2.6	1.3	1.3	2.9
Mining Qualifications Authority	**MQA**	16	2.2	1.1	2.0	2.4	1.4	1.3	3.7
Manufacturing, Engineering and Related Services Education and Training Authority	**MERSETA**	17	1.9	1.2	1.7	2.3	1.4	1.4	2.5
Safety and Security Sector Education and Training Authority	**SASSETA**	19	2.0	1.3	1.7	2.9	1.2	1.5	2.2
AGRI Sector Education and Training Authority	**AGRISETA**	20	1.7	1.1	2.3	2.3	1.5	1.2	3.4
Services Sector Education and Training Authority	**SERVICES**	23	1.9	1.2	1.5	2.7	1.2	1.5	3.9
Tourism and Hospitality Education and Training Authority	**THETA**	25	1.7	1.0	1.5	2.5	1.3	1.1	1.8
Transport Education and Training Authority	**TETA**	26	2.4	1.2	2.1	2.9	1.5	1.6	3.0
Wholesale and Retail Sector Education and Training Authority	**W&RSETA**	27	1.9	1.1	1.5	2.6	1.3	1.2	2.2

Table 5.2: Factors causing employee turnover by SETA									
Full name of SETA	SETA acronym	SETA Code	Dismissals	Emigration	Loss of employees through illness	Loss of employees to other enterprises	Retirement	Retrenchment	Other
Total			1.8	1.2	1.7	2.5	1.3	1.3	3.1

Note: The full name of each SETA is given together with its acronym and its official number. Only the SETA acronym and number will be provided in all the following tables.

Meeting skills needs

In this section the strategic responses of enterprises to the loss of productive human capacity is analysed. Table 5.3 reveals how enterprises rated the importance of actions they undertook to meet skills needs, or to fill posts, in 2006/07.

The most striking finding from the data was that enterprises would resort to 'recruiting locally' (3.7) and to 'improved retention of employees' (3.3) over and above all the other possible options. Even though recruitment patterns probably differ by occupational category, the overall positive response in terms of retention and local recruitment can be read as encouraging in the light of high unemployment rates in South Africa.

Table 5.3: Actions undertaken to meet skills needs by enterprises in 2006/07 by size of enterprise				
Activities	Small (11-50)	Medium (51-100)	Large (100+)	Total
Recruiting locally	3.5	4.0	4.1	3.7
Improved retention of employees	3.3	3.3	3.2	3.3
Short term contracts /consultants	2.0	2.2	2.5	2.1
Head hunting	1.9	2.1	2.2	2.0
Outsourcing	1.9	1.9	2.1	1.9
Recruiting from abroad	1.1	1.1	1.4	1.1
Other	2.1	1.9	4.1	2.2

Table 5.4 shows how the different strategies undertaken to meet skills needs – fill vacant posts - were rated by SETA membership. There were no striking examples of highly SETA-specific response patterns in meeting skills needs. It is likely that these recruitment strategies are more occupation specific than SETA-specific in application.

As in Table 5.3, high ratings were given to local recruitment of employees across all sectors. More than 90 per cent of all enterprises in ISETT (4.2), INSETA (4.1), LGSETA (4.8), SASSETA (4.2) and TETA (4.1), rated the action of 'recruiting locally' to meet their skills needs, at 4 or above.

Table 5.4: Actions undertaken to meet skills needs by enterprises in 2006/07 by SETA								
SETA		Improved retention of employees	Head hunting	Outsourcing	Recruiting locally	Recruiting from abroad	Short term contracts /consultants	Other
FASSET	1	3.2	2.0	1.6	3.6	1.3	2.2	3.0
BANKSETA	2	2.7	1.7	2.0	3.4	1.1	1.9	
CHIETA	3	3.7	1.9	2.5	3.9	1.1	2.0	2.8
CTFL	4	3.3	1.3	1.7	3.6	1.3	2.0	1.0
CETA	5	3.6	2.1	2.1	3.9	1.1	2.3	
ETDP	7	3.3	2.5	2.3	3.9	1.1	2.0	
ESETA	8	3.1	2.0	2.0	3.7	1.3	2.7	2.5
FOODBEV	9	3.6	1.8	2.1	3.9	1.0	2.5	4.0
FIETA	10	3.3	1.7	1.6	3.6	1.2	1.9	5.0
HWSETA	11	3.6	2.0	1.8	3.6	1.2	1.8	1.0
ISETT	12	3.3	2.5	2.3	4.2	1.7	2.4	1.0
INSETA	13	3.1	2.3	1.8	4.1	1.1	2.0	3.0
LGSETA	14	3.0	1.0		4.8	1.0	2.0	
MAPPP	15	3.1	2.0	1.9	3.5	1.1	2.1	3.2
MQA	16	3.1	2.0	1.9	3.8	1.3	2.2	
MERSETA	17	3.3	1.8	1.8	3.4	1.1	1.9	1.0
SASSETA	19	3.4	1.7	1.5	4.2	1.2	2.0	
AGRISETA	20	3.1	1.8	1.8	3.4	1.2	2.4	3.2
SERVICES	23	3.4	2.0	2.2	3.8	1.2	2.4	2.5
THETA	25	3.5	1.9	1.9	3.7	1.0	1.8	3.0
TETA	26	3.2	2.2	2.2	4.1	1.0	2.4	1.0
W&RSETA	27	3.2	2.0	1.7	3.6	1.0	1.9	1.6
Total		3.3	2.0	1.9	3.7	1.1	2.1	2.2

Skills underdeveloped or lacking in enterprises

The following discussion presents a perspective on the skills that were considered to be lacking or underdeveloped in enterprises in 2006/07. In this case, the 'skills' referred to are mainly soft-skills that are desirable across the workforce because they are generic and form the platform for other behaviour desired among employees, namely capacity to learn. The only exception in the list presented to respondents was "IT professional skills."

The kinds of skills considered 'lacking or underdeveloped' are placed in rank order in Table 5.5. Comparing the mean rating of skills across all enterprises provides an interesting result. Enterprises did not identify a single skill category to be particularly lacking or undeveloped. By the same token, there were no skills considered to be 'not at all' lacking or underdeveloped. All the mean ratings were located between 2.3 and 2.5, giving a flat profile across all skill types. The responses may suggest that no skills category was considered extremely lacking.

Skills considered more underdeveloped or lacking included 'communication skills', 'general IT user skills' and 'problem solving skills', which were accorded very similar values across enterprise size categories. 'Numeracy skills' (2.2) were considered least problematic.

Differences between small, medium and large enterprises in their ratings of skills needs were similarly constrained in range. Looking at enterprise rating of skills needs across all skills, the mean rating of small, medium and large enterprises was 2.38, 2.46, and 2.53. This suggests that in general large enterprises perceived skills to be lacking or undeveloped to a slightly greater degree than medium and small enterprises did.

Table 5.5: Skills underdeveloped or lacking in enterprises by enterprise size

Skills	Small (11-49)	Medium (50-149)	Large (150+)	Total
Communication skills	2.5	2.6	2.8	2.5
General IT user skills	2.5	2.5	2.5	2.5
Problem solving skills	2.4	2.6	2.7	2.5
IT professional skills	2.5	2.4	2.4	2.4
Management skills	2.4	2.4	2.7	2.4
Team working skills	2.4	2.4	2.6	2.4
Technical and practical skills	2.4	2.6	2.5	2.4
Customer handling skills	2.3	2.3	2.5	2.3
Literacy skills	2.2	2.4	2.3	2.3
Numeracy skills	2.2	2.4	2.3	2.2

Table 5.6 refers to how, from a SETA perspective, enterprises viewed skills as lacking or underdeveloped.

There was a large variation in perceived skills requirements across SETAs. Ratings varied between the most underdeveloped skill rating of 3.3 for Literacy skills in the MQA, to a low mean of 1.0 for Literacy and for IT Professional skills in the LGSETA. In other words, in the view of enterprises in the latter SETA, Literacy and IT Professional skills levels were 'not at all undeveloped or lacking'.

A scan for skills considered to be most underdeveloped or lacking by SETA shows that numeracy skills were not considered a problem with the exception of the MQA which rated numeracy skills at 2.9 as the most underdeveloped skill. MQA employers also highlighted literacy skills as a challenge which underscores a perceived need for adult basic education in the sector.

FASSET, CHIETA, CETA, FIETA and W&RSETA rated 'Communication skills' as the most underdeveloped or lacking, while CTFL, MERSETA and W&RSETA rated 'Problem solving skills' as the most lacking or underdeveloped.

IT professional skills were considered to be most lacking or underdeveloped in five SETAs - ETDP, ESETA, HWSETA, TETA, W&RSETA. This suggests that ICT systems are being deployed across an ever wider range of economic sectors. As a result, IT skills needs are being felt outside of the IT services, financial services, banking and insurance sectors which are

traditionally heavy IT users. BANKSETA, FOODBEV, HWSETA, SERVICES and THETA rated 'General IT user skills' as the most underdeveloped or lacking. This need can be associated with enterprises/industries that are introducing IT systems into customer-facing and clerical/administrative/control functions in their value-chain.

Of all the SETAs, enterprises from the CTFL, ESETA FIETA, MQA and AGRISETA in particular showed concern that a wider range of skills were lacking or underdeveloped. This finding may be interpreted as a warning sign that more in-depth investigation of skills demand in these sectors is necessary. In contrast, ISETT, ETDP and FASSET had low proportions of unskilled employees and reported lower levels of underdevelopment or lacks across all skills categories.

Table 5.6: Skills underdeveloped or lacking in enterprises by SETA

SETA		Communication skills	Customer handling skills	General IT user skills	IT professional skills	Literacy skills	Management skills	Numeracy skills	Problem solving skills	Team working skills	Technical and practical skills
FASSET	1	2.3	2.2	2.2	2.1	1.8	2.1	1.9	2.2	2.1	2.1
BANKSETA	2	2.8	2.6	3.1	2.2	2.2	2.8	2.2	2.6	2.5	2.8
CHIETA	3	2.7	2.5	2.5	2.5	2.6	2.5	2.4	2.5	2.4	2.6
CTFL	4	2.9	2.3	2.9	2.6	2.6	2.8	2.5	3.0	2.6	2.5
CETA	5	2.9	2.4	2.3	2.8	2.8	2.3	2.4	2.6	2.5	2.7
ETDP	7	2.0	1.9	2.3	2.4	1.3	2.2	1.5	2.1	2.1	2.6
ESETA	8	2.5	2.4	2.9	3.1	2.4	2.8	2.5	2.9	2.6	2.7
FOODBEV	9	2.5	2.0	2.8	2.3	2.7	2.6	2.6	2.7	2.6	2.6
FIETA	10	3.1	2.8	2.7	2.6	3.1	3.0	2.8	2.9	3.1	2.9
HWSETA	11	2.3	2.2	2.4	2.4	2.0	2.1	1.8	2.3	2.2	2.0
ISETT	12	2.3	2.1	2.0	1.9	1.5	2.3	1.3	2.1	2.4	2.4
INSETA	13	2.7	2.5	2.5	2.3	1.9	2.3	2.2	2.7	2.8	2.4
LGSETA	14	3.0	2.0	3.0	1.0	1.0	4.0	.	.	.	.
MAPPP	15	2.4	2.1	2.3	2.0	2.0	2.6	2.0	2.4	2.5	2.2
MQA	16	2.6	2.3	2.7	2.6	3.3	2.4	2.9	2.9	2.8	2.8
MERSETA	17	2.6	2.4	2.5	2.3	2.5	2.5	2.4	2.7	2.5	2.7
SASSETA	19	2.3	2.3	2.5	2.1	1.9	2.3	1.6	2.0	2.6	2.0
AGRISETA	20	2.8	2.3	2.6	2.6	2.9	2.7	2.8	2.8	2.7	2.7
SERVICES	23	2.3	2.2	2.4	2.3	2.0	2.2	2.1	2.2	2.1	2.1
THETA	25	2.3	2.4	2.9	2.7	2.0	2.7	2.0	2.5	2.4	2.1
TETA	26	2.6	2.3	2.6	2.9	2.3	2.5	2.2	2.4	2.5	2.5
W&RSETA	27	2.6	2.6	2.5	2.6	2.0	2.5	2.1	2.6	2.5	2.3
Total		2.5	2.3	2.5	2.4	2.3	2.4	2.2	2.5	2.4	2.4

Occupations in which skills upgrading was required

We now shift the focus shows occupations that were considered to require skills upgrading during 2006/07. The reference to 'skills upgrading' was deliberately non-specific and therefore could refer to generic or to technical skills. The question refers to skills upgrading that may be driven by technology change for instance. The main concern was to explore inter-occupational differences in the need for skills upgrading.

The perceived need for skills upgrading by occupational category increased with enterprise size. This can be verified from a visual scan of the rising increments in rating of skills needs from small to large enterprises in each occupational category. Even though this trend is not even, it direction is clear. An average taken of perceived skills upgrading needs between enterprise sizes shows a shift from small to medium to large, where ratings increased from 2.46, to 2.61 to 2.85 respectively. A key question is whether large enterprises had more occupations requiring skills upgrading than small enterprises, or whether large enterprises were simply much better equipped to identify skills upgrading needs in the workforce.

Aggregate ratings for individual occupations requiring skills upgrading were located between 1.8 and 2.8. The range of perceived need was wider between skills categories than between enterprise size in a given occupation category (Table 5.7).

The occupational categories with the greatest perceived need for skills upgrading included 'technicians and trades workers', 'machinery operators and drivers' and 'labourers', followed closely by 'clerical and administrative workers'.

'Technicians and trades workers' within the large (3.3) and the medium (3.1) enterprise categories were considered to have the greatest need for skills upgrading.

Table 5.7: Occupations requiring skills upgrading during 2006/07 by enterprise size

Occupations	Small (11-49)	Medium (50-149)	Large (150+)	Total
Machinery operators and drivers	2.7	2.9	3.1	2.8
Labourers	2.7	2.9	2.8	2.8
Technicians and trades workers	2.6	3.1	3.3	2.8
Clerical and administrative workers	2.7	2.7	2.9	2.7
Sales workers	2.6	2.7	3.0	2.6
Managers	2.4	2.5	2.8	2.4
Professionals	2.3	2.3	2.8	2.3
Community and personal service workers	1.7	1.8	2.1	1.8

When the data on skills upgrading needs are compared to the training rate reported per occupational category (Chapter 4), it is evident that 'technicians and trades workers', with the greatest perceived need for skills upgrading (2.8), also received the highest level of training (64 per cent training rate). Similarly, 'community and personal service workers', with the least perceived need for skills upgrading (1.8), also received the lowest level of training (43 per cent training rate). This suggests that there was a coincidence between perceived skills needs and training supply in certain occupational categories. The question is: to what extent was this the result of foresight and planning or coincidence.

Looking at the other occupational categories, it is clear that in some instances there was a gap between perceived need and training supply. For example, the higher rating of skills needs among 'machinery operators and drivers' (2.8) and 'labourers' (2.8) are of particular concern given that the training rate for these occupational categories were relatively low (50 per cent

and 48 per cent respectively). The issue of increasing responsiveness to skills needs is clearly complex, and there is evidence that perceived 'need' and training provision do not necessarily occur in synchrony with each other.

There are also challenges for interpreting and reconciling responses to the survey given in different questions. For instance, while the occupation 'managers' was perceived to have relatively low needs for skills upgrading (Table 5.7), managerial skills were considered to be second most underdeveloped or lacking skill set (Table 5.5). The concern regarding management skills expressed in Table 5.5, we interpret as meaning that employers saw the need for improving general management skills across all occupational categories, not just for those employees appointed in the 'manager' occupational category.

We turn now to a SETA view on occupations that should be targeted for skills upgrading (Table 5.8). There appears to be an association between the occupational categories requiring skills upgrading and economic sectors which feature such occupations in their occupational structure. For instance, a clear need was expressed for skills upgrading of machinery operators and drivers in the CHIETA (3.1), CTFL (3.3), CETA (3.0), FOODBEV (3.0), FIETA (3.5), MQA (3.3), MERSETA (3.1) and TETA (3.3) SETAs. Strong needs for skills upgrading were also reported for labourers in the CETA (3.0), ESETA (3.5), FOODBEV (3.0), MQA (3.3), AGRISETA (3.3) and THETA (3.0) SETAs. Enterprises in the ETDP SETA – mainly training providers and private schools - reported a strong need for skills upgrading of professionals (2.9).

Table 5.8 shows occupations requiring skills upgrading during 2006/07 by SETA.

Table 5.8: Occupations requiring skills upgraded during 2006/07 by SETA

SETA		Managers	Professionals	Technicians and trades workers	Community and personal service workers	Clerical and administrative workers	Sales workers	Machinery operators and drivers	Labourers
FASSET	1	2.8	2.8	3.0	1.7	2.8	2.4	2.0	2.2
BANKSETA	2	2.7	2.5	2.4	1.8	3.5	3.3	1.3	2.0
CHIETA	3	2.5	2.5	2.7	1.6	2.8	2.8	3.1	2.9
CTFL	4	2.6	1.8	3.0	1.1	2.6	2.3	3.3	2.7
CETA	5	2.4	2.2	2.9	1.6	2.5	1.9	3.0	3.0
ETDP	7	2.7	2.9	2.5	2.9	2.9	2.2	1.8	2.3
ESETA	8	2.9	2.3	3.5	1.3	2.4	2.5	2.7	3.5
FOODBEV	9	2.2	2.2	2.4	2.0	2.9	2.6	3.0	3.0
FIETA	10	2.5	2.4	3.4	2.3	2.8	3.1	3.5	3.2
HWSETA	11	2.4	2.8	2.5	2.3	2.9	2.4	1.8	2.0
ISETT	12	2.3	2.7	3.0	1.5	2.5	2.9	1.7	2.1
INSETA	13	2.7	2.8	3.1	1.7	3.5	3.5	1.8	2.0
LGSETA	14	2.5	1.0	.	4.0	2.3	.	.	5.0
MAPPP	15	2.4	2.3	2.8	1.5	2.9	3.0	2.8	2.5
MQA	16	2.3	2.5	2.8	1.9	2.7	2.1	3.3	3.3
MERSETA	17	2.5	2.2	3.1	1.7	2.6	2.7	3.1	2.8
SASSETA	19	2.5	2.7	2.7	2.4	3.0	2.0	1.6	2.4

Table 5.8: Occupations requiring skills upgraded during 2006/07 by SETA									
SETA		Managers	Professionals	Technicians and trades workers	Community and personal service workers	Clerical and administrative workers	Sales workers	Machinery operators and drivers	Labourers
AGRISETA	20	2.7	2.0	2.4	2.0	2.5	2.0	3.0	3.3
SERVICES	23	2.4	2.4	2.6	1.9	2.7	2.2	2.3	2.2
THETA	25	2.2	2.1	2.6	1.7	2.7	3.0	2.1	3.0
TETA	26	2.4	1.9	2.6	1.7	2.8	2.4	3.3	3.1
W&RSETA	27	2.3	2.1	2.7	1.4	2.8	3.1	2.6	2.7
Total		2.4	2.3	2.8	1.8	2.7	2.6	2.8	2.8

Factors causing enterprises to increase training in the 2006/7 financial year

Respondents were asked to what extent to which certain factors caused them to increase enterprise training during the 2006/7 financial year (Table 5.9).

The responses aggregated by enterprise size suggest that several factors that drove increased training. By far the strongest influence was the need to improve 'quality standards and consumer service objectives' (3.5), a finding which corroborates the strong emphasis on increased training rates in the service and sales worker occupational category (see Chapter 4).

The second most powerful factor was 'productivity targets'(3.1), while 'Increase in demand for products / services' (3.0) and 'Increased competition' (2.9) were rated third and fourth most important factors causing increased training. The combination of these three factors suggests that enterprises were increasing training in response to buoyant but also competitively demanding market conditions. Furthermore, the fifth factor 'technology change' also implies that South African enterprises were taking up new technologies into their value chains in order to be more competitive both in terms of quality and price. Innovative enterprises must improve the skills of their workforce so that they can exploit the complementarities between technology and skills.

Table 5.9: Factors causing enterprises to increase training in the 2006/7 year by enterprise size				
Factors	Small (11-49)	Medium (50-149)	Large (150+)	Total
Quality standards and customer service objectives	3.4	3.5	3.6	3.5
Productivity targets	3.0	3.2	3.4	3.1
Increase in demand for products / services	2.9	3.2	3.2	3.0
Increased competition	2.9	3.0	3.3	2.9
Technology change	2.7	2.9	3.2	2.8
Employee expectations	2.7	2.6	2.9	2.7
Employee turn-over	2.1	2.4	2.9	2.3
Organisational restructuring	2.1	2.2	2.7	2.2
SETA initiatives	2.1	2.3	2.4	2.2
Waste reduction	2.1	2.2	2.4	2.2
Delays in developing new products / services	1.9	2.0	2.2	2.0

Table 5.9: Factors causing enterprises to increase training in the 2006/7 year by enterprise size				
Factors	Small (11-49)	Medium (50-149)	Large (150+)	Total
Levels of employee illness	1.7	1.7	1.9	1.7
New national government initiatives (for example ASGISA)	1.6	1.9	2.0	1.7
Trade Union initiatives	1.3	1.4	1.7	1.4
Other factors	3.7	3.9	3.2	3.8

The data shows that 'employee expectations' were recorded as a relatively strong factor which may be interpreted as a positive sign that employers were becoming more aware of, and open to meeting employee expectations. 'SETA initiatives' (2.2) as a form of pressure on enterprises to increase training appeared ninth in terms of perceived influence. This can be read as a good sign, in that enterprises were responding proactively to the business environment and do not depend on government incentivisation and facilitation of training. On the other hand, it is hoped that the relatively low level of influence attributed to SETAs is not also on account of lagging levels of service. The data furthermore suggests that new national government initiatives such as ASGISA (1.7) and trade union initiatives (1.4) had a comparatively low influence on enterprises inclinations to increase training.

Lastly, the means for each factor (except 'employee expectations') increased in importance with increase in enterprise size.

Table 5.10 shows ratings of factors causing enterprises to increase training grouped by SETA. The single most important factor evident across all SETAs except for MQA was 'Quality standards and customer service objectives. For MQA, the highest influence was given as 'productivity targets' (3.2) which reflects the pressure of international competition in commodity markets. The same pressures are reflected in AGRISETA's high allocation of importance to 'productivity targets' (3.3).

Technology change had a much stronger influence in SETAs associated with technology-rich processes, especially ISETT (3.7) and BANKSETA (3.1).

Table 5.10: Factors causing enterprises to increase training in the 2006/7 year by SETA																
		Delays in developing new products / services	Employee expectations	Employee turn-over	Increase in demand for products / services	Increased competition	Levels of employee illness	New national government initiatives (for example ASGISA)	Organisational restructuring	Productivity targets	Quality standards and customer service objectives	SETA initiatives	Technology change	Trade Union initiatives	Waste reduction	Other factors
FASSET	1	2.2	3.1	2.5	3.0	2.8	1.5	2.0	2.3	3.0	3.5	2.3	3.2	1.3	1.8	4.6
BANKSETA	2	2.0	2.7	2.6	2.8	2.9	1.7	1.5	2.4	2.8	3.1	2.2	3.1	1.2	1.4	3.0
CHIETA	3	2.2	2.9	2.5	3.0	2.9	2.1	1.5	2.1	2.8	3.3	2.0	2.6	1.4	2.4	3.7
CTFL	4	2.0	2.6	2.5	2.8	2.8	2.5	1.7	2.5	3.3	3.5	2.5	2.6	2.0	3.0	2.1
CETA	5	2.0	2.7	2.1	3.2	2.5	1.8	2.1	2.3	3.1	3.2	2.3	2.5	1.3	2.5	4.3
ETDP	7	2.0	3.2	2.1	2.8	2.6	1.3	2.4	2.1	2.5	3.4	2.1	3.1	1.0	1.3	
ESETA	8	1.8	3.1	2.0	3.5	3.2	1.3	1.4	2.6	3.0	3.7	1.5	2.6	1.1	1.4	1.0
FOODBEV	9	1.8	2.5	2.3	2.8	2.7	1.9	1.5	2.4	3.3	3.7	1.8	2.0	1.4	2.4	4.0
FIETA	10	2.3	2.3	2.4	3.4	2.7	1.9	1.3	2.0	3.3	3.8	1.8	2.6	1.3	2.7	2.2
HWSETA	11	1.7	2.8	2.1	3.1	3.2	1.5	1.7	2.0	3.0	3.5	1.6	2.8	1.2	1.8	5.0
ISETT	12	2.3	3.1	2.6	3.5	3.1	1.3	1.2	2.4	3.1	3.7	1.7	3.7	1.2	1.6	
INSETA	13	2.3	3.0	3.0	2.9	3.1	1.2	2.4	2.1	3.0	3.8	2.7	3.0	1.1	1.2	4.5
LGSETA	14		2.0	1.0						2.0	2.5					
MAPPP	15	2.0	2.7	2.1	2.5	2.8	1.8	1.9	2.0	2.7	3.3	2.1	3.0	1.3	2.4	3.6
MQA	16	1.6	2.9	2.4	2.9	2.6	2.1	2.5	2.2	3.2	2.9	1.9	2.4	1.7	2.0	4.5
MERSETA	17	2.0	2.6	2.1	3.1	2.8	1.7	1.8	2.2	3.1	3.6	2.4	2.9	1.6	2.4	3.8
SASSETA	19	1.9	2.8	3.0	3.1	3.2	2.0	2.1	2.8	3.3	3.3	2.6	3.1	1.9	2.0	3.6
AGRISETA	20	1.7	2.7	2.2	2.5	2.8	2.3	1.9	2.2	3.3	3.3	2.0	2.7	1.5	2.4	4.0
SERVICES	23	1.9	2.6	2.0	2.9	3.1	1.5	1.6	2.1	3.1	3.4	2.0	2.6	1.2	1.8	2.5
THETA	25	1.8	2.9	2.4	3.4	3.4	1.8	1.4	2.3	3.2	3.5	1.8	2.6	1.2	1.9	4.7
TETA	26	1.9	2.9	2.3	3.2	3.1	1.9	2.0	2.4	3.2	3.3	2.2	3.1	1.3	2.0	2.9
W&RSETA	27	2.0	2.7	2.4	3.0	3.1	1.4	1.5	2.0	3.1	3.6	2.4	2.9	1.3	2.1	5.0
Total		2.0	2.7	2.3	3.0	2.9	1.7	1.7	2.2	3.1	3.5	2.2	2.8	1.4	2.2	3.8

TRAINING DELIVERY MODES

Participation in types of training

So far the discussion has focused mainly on enterprise views about skills needs, and factors influencing the decision to increase training. It is equally important to consider how enterprises address these needs. This requires us to explore the nature of the training itself.

Table 5.11 shows participation of permanent employees in different types of training. 'On the job training' (3.9) emerged as the type most commonly employed in South African workplaces. As an informal form of learning and teaching, on the job training is flexible and can serve as a medium for profound learning through interaction with a colleague in the work environment. However, there are also challenges associated with 'on the job training': it is difficult to assure quality, to assess progress, and new skills acquired are not formally recognised through the award of a qualification. Small enterprises make greater use of 'on the job training' because they are not be able to afford the opportunity costs and real costs of formal learning that medium and large enterprises can afford. Because of the informal nature of 'on the job training', and difficulties in measuring this activity, it is likely that the amount of training especially in small enterprises is underestimated. Furthermore, measuring how much has actually been learned, through what effort, and with what cost to the worker and the enterprise is a major challenge. This is an especially important hurdle for planning training strategies since the impact of 'on the job training' cannot be easily specified.

Formal training methods which involve the presentation of courses either by external service providers (3.4) or by own staff (3.3) seemed to be used often as a vehicle for training in South African enterprises. Employees participated to a greater extent in courses that were presented by external agencies than courses presented by own staff. Small enterprises are far less likely than medium or large enterprises to possess the facilities for hosting formal types of training in-house.

'Skills programmes' were rated the second lowest training type (2.6) followed by 'internships' (1.8). 'Skills programmes' are levy-grant qualifying, unit-standard based programmes, and, although shorter than Learnerships, can cumulatively lead to a Learnership qualification. On the other hand, 'Internships' are semi-structured programmes which focus on providing the intern - who may or may not have a qualification – with particular work and occupational experience. This suggests that relative to other forms of training and skills development, Internships were not widely implemented in enterprises in 2007.

Table 5.11: Participation of permanent employees in types of training by enterprise size				
Type of training	Small (11-49)	Medium (50-149)	Large (150+)	Total
On the job training	3.9	4.0	3.9	3.9
Courses presented by an external agency	3.3	3.5	3.5	3.4
In-house courses by own staff	3.2	3.4	3.7	3.3
Mentoring	3.2	3.0	2.7	3.1
Skills programmes	2.5	2.8	2.9	2.6
Internships	1.8	1.6	1.9	1.8
Other training types	3.1	3.7	3.5	3.2

Table 5.12 shows participation of permanent employees in types of training by SETA. 'On-the-job learning' appears to be a strongly valued learning mode in the ESETA (4.0), FIETA (4.2), HWSETA (4.1), INSETA (4.0), SASSETA (4.3), AGRISETA (4.0), THETA (4.1) and W&RSETA (4.0) SETAs.

Table 5.12: Participation of permanent employees in types of training by SETA[1]								
		Courses presented by an external agency	In-house courses by own staff	Mentoring	On the job training	Internships	Skills programmes	Other training types
FASSET	1	4.0	3.2	3.0	3.9	2.8	2.7	3.9
BANKSETA	2	3.2	3.4	2.8	3.8	1.5	2.1	
CHIETA	3	3.4	3.5	2.3	3.9	1.6	2.8	3.2
CTFL	4	2.6	3.3	3.0	3.8	1.5	2.7	1.0
CETA	5	3.2	3.6	3.4	3.9	1.7	2.3	4.8
ETDP	7	3.3	3.2	3.3	3.6	1.6	3.1	4.3
ESETA	8	3.0	3.0	3.1	4.0	1.5	2.4	1.5
FOODBEV	9	3.3	3.2	3.0	3.8	1.8	2.3	1.0
FIETA	10	3.6	3.1	3.2	4.2	1.5	2.9	5.0
HWSETA	11	3.4	3.3	3.5	4.1	2.1	2.6	4.3
ISETT	12	3.7	3.5	3.1	3.7	1.5	2.6	
INSETA	13	3.7	3.3	2.9	4.0	1.6	2.9	2.8
LGSETA	14	4.5						1.0
MAPPP	15	3.1	3.0	2.8	3.6	2.0	2.8	3.1
MQA	16	3.1	3.5	2.9	3.9	1.5	2.5	4.0
MERSETA	17	3.4	3.1	2.9	3.9	1.8	2.7	3.5
SASSETA	19	3.6	3.6	3.8	4.3	2.7	3.4	5.0
AGRISETA	20	3.4	3.7	3.4	4.0	1.5	3.1	3.0
SERVICES	23	3.5	3.0	3.2	3.8	1.6	2.0	2.6
THETA	25	2.8	3.5	3.7	4.1	2.3	2.4	5.0
TETA	26	3.8	2.7	2.7	3.6	1.9	3.3	1.7
W&RSETA	27	3.3	3.6	2.9	4.0	1.3	2.8	3.1
Total		3.4	3.3	3.1	3.9	1.8	2.6	3.2

Learnerships and apprenticeships

Enterprises implementing Learnerships

There are two types of grant to support Learnerships. The first grant offsets the costs of implementing Learnerships for current employees (18.1 Learnership). The second is a grant for subsidising learners who as new employees were unemployed immediately before starting the Learnership (18.2 Learnership). The NSS2007 elicited data on enterprises that initiated Learnerships for 'current' and 'new employees'.

Tables 5.13 and 5.14 show the percentage and number of enterprises with employees registered in Learnerships by enterprise size in 2006/07. A higher proportion of enterprises registered Learnerships for current employees (20 per cent) than for new employees (9 per cent). In both Learnership types, larger enterprises were more likely to register their employees in Learnerships. One in five, one in four and one in three small, medium and large enterprises, respectively, registered current employees for 18.1 Learnerships. The proportions of enterprises registering 18.2 Learnerships were much lower among small (7 per cent) than large enterprises (28 per cent).

Table 5.13: Enterprises with employees registered in Learnerships by enterprise size in 2006/07 (%)

Enterprise size	Proportion of enterprises with Learnerships: Current employees (18.1) (%)			Proportion of enterprises with Learnerships: New employees (18.2) (%)			Proportion of enterprises with both types of Learnerships		
	Yes	No	Total	Yes	No	Total	Yes	No	Total
Small (11-49)	17	83	100	7	93	100	20	80	100
Medium (50-149)	25	75	100	12	88	100	28	72	100
Large (150+)	34	66	100	28	72	100	45	55	100
Total	20	80	100	9	91	100	23	77	100

The number enterprises that registered current employees for Learnerships (8 481 enterprises) was more than double the number of firms that registered new employees (4 028 enterprises) bearing in mind that an enterprise could register both Learnership types.

Table 5.14: Number of enterprises with employees registered in Learnerships by enterprise size in 2006/07 (Number)

Enterprise size	Number of enterprises with Learnerships: Current employees (18.1)			Number of enterprises with Learnerships: New employees (18.2)			Number of enterprises with both types of Learnerships		
	Yes	No	Total	Yes	No	Total	Yes	No	Total
Small (11-49)	5 099	24 321	29 421	2 114	27 389	29 503	5 845	23 507	29 352
Medium (50-149)	2 567	7 879	10 447	1 235	9 271	10 506	2 963	7 483	10 447
Large (150+)	815	1 608	2 422	679	1 750	2 429	1 100	1 323	2 422
Total	8 481	33 809	42 290	4 028	38 410	42 438	9 908	32 312	42 221

Tables 5.15 and 5.16 show the *percentage and number of enterprises* with employees registered in Learnerships by SETA. In the SETAs where the highest proportion of enterprises registered

employees for Learnerships - FASSET (43 per sent), INSETA (49 per cent) and SASSETA (48 per cent) - almost one in every two enterprises registered employees for Learnerships.

Table 5.15: Enterprises with employees registered in Learnerships by SETA in 2006/07 (%)

Enterprise size		Proportion of enterprises with Learnerships: Current employees (18.1) (%)			Proportion of enterprises with Learnerships: New employees (18.2) (%)			Proportion of enterprises with both types of Learnerships		
		Yes	No	Total	Yes	No	Total	Yes	No	Total
FASSET	1	37	63	100	29	71	100	43	57	100
BANKSETA	2	10	90	100	14	86	100	20	80	100
CHIETA	3	22	78	100	10	90	100	30	70	100
CTFL	4	22	78	100	9	91	100	26	74	100
CETA	5	29	71	100	12	88	100	35	65	100
ETDP	7	15	85	100	14	86	100	26	74	100
ESETA	8	26	74	100	7	93	100	26	74	100
FOODBEV	9	14	86	100	9	91	100	19	81	100
FIETA	10	26	74	100	13	87	100	28	72	100
HWSETA	11	24	76	100	7	93	100	27	73	100
ISETT	12	13	87	100	6	94	100	14	86	100
INSETA	13	34	66	100	29	71	100	49	51	100
LGSETA	14	17	83	100	0	100	100	17	83	100
MAPPP	15	27	73	100	16	84	100	27	73	100
MQA	16	22	78	100	19	81	100	28	72	100
MERSETA	17	23	77	100	7	93	100	25	75	100
SASSETA	19	42	58	100	21	79	100	48	52	100
AGRISETA	20	17	83	100	6	94	100	19	81	100
SERVICES	23	7	93	100	6	94	100	11	89	100
THETA	25	17	83	100	7	93	100	20	80	100
TETA	26	19	81	100	9	91	100	21	79	100
W&RSETA	27	17	83	100	8	92	100	19	81	100
Total		20	80	100	9	91	100	23	77	100

NOTE: The numbers of enterprises as well as numbers of employees given in tables 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 best performing SETAs seemed to achieve the highest registrations in both Learnership types (Table 5.15). In FASSET (37 per cent), INSETA (34 per cent), and SASSETA (42 per cent) significant numbers of enterprises registered employees in current employee (18.1) Learnerships. Likewise, high percentages of enterprises registered (18.2) Learnerships for new employees in FASSET (29 per cent), INSETA (34 per cent) and SASSETA (21 per cent).

Table 5.16: Enterprises with employees registered in Learnerships by SETA in 2006/07 (%)										
Enterprise size		Number of enterprises with Learnerships: Current employees (18.1)			Number of enterprises with Learnerships: New employees (18.2)			Number of enterprises with both types of Learnerships		
		Yes	No	Total	Yes	No	Total	Yes	No	Total
FASSET	1	350	592	943	278	681	960	409	534	943
BANKSETA	2	14	127	141	19	122	141	29	113	141
CHIETA	3	166	583	748	78	670	748	226	522	748
CTFL	4	192	667	859	81	805	885	226	633	859
CETA	5	1 028	2 568	3 596	442	3 207	3 649	1 246	2 350	3 596
ETDP	7	85	463	548	76	471	548	141	407	548
ESETA	8	154	438	592	42	556	598	154	438	592
FOODBEV	9	165	1 043	1 207	106	1 102	1 207	229	979	1 207
FIETA	10	249	700	948	125	823	948	262	687	948
HWSETA	11	381	1 185	1 566	109	1 457	1 566	421	1 145	1 566
ISETT	12	135	908	1 043	60	984	1 043	150	894	1 043
INSETA	13	153	299	452	132	320	452	220	232	452
LGSETA	14	18	91	109		109	109	18	91	109
MAPPP	15	399	1 070	1 469	232	1 236	1 469	399	1 070	1 469
MQA	16	122	427	549	104	445	549	156	393	549
MERSETA	17	1 647	5 373	7 020	513	6 507	7 020	1 782	5 238	7 020
SASSETA	19	565	793	1 358	289	1 076	1 365	655	703	1 358
AGRISETA	20	555	2 672	3 227	186	3 041	3 227	627	2 600	3 227
SERVICES	23	468	5 943	6 411	399	5 943	6 342	728	5 614	6 342
THETA	25	389	1 854	2 243	156	2 135	2 291	438	1 805	2 243
TETA	26	264	1 110	1 374	126	1 248	1 374	291	1 083	1 374
W&RSETA	27	983	4 904	5 886	475	5 471	5 946	1 103	4 784	5 886
Total		8 481	33 809	42 290	4 028	38 410	42 438	9 908	32 312	42 221

Employees registered for Learnerships

Tables 5.17 and 5.18 refer to *the number and percentage of employees* registered in Learnerships, first according to enterprise size and then according to SETA. Five per cent of all permanent employees were registered on a Learnership in 2006/07

We have observed that the proportion of enterprises registering employees for Learnerships increased with enterprise size. Numbers of learners registered also increase with enterprise size.

Even though large enterprises registered the most learners, small enterprises had the largest percentage learners as a proportion of all employees. Roughly three in every one hundred permanent employees in large enterprises were registered in Learnerships whereas thirteen in every one hundred employees were registered for Learnerships in small enterprises.

Table 5.17: Number of employees registered in Learnerships by enterprise size in 2006/07								
Enterprise size	Employees on Current employee (18.1) Learnership		Employees on New employee (18.2) Learnership		Employees on 18.1 and 18.2 Learnerships		Total number of permanent employees	Employees on Learnerships as % of total employed
	Number	%	Number	%	Number	%	Number	%
Small (11-49)	22 865	71	9235	29	32 100	100	238 882	13.4
Medium (50-149)	28 156	54	23545	46	51 701	100	485 852	10.6
Large (150+)	39 330	64	22424	36	61 754	100	2 201 592	2.8
Total	90 350	62	55 205	38	145 555	100	2 926 326	5.0

All SETAs except FASSET, ETDP, MAPPP and SERVICES SETAs registered proportionately more employees in 18.1 than in 18.2 Learnerships. For example, in the SERVICES SETA more than seven out of every ten employees in Learnerships were registered in 18.2 Learnerships.

In certain SETAs very large proportions of all employees are registered in Learnerships, such as FASSET (28.7 per cent) and ETDP SETA (22.2 per cent).

Table 5.18: Number of employees registered in Learnerships by SETA in 2006/07									
SETA		Number of Learnerships: Current employees (18.1)		Number of Learnerships: New employees (18.2)		Number of Learnerships: Both current and new employees		Number of permanent employees	
		Number	%	Number	%	Number	%	Number	%
FASSET	1	8 596	35	16 304	65	24 900	100	86 643	28.7
BANKSETA	2	3 126	70	1 349	30	4 474	100	155 126	2.9
CHIETA	3	1 415	80	347	20	1 762	100	27 254	6.5
CTFL	4	2 563	63	1 518	37	4 081	100	60 596	6.7
CETA	5	6 462	73	2 439	27	8 901	100	116 251	7.7
ETDP	7	698	36	1 258	64	1 956	100	8 806	22.2
ESETA	8	456	81	107	19	563	100	5 666	9.9
FOODBEV	9	5 755	87	865	13	6 620	100	91 134	7.3
FIETA	10	3 852	83	809	17	4 661	100	118 658	3.9
HWSETA	11	4 820	92	411	8	5 230	100	61 803	8.5
ISETT	12	575	56	446	44	1 021	100	11 103	9.2
INSETA	13	2 149	55	1 760	45	3 909	100	74 909	5.2
LGSETA	14	18	100	0	0	18	100	164	11.1
MAPPP	15	1 038	45	1 274	55	2 313	100	30 613	7.6
MQA	16	7 940	52	7 338	48	15 278	100	936 406	1.6
MERSETA	17	6 643	85	1 134	15	7 777	100	158 963	4.9
SASSETA	19	4 450	77	1 359	23	5 810	100	69 414	8.4
AGRISETA	20	5 283	85	927	15	6 210	100	82 198	7.6
SERVICES	23	2 623	26	7 489	74	10 111	100	172 168	5.9
THETA	25	2 958	56	2 327	44	5 285	100	137 643	3.8
TETA	26	2 715	68	1 301	32	4 015	100	101 137	4.0
W&RSETA	27	16 216	78	4 444	22	20 660	100	419 669	4.9
Total		90 350	62	55 205	38	145 555	100	2 926 326	5.0

Apprenticeships

The NSS2007 questionnaire elicited information from respondents about enterprise involvement in Section 13 and Section 28 Apprenticeships. We proceed to analyse the number and percentage of registered apprenticeships as reported by respondents, first by enterprise size and then by SETA.

In 2006/07, there were 24 229 Apprenticeships of both types registered in comparison with 145 555 Learnerships of both types. The number of registered Apprentices was 16.6 per cent of the size of the population of registered Learnerships.

Almost four times more employees were registered for Section 13 (19 668) than for Section 28 (4 561) Apprenticeships in 2006/07 (Table 5.19). The proportionate contribution of small enterprises was much higher than medium and large enterprises. The number of employees registered by small enterprises on Section 13 and Section 28 Apprenticeships and expressed as a share of permanent employees, was approaching seven per cent (Section 13 was 6.5 per cent, and Section 28 was 6.7 per cent). By comparison, apprenticeships registered in large enterprises were located in the range of one per cent (Section 13 was 1.4 per cent, and Section 28 was 0.3 per cent).

Table 5.19: Number of registered apprenticeships by enterprise size in 2006/07

Enterprise size	Permanent employees (Including disabled)	MTA Section 13			MTA Section 28		
		Permanent employees	Number	% Share of permanent employees	Permanent employees	Number	% Share of permanent employees
Small (11-49)	1 090 450	89 999	5 807	6.5	27 198	1 816	6.7
Medium (50-149)	1 332 573	139 613	5 130	3.7	26 525	829	3.1
Large (150+)	2 694 834	619 823	8 731	1.4	677 199	1 917	0.3
Total	5 117 857	849 435	19 668	2.3	730 922	4 561	0.6

A count of registered apprenticeships by SETA showed a wide variation in numbers involved in Section 13 and Section 28 programmes. Sectors that had the highest registration of section 13 apprenticeships were: ESETA, SERVICES, ETDP SETA, INSETA and MERSETA, while the SETAs with the highest registration of section 28 apprenticeships were FASSET, MERSETA, CTFL and TETA.

Table 5.20: Number of registered apprenticeships by SETA in 2006/07							
SETA	Permanent employees (Including disabled)	MTA Section 13			MTA Section 28		
		Permanent employees	Number	% Share of permanent employees	Permanent employees	Number	% Share of permanent employees
FASSET	134 764	30 919	759	2.5	2 872	253	8.8
BANKSETA	183 975						
CHIETA	60 973	6 920	118	1.7	2 729	29	1.1
CTFL	109 190	18 363	861	4.7	6 499	303	4.7
CETA	268 561	16 498	798	4.8	3 497	59	1.7
ETDP	30 224	1 984	134	6.7			
ESETA	21 655	4 953	486	9.8	1 110	24	2.2
FOODBEV	165 790	68 704	182	0.3	18 071	147	0.8
FIETA	165 412	108 365	1 240	1.1	96 148	663	0.7
HWSETA	90 128	39 004	40	0.1			
ISETT	81 549	12 134	97	0.8			
INSETA	95 636	493	27	5.4	4 987	165	3.3
LGSETA	2 111						
MAPPP	76 739	19 490	714	3.7	7 349	149	2.0
MQA	976 169	210 243	546	0.3	532 457	103	0.0
MERSETA	509 507	188 940	10 217	5.4	37 932	2 079	5.5
SASSETA	187 471	15 265	618	4.0	572		0.0
AGRISETA	275 063	50 040	608	1.2	2 284	24	1.0
SERVICES	583 447	13 359	900	6.7		69	
THETA	239 500	4 828	344	7.1			
TETA	163 133	6 698	140	2.1	14 415	494	3.4
W&RSETA	696 859	32 236	840	2.6			
Total	5 117 857	849 435	19 668	2.3	730 922	4 561	0.6

Training according to recognised training standards

Training according to recognised standards confers benefits on the workforce because it provides for the certification of skills benchmarked within a particular skills-standards framework. Government may implement a qualification framework that formally recognises and benchmarks skills, and then incentivise providers to supply training modules and courses leading to the development of skills as specified in that national qualifications framework. Vitally, through such a framework, mechanisms can be emplaced to ensure that per qualification, the required levels of training quality are sustained. A qualifications framework therefore can support workers who seek to improve their skills by completing a series of linked qualifications. Such a framework can also reduce risk and transaction costs for employers in the process of selecting the best candidates for employment.

The largest volume of training in accordance with external standards occurs in large enterprises (Table 5.21). Large enterprises trained 64.7 per cent of all employees that were trained according to standards, and the contribution of medium and small enterprises was 18.7

per cent and 16.5 per cent respectively. However, small enterprises provided training to standards for a greater proportion of their employees (37 per cent) as compared with 30 per cent in medium and large enterprises.

It is appropriate to place training according to standards in the overall perspective of the population of *all* employees. Those who received some form of training to standards constituted 8.3 per cent of all employees whether they had received training or not in the year in question.

Table 5.21: Permanent employees engaged in training according to standards by enterprise size in 2006/07

Enterprise size	Training according to standards				All employees trained	Total trained to standards	% of all employees trained to standards
	SAQA / NQF	Other nationally recognised standards	ISO 9000	Other inter-nationally recognised standards			
Small (11-49)	30 890	29 731	6 521	17 873	229 932	85 015	37
Medium (50-149)	58 730	23 460	7 516	6 750	322 936	96 456	30
Large (150+)	282 336	15 382	27 462	8 079	1 129 629	333 259	30
Total	371 956	68 573	41 500	32 702	1 682 497	514 730	31

While the analysis based on Table 5.21 shows the relative contribution to training according to standards by enterprise size, we must also consider the relative emphasis on different systems of standards. Table 5.22 shows the percentage of permanent employees engaged in training according to the different standards by enterprise. More employees were trained to SAQA/NQF standards which accounted for 72 per cent of employees trained to a standard. Training to international standards contributed a 14 per cent share while other South African standards informed 13 per cent of standards based training in 2006/07.

It is strongly apparent that large enterprises were much more successful in applying NQF/SAQA standards than were medium and small enterprises. In contrast, small enterprises in particular applied diverse standards with an almost equal share of NQF/SAQA, other South African and international standards. The reasons for these differences could be attributed to: the SETAs and the levy-grant system being more effective in securing compliance among large rather than among small enterprises; the low availability of training service providers that serve the small enterprise market because they do not benefit from economies of scale; the high cost of developing training according to NQF/SAQA prescriptions excludes small enterprise participation; or to other factors that cause small enterprises to prefer non NQF/SAQA accreditation.

Table 5.22: Training according to standards by enterprise size in 2006/07 (%)					
Enterprise size	**SAQA /NQF**	**Other nationally recognised standards**	**ISO 9000**	**Other inter-nationally recognised standards**	**Total trained to standards**
Small (11-49)	36	35	8	21	100
Medium (50-149)	61	24	8	7	100
Large (150+)	85	5	8	2	100
Total	72	13	8	6	100

Tables 5.23 and 5.24 show the number and percentage of permanent employees engaged in structured training by SETA in 2006/07.

At the SETA level there was great variation in the extent to which employees participated in training according to standards. This was probably influenced by the diversity of productive activity across sectors and the degree to which production in particular sectors was more strongly oriented towards international markets and their associated training standards. BANKSETA (82 per cent), ESETA (67 per cent), ETDP (66 per cent), FASSET (55 per cent), and TETA (52 per cent) had the highest proportions of employees receiving training according to standards. They did not necessarily train the largest numbers of employees. MQA – and also SERVICES SETA - had the largest volumes of permanent employees participating in training to standards.

Table 5.23: Permanent employees engaged in structured training by SETA in 2006/07 (Number)							
SETA	**SAQA /NQF**	**Other nationally recognised standards**	**ISO 9000**	**Other inter-nationally recognised standards**	**All employees trained**	**Total trained to standards**	**% of all employees trained to standards**
FASSET	38 143	5 933	1 207	340	83 202	45 622	55
BANKSETA	128 459	455		37	157 165	128 951	82
CHIETA	6 448	1 499	1 273	1 708	33 963	10 928	32
CTFL	19 380	2 148	506	666	45 747	22 700	50
CETA	9 649	14 178	618	3 496	93 360	27 941	30
ETDP	9 616	3 458		335	20 315	13 410	66
ESETA	2 170	482	859	200	5 555	3 710	67
FOODBEV	17 815	6 028	3 619	230	90 371	27 692	31
FIETA	33 901	3 894	13 355	1 659	126 750	52 810	42
HWSETA	13 186	2 927	1 426	1 868	53 846	19 406	36
ISETT	8 408	5 224	119	7 912	45 983	21 663	47
INSETA	10 516	5 388		819	75 941	16 722	22
LGSETA				127	182	127	70
MAPPP	8 345	2 759	596	1 248	31 317	12 949	41
MQA	203 735	1 017	8 227	370	645 894	213 349	33
MERSETA	31 230	26 524	10 455	4 512	245 966	72 721	30
SASSETA	13 735	4 799	1 682	3 598	76 916	23 814	31
AGRISETA	27 475	12 164	4 117	2 340	119 044	46 095	39
SERVICES	144 742	4 165	1 592	3 353	392 228	153 852	39

Table 5.23: Permanent employees engaged in structured training by SETA in 2006/07 (Number)							
SETA	**SAQA /NQF**	**Other nationally recognised standards**	**ISO 9000**	**Other inter-nationally recognised standards**	**All employees trained**	**Total trained to standards**	**% of all employees trained to standards**
THETA	9 907	10 706	651	4 083	171 363	25 347	15
TETA	17 089	7 702	817	921	50 875	26 529	52
W&RSETA	40 625	72 238	3 480	6 003	702 810	122 347	17
Total	794 573	193 688	54 599	45 827	3 268 792	1 088 686	33

We have observed that the pattern of training according to standards changed according to enterprise size. It is also clear that sectors were characterised by differences in the extent to which they committed to the various standards. For example, the FASSET (84 per cent), BANKSETA (100 per cent), MQA (95 per cent), SERVICES (94 per cent) and CTFL (85 per cent) SETAs mainly focused on training courses accredited by SAQA and the NQF (Table 5.24).

Other SETAs stood out because the majority of workers were trained according to other South African standards, such as in the case of the W&RSETA (59 per cent) and CETA (51 per cent).

SETAs with strong commitments to international standards included ISETT (38 per cent), CHIETA (28 per cent), ESETA (28 per cent), and FIETA (28 per cent). This is understandable in the case of ISETT because information and communication technology standards are dominated by international agreements to adopt certain standards, or standards are imposed by major software vendors which enjoy market dominance. This may change under competition from open source platforms.

Table 5.24: Permanent employees engaged in structured training by SETA in 2006/07 (%)						
SETA	**SAQA /NQF**	**Other nationally recognised standards**	**ISO 9000**	**Other inter-nationally recognised standards**	**Total trained to standards**	**% of all employees trained to standards**
FASSET	84	13	3	1	100	55
BANKSETA	100	0	0	0	100	82
CHIETA	59	14	12	16	100	32
CTFL	85	9	2	3	100	50
CETA	35	51	2	13	100	30
ETDP	72	26	0	3	100	66
ESETA	58	13	23	5	100	67
FOODBEV	64	22	13	1	100	31
FIETA	64	7	25	3	100	42
HWSETA	68	15	7	10	100	36
ISETT	39	24	1	37	100	47
INSETA	63	32	0	5	100	22
LGSETA	0	0	0	100	100	70
MAPPP	64	21	5	10	100	41
MQA	95	0	4	0	100	33
MERSETA	43	36	14	6	100	30
SASSETA	58	20	7	15	100	31
AGRISETA	60	26	9	5	100	39
SERVICES	94	3	1	2	100	39

Table 5.24: Permanent employees engaged in structured training by SETA in 2006/07 (%)						
SETA	SAQA /NQF	Other nationally recognised standards	ISO 9000	Other inter-nationally recognised standards	Total trained to standards	% of all employees trained to standards
THETA	39	42	3	16	100	15
TETA	64	29	3	3	100	52
W&RSETA	33	59	3	5	100	17
Total	73	18	5	4	100	33

Human resources development practices

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

Table 5.25 shows the extent of participation of permanent employees in types of human resource development practise by enterprise size. Firstly, a grouping of five techniques received relatively high usage ratings. 'Team working' yielded the highest average (3.4) closely followed by 'Total quality management' (3.3), 'Mentoring / coaching' (3.2), 'Annual performance reviews' (3.2) and 'Multi-skilling' (3.1). Then there is a clear gap before the next rated practise rated at 2.5.

Table 5.25: Participation of permanent employees in types of human resources development practices by enterprise size				
Practice	Small (11-49)	Medium (50-149)	Large (150+)	Total
Team working	3.4	3.4	3.5	3.4
Total quality management	3.3	3.4	3.2	3.3
Mentoring / coaching	3.2	3.1	3.0	3.2
Annual performance reviews	3.1	3.3	3.5	3.2
Multi-skilling	3.1	3.0	3.0	3.1
Group or team compensation	2.5	2.5	2.6	2.5
Personnel development plan	2.4	2.6	2.9	2.5
Job rotation	2.4	2.3	2.3	2.3
Self directed teams	2.3	2.3	2.4	2.3
Training for trainers	2.1	2.1	2.5	2.2
Peer review	2.1	2.1	2.1	2.1
Profit sharing	2.1	2.1	2.1	2.1
Quality circles	1.9	2.1	2.1	2.0
Other	3.1	2.0	4.4	2.9

South African enterprises engaged cautiously with some practices. Those practices showing the lowest levels of implementation, such as 'quality circles', 'self-directed teams' and 'peer review', were those presupposing the existence of acceptable levels of trust between co-workers and between employees and management. 'Self directed teams' and 'quality circles'

are explicitly non-hierarchical and the reason for low levels of use could be because many South African workplaces remain strongly hierarchical. Two cornerstones of the high performance workplace model are to accord employees greater levels of discretionary decision making and to rotate employees across a range of tasks, yet 'self directed teams' and 'job rotation' scored low means. Incentive-based practices, such as 'group compensation' and 'profit sharing' were also used to a lesser extent.

The pattern of responses revealed no sharp differences between small, medium and large enterprises, with the exception of 'training for trainers', 'personnel development plan' and 'annual performance reviews' which were taken up more strongly in large enterprises. Perhaps it is the case that large enterprises have the infrastructure and specialised HR practitioners to support the latter two mechanisms. Similarly, training for trainers may simply reflect that large enterprises are more likely to have their own in-house training officers who would logically be the starting point for large scale organisational innovation which could for instance require a cascade training method.

Table 5.26 shows the extent of permanent employee participation in types of human resource development practise by SETA. The information systems and technology sector, ISETT emphasised these practices most strongly. The next SETAs emphasising such practices were FOODBEV and SASSETA, each giving equally high ratings to these activities. The sectoral features causing this particular set of SETAs to emphasise such progressive human resource activities may bear further investigation.

Table 5.26: Human Resource Development practices used in enterprises by SETA														
SETA	Team working	Self directed teams	Quality circles	Total quality management	Personnel development plan	Annual performance reviews	Peer review	Mentoring / coaching	Multi-skilling	Job rotation	Group or team compensation	Profit sharing	Training for trainers	Other
FASSET	3.5	2.3	1.7	3.2	3.0	3.8	2.6	3.3	2.9	2.0	2.6	2.3	2.6	3.7
BANKSETA	3.4	2.1	1.8	2.5	2.9	3.7	1.6	3.1	3.1	2.2	2.2	1.9	2.4	1.0
CHIETA	3.4	1.7	2.0	3.4	2.4	3.4	1.8	2.9	3.5	2.4	2.6	1.8	1.9	3.1
CTFL	3.3	2.3	2.1	3.0	2.2	2.3	1.7	2.8	3.3	2.6	2.0	1.7	1.8	1.0
CETA	3.4	2.4	2.3	3.6	2.4	3.3	2.3	3.4	3.1	2.3	2.4	2.5	2.0	5.0
ETDP	3.7	2.6	1.6	3.2	3.1	3.7	2.6	3.2	3.0	2.2	2.8	1.9	2.9	.
ESETA	3.7	3.0	2.4	3.3	2.3	2.9	1.7	3.4	3.0	3.1	1.7	2.7	2.2	1.0
FOODBEV	3.7	2.6	2.3	3.8	2.6	3.4	2.5	3.4	3.1	3.1	2.7	2.3	2.9	.
FIETA	3.6	2.2	2.1	3.1	2.3	2.6	1.6	3.3	3.3	2.5	2.4	1.7	2.3	.
HWSETA	3.7	2.2	1.9	3.4	2.6	3.2	2.9	3.4	3.3	2.7	2.2	1.9	2.2	.
ISETT	4.1	2.5	2.1	3.7	3.1	3.8	2.2	3.0	3.4	2.5	2.6	2.4	3.1	1.0
INSETA	3.2	2.3	1.4	3.1	3.2	3.9	2.1	3.0	2.8	1.9	2.3	2.0	2.3	3.0
LGSETA	3.0	.	.	.	3.0	4.0	.	3.5	4.0	2.3	.	.	.	.
MAPPP	3.4	2.2	1.9	3.0	2.2	3.0	1.8	2.8	3.0	1.9	2.4	2.4	1.9	2.9
MQA	3.4	2.4	2.3	3.3	2.5	2.8	2.0	2.9	3.0	2.2	2.7	2.2	2.5	5.0
MERSETA	3.1	2.3	2.3	3.2	2.3	3.0	2.0	2.9	2.9	2.3	2.2	1.6	2.1	3.0
SASSETA	3.5	2.4	2.1	3.7	3.0	3.4	2.9	3.9	3.3	2.8	3.0	2.4	2.6	5.0
AGRISETA	3.4	2.4	2.0	3.2	2.4	3.0	2.2	3.4	3.0	2.4	2.5	1.9	2.0	2.8
SERVICES	3.6	2.3	1.4	3.1	2.3	3.3	2.0	3.3	3.0	2.0	2.6	2.3	2.0	3.5
THETA	3.6	2.1	1.8	3.5	2.6	3.2	2.4	3.5	3.7	2.6	2.9	2.1	2.0	5.0
TETA	3.4	2.0	2.1	3.1	2.4	2.9	1.9	2.9	3.3	2.4	2.3	2.1	2.4	1.0
W&RSETA	3.2	2.1	1.9	3.3	2.4	2.9	2.0	3.1	2.8	2.2	2.5	2.3	2.0	1.8
Total	3.4	2.3	2.0	3.3	2.5	3.2	2.1	3.2	3.1	2.3	2.5	2.1	2.2	2.9

TRAINING INFRASTRUCTURE AND PROCESSES

Strategic enterprise training and related documents

Strategic planning of human capital is of fundamental importance in sustaining the viability and development of most enterprises. It could reasonably be expected that enterprises should possess the necessary information inputs into (e.g. training records, HR records) and documentary outputs from such planning activity (e.g. training plan, training budget etc.).

The most striking feature of this data is that the proportion of enterprises claiming to possess such documentation increased with increasing enterprise size (Table 5.27). In other words, larger enterprises were more likely to possess documents related to the management of training activities. This may be a direct function of the evolution and growth of the enterprise: meaning that as an enterprise becomes larger, a systematic approach to management and formal record keeping becomes a necessity.

Greater emphasis on formal training policy and policy implementation may also be a factor influenced by enterprise size. For instance, as enterprises become larger it may be easier for government to bring them to comply with policy prescripts such as the Skills Development Levies (Republic of South Africa, 1999) and Employment Equity Acts. Alternatively, there may be gaps or weaknesses in policy implementation, such as when SETAs are not able to cope with the administrative and service burden of obtaining buy-in from small enterprises into policy requirements. These conditions will strengthen the pattern observed: that far higher proportions of large enterprises than small enterprises develop formal records, plans, policies and budgets related to training.

Table 5.27: Proportion of enterprises in possession of strategic enterprise training related documents by enterprise size (%)

	Small (11-49)	Medium (50-149)	Large (150+)	Total
Training records	59.6	90.8	97.1	69.9
Formal business plan	63.1	74.8	85.9	67.3
Employment Equity Plan	52.9	88.1	95.0	64.7
Workplace Skills Plan	51.1	84.1	93.2	62.1
Specific budget for training	38.1	70.1	85.5	49.2
Policy on training and development	51.3	76.4	88.8	60.0
Policy on bursaries	15.9	33.2	60.2	23.0

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

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

The proportions of enterprises with specific budgets for training increased with enterprise size. Irrespective of enterprise size, the existence of specific training budgets was roughly 10 per cent lower than indicators of training records and of the existence of WSPs. This may be because enterprise management bundle training expenditure under another function, such as

HR. In other instances, enterprises may group training across different functions: where IT training would be accounted for in the IT department, induction and first aid training in the HR department and work-related training in line-function departments.

The survey also tested the extent to which enterprises link their formal business plans and WSPs. In linking the business plan and the WSP, the managers of an enterprise would be demonstrating an appreciation of the need to align training strategy with overall business strategy. In the NSS2007, enterprises at all three levels – small (48 per cent), medium (61 per cent) and large (83 per cent) – reported that they linked their WSP with their business plans.

Table 5.28 shows the proportion of enterprises in possession of strategic enterprise training related documents by SETA. SETAs such as ISETT, INSETA, ETDP, MQA, BANKSETA and FASSET, mainly financial sector SETAs, showed relatively high proportions of involvement in developing frameworks for monitoring and driving training. On the other hand, enterprises associated with ESETA, HWSETA and THETA tended to have less documents related to the planning, management and financing of training activities.

Table 5.28: Proportion of enterprises in possession of strategic enterprise training related documentation by SETA (%)

SETA	Training records	Formal business plan	Workplace Skills Plan	WSP is linked to formal business plan	SSP is taken into account in drawing up the WSP	Specific budget for training	Employment Equity Plan	Policy on training and development	Policy on bursaries
FASSET	84.4	65.2	73.1	65.2	64.6	65.4	63.9	66.0	51.2
BANKSETA	80.3	73.7	73.7	73.3	43.2	71.9	64.8	71.9	47.1
CHIETA	84.9	88.7	77.1	63.6	38.5	57.4	74.2	75.5	20.4
CTFL	56.3	58.4	65.8	44.9	54.3	45.3	66.1	45.1	18.6
CETA	69.6	67.7	53.0	54.1	54.7	42.4	64.3	61.9	38.0
ETDP	84.0	64.3	92.8	64.2	44.8	86.8	85.8	77.8	51.4
ESETA	48.4	34.7	49.5	44.2	23.9	22.1	36.8	47.3	5.2
FOODBEV	71.5	77.2	68.6	58.2	43.2	59.0	70.4	68.5	25.6
FIETA	63.6	65.4	50.0	63.1	54.5	46.3	56.5	47.4	17.1
HWSETA	59.1	60.2	49.0	57.8	30.2	44.8	48.7	54.5	25.1
ISETT	86.8	87.4	82.4	68.2	45.4	80.6	75.8	77.6	40.5
INSETA	93.4	74.5	66.6	71.5	67.7	83.6	48.7	76.0	47.2
LGSETA	25.0	0.0	25.0	50.0	0.0	0.0	60.0	50.0	0.0
MAPPP	55.3	57.0	63.8	34.8	56.1	46.4	70.3	52.3	17.2
MQA	84.6	73.2	73.1	62.2	67.0	70.8	79.8	71.1	40.5
MERSETA	79.8	65.6	70.8	49.4	57.5	43.5	70.4	65.8	16.4
SASSETA	69.3	68.4	68.7	63.9	61.8	53.4	72.2	63.8	17.1
AGRISETA	74.0	60.5	65.8	52.0	45.5	50.5	65.6	60.9	23.3
SERVICES	61.9	68.2	50.1	48.9	41.6	44.0	61.5	52.1	22.5
THETA	58.1	68.4	50.4	48.8	45.7	39.0	46.4	61.2	14.4
TETA	71.4	63.4	71.8	60.2	43.8	52.7	76.5	52.0	26.2
W&RSETA	68.6	72.8	61.9	62.8	41.5	53.8	64.0	57.2	15.1
Total	69.9	67.3	62.1	54.6	48.2	49.2	64.7	60.0	23.0

Responsibility for training in the enterprise

Where enterprises locate the responsibility for training in an enterprise can reflect the perceived importance of training in the mind of enterprise owners and managers. Table 5.29 shows how enterprises allocated the responsibility for training in 2006/07 by enterprise size.

Almost eight out of ten enterprises allocated training responsibilities to an employee, a manager or a committee. The highest proportion of instances where 'nobody' was responsible for training was found in nearly one third of small enterprises, but was virtually non-existent in large enterprises.

Table 5.29: Allocation of responsibility in the enterprise for training in 2006/07 by enterprise size (%)

Enterprise size	Nobody	Training manager	Skills development facilitator	Training committee	Total
Small (11-49)	30.6	33.3	27.5	8.7	100.0
Medium (50-149)	4.6	31.3	44.8	19.3	100.0
Large (150+)	0.3	35.2	45.7	18.8	100.0
Total	21.2	32.9	33.6	12.3	100.0

Responsibility for training was allocated in roughly equal proportions to either the 'training manager' or the 'skills development facilitator (SDF)'. Training committees were more evident in medium and large enterprises, whereas only about 10% of small enterprises had a training committee. The deployment of a skills development facilitator in this role was more strongly associated with medium and large enterprises, which would have the resources to employ a full-time SDF or on a need basis, to contract in a specialist from a training and skills development service provider.

Table 5.30 shows the allocation of responsibility in the enterprise for training by SETA. There were wide variances in the institutionalization of training structures in SETAs. In some, the proportion of enterprises without formal training structures or training personnel was as high as 42.6 per cent and 36.6 per cent in MAPPP and SERVICES respectively. Similar variation in the existence of training committees was evident, ranging from high levels in CTFL and TETA to low levels in THETA and FOODBEV.

Table 5.30: Allocation of responsibility in the enterprise for training in 2006/07 by SETA (%)

SETA		Nobody	Training manager	Skills development facilitator	Training committee	Total
FASSET	1	8.9	40.3	33.0	17.8	100.0
BANKSETA	2	0.0	31.0	63.5	5.6	100.0
CHIETA	3	8.0	42.2	35.8	14.0	100.0
CTFL	4	21.6	21.3	30.6	26.6	100.0
CETA	5	23.7	22.7	33.8	19.8	100.0
ETDP	7	10.5	18.6	49.9	21.0	100.0
ESETA	8	28.1	20.2	40.7	11.0	100.0
FOODBEV	9	17.9	45.6	31.8	4.7	100.0
FIETA	10	28.6	29.9	20.5	21.0	100.0

Table 5.30: Allocation of responsibility in the enterprise for training in 2006/07 by SETA (%)						
SETA		**Nobody**	**Training manager**	**Skills development facilitator**	**Training committee**	**Total**
HWSETA	11	23.0	36.4	25.0	15.7	100.0
ISETT	12	10.6	37.1	40.9	11.4	100.0
INSETA	13	7.0	24.2	63.7	5.1	100.0
LGSETA	14	0.0	50.0	0.0	50.0	100.0
MAPPP	15	42.6	13.7	35.0	8.8	100.0
MQA	16	12.0	50.6	25.1	12.2	100.0
MERSETA	17	16.6	29.5	36.8	17.1	100.0
SASSETA	19	5.0	69.8	16.2	9.0	100.0
AGRISETA	20	25.8	22.1	43.5	8.5	100.0
SERVICES	23	36.6	27.8	28.2	7.4	100.0
THETA	25	24.9	45.1	27.4	2.6	100.0
TETA	26	26.9	25.5	23.1	24.5	100.0
W&RSETA	27	10.8	46.0	36.7	6.5	100.0
Total		21.2	32.9	33.6	12.3	100.0

Where enterprises had a training committee in place, the most common pattern overall was for the committee to consist of management and employees without union representation. Training committees consisting of management only were extremely common in small enterprises (40.4 per cent of all cases), but rare in large enterprises (only 2.8 per cent). By contrast, the distribution of training committees which included union representation in large enterprises reached 56.6 per cent, but was evident in only 13.7 per cent of small enterprises. Clearly the smaller employment scale of the enterprise, and related low levels of trade union activity seemed to retard the creation of training committees that are not constituted only from enterprise management.

Table 5.31: Composition of the training committee by enterprise size (%)				
	Small (11-49)	**Medium (50-149)**	**Large (150+)**	**Total**
Management only	40.4	22.6	2.8	29.9
Joint management and employee representation excluding union representation	45.9	44.5	40.7	44.8
Joint management and employee representation including union representation	13.7	32.9	56.6	25.3
Total	100.0	100.0	100.0	100.0

Table 5.32 shows the composition of training committees by SETA. The three SETAs with where more than 40 per cent of enterprises had high levels of management only training committees were BANKSETA, CETA and HWSETA. The only SETAs where more than 40 per cent of enterprises included management and unionised employee representation on training committees were CTFL, MQA and MERSETA, where there is strong unionisation. The SETAs where more than 60 per cent of enterprises created training committees without union representation were ESETA, INSETA, FASSET, ISETT, and the ETDP SETAs.

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

Table 5.32: Composition of the training committee by SETA (%)

SETA		Management only	Joint management and employee representation excluding union representation	Joint management and employee representation including union representation	Total
FASSET	1	20.1	62.5	17.4	100.0
BANKSETA	2	52.9	37.5	9.6	100.0
CHIETA	3	22.0	42.2	35.9	100.0
CTFL	4	19.6	28.3	52.1	100.0
CETA	5	49.8	30.6	19.7	100.0
ETDP	7	20.7	60.1	19.2	100.0
ESETA	8	20.1	74.8	5.1	100.0
FOODBEV	9	17.3	44.6	38.1	100.0
FIETA	10	28.4	43.6	28.0	100.0
HWSETA	11	40.5	55.0	4.6	100.0
ISETT	12	18.8	62.3	18.8	100.0
INSETA	13	27.2	72.8	0.0	100.0
LGSETA	14	0.0	100.0	0.0	100.0
MAPPP	15	21.0	54.4	24.6	100.0
MQA	16	11.2	38.1	50.7	100.0
MERSETA	17	25.6	26.4	48.0	100.0
SASSETA	19	33.5	50.7	15.8	100.0
AGRISETA	20	27.0	55.7	17.3	100.0
SERVICES	23	35.5	57.9	6.6	100.0
THETA	25	25.9	55.0	19.1	100.0
TETA	26	19.3	50.6	30.1	100.0
W&RSETA	27	38.3	38.6	23.2	100.0
Total		29.9	44.8	25.3	100.0

RELATIONSHIP BETWEEN ENTERPRISES AND SETAS

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

Registration of enterprises with SETAs

The 2007 NSS provides insight into the participation of enterprises in these important structures. This is because the survey is targeted at all enterprises that were required by the South African Revenue Services to pay a compulsory training levy of 1 per cent of payroll. This group of enterprises participated involuntarily through paying the levy. The levy is

intended not to operate as a tax but to encourage enterprises to train their workers. The expectation is that the levy amount will serve as an incentive or resource against which enterprises can claim grants on the basis of approved training they undertake. Nonetheless, the levy-grant system does not guarantee that all enterprises will participate; some may well simply treat the levy as a tax.

The next level of participation is for the enterprise to register with a SETA. This is necessary because the SETA administers the reimbursement of grants to enterprises. Therefore, enterprise registration with a SETA is an important measure of engagement in the levy-grant system and more broadly in the NSDS. Tables 5.33 and 5.34 respectively show the percentage and number of enterprises that registered with a SETA.

The data reflect that the system was fairly successful in bringing large (95.1 per cent) and medium (87.7 per cent) enterprises into interaction with the SETAs. But there was distinct divergence in participation by enterprise size. Participation was much weaker among small enterprises (61.6 per cent).

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

The levy-grant system succeeded in connecting enterprises which paid their levy with a SETA in 70% of cases. Yet the challenge remains to make inroads among the 30% of enterprises which paid the levy but were either unregistered (22.3%) or were unsure of their relationship with a SETA. The 'unsure' category refers to enterprises that pay a levy but do not know whether or not they are registered with a SETA (7.7 per cent).

Table 5.33: Enterprises registered with a SETA by enterprise size (%)

	Registered	Not registered	Unsure	Total
Small (11-49)	61.6	29.3	9.1	100.0
Medium (50-149)	87.7	7.3	5.1	100.0
Large (150+)	95.1	3.2	1.6	100.0
Table Total	70.0	22.3	7.7	100.0

Table 5.34: Enterprises registered with a SETA by enterprise size (Number)

	Registered	Not registered	Unsure	Total
Small (11-49)	17 807	8 472	2 634	28 913
Medium (50-149)	9 048	751	523	10 322
Large (150+)	2 311	79	39	2 429
Table Total	29 165	9 302	3 196	41 664

Table 5.35 shows the percentage of enterprises registered with a SETA, by SETA. There is wide variation in registration, ranging from high levels of registration (such as 91.9 per cent in ETDP) to low levels (such as 46.9 in THETA). In three SETAs, the registration of enterprises

was less than sixty per cent: THETA (46.9 per cent), SASSETA (58.0 per cent) and HWSETA (58.5 per cent). In a further seven SETAs, enterprise registration levels were below the 70 per cent mean for the SETA system.

These low registration percentages correspond with high proportions of enterprises that did not register. In eight SETAs more than 25 per cent of enterprises did not register, or were unsure whether they were registered or not. In some SETAs the high non-registration proportions were mainly among small enterprises. The 'unsure' group was quite large. This group could be reduced through improving communications between small enterprises and the SETAs.

Table 5.35: Enterprises registered with a SETA by SETA (%)

		Registered	Not registered	Unsure	Total
FASSET	1	85.7	9.0	5.4	100.0
BANKSETA	2	80.3	13.1	6.6	100.0
CHIETA	3	85.5	9.6	4.8	100.0
CTFL	4	87.9	9.1	3.0	100.0
CETA	5	63.0	31.1	5.9	100.0
ETDP	7	91.9	6.6	1.5	100.0
ESETA	8	64.3	29.7	5.9	100.0
FOODBEV	9	66.3	29.3	4.4	100.0
FIETA	10	68.7	21.8	9.4	100.0
HWSETA	11	58.5	33.1	8.4	100.0
ISETT	12	84.4	15.6	0.0	100.0
INSETA	13	91.2	5.9	2.9	100.0
LGSETA	14	50.0	50.0	0.0	100.0
MAPPP	15	75.3	22.5	2.2	100.0
MQA	16	82.7	17.3	0.0	100.0
MERSETA	17	79.5	15.9	4.7	100.0
SASSETA	19	58.0	28.0	14.0	100.0
AGRISETA	20	66.9	27.1	6.0	100.0
SERVICES	23	61.2	27.1	11.7	100.0
THETA	25	46.9	36.3	16.9	100.0
TETA	26	67.7	14.9	17.4	100.0
W&RSETA	27	75.1	16.8	8.2	100.0
Total		70.0	22.3	7.7	100.0

Enterprises claiming grants

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

A glance at the percentages of enterprises claiming grants against levy payment reveals that there was wide variation in enterprises claiming grant reimbursement across enterprise size (Table 5.36). While nine out of ten large enterprises (92.9 per cent) claimed grants, and eight

out of ten medium sized enterprises (77.8 per cent) claimed, only four out of ten small enterprises made grant claims. Clearly the levy-grant system was operating with success among large enterprises but it had not yet succeeded in mobilising skills development in the majority of small levy-paying enterprises

Table 5.36: Enterprises claiming and not claiming grants against levy payment by firm size (%)				
	Small	Medium	Large	Total
	(11-49)	(50-149)	(150+)	
Enterprises claiming grants against levy payment	39.7	77.8	92.9	52.4
Enterprises not claiming grants give reasons for not making claims:				
Applications too complicated	17.1	20.0	6.2	17.3
Do not have time	8.7	9.4	0.0	8.7
Do not know about them	24.1	17.1	20.5	23.2
Do not train	15.5	11.4	0.0	14.8
Not worth the effort financially	24.1	16.7	18.7	23.1
Other	10.5	25.4	54.7	13.0
Total	100.0	100.0	100.0	100.0

We turn now to the reasons given by respondents from enterprises that did not claim as to why their enterprises did not make grant claims. There was no strong differentiation by enterprise size in the reasons given by respondents for why their enterprises did not make claims. Nearly one in four enterprises put forward that that it was 'not worth the effort financially' (23.1 per cent) to claim, or asserted that they '(did) not know about them (the grants)' (23.2 per cent).

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

Nearly one in five respondents indicated that the grant application process was 'too complicated'. In the light of this response, a further nine per cent of small and medium enterprises indicated that they '(did) not have the time' to complete the applications. Under time constraints, the ease with which a prospective grant applicant can complete the form becomes an important consideration. Assuming that SETAs have the powers to amend documents and to improve the user friendliness of processes, the question is why this type of problem still negatively affects such a large proportion of respondents.

In response to the 'Other' category, enterprises complained that there was a lack of 'accredited' or 'approved' courses against which they could make claims. This suggests that in some sectors, there were simply not enough training providers which could provide the needed courseware, or that training providers - and or their courses - were not being accredited quickly enough by the SETAs.

The response of some enterprises points to the existence of two 'supply' problems. First, the SETAs are not quality assuring and accrediting training providers or training programmes fast enough to meet demand. Second there may not be enough suppliers in the market to meet the demand generated by the levy-grant system. Both of these potential constraints on supply require further investigation to identify their sectoral origins so that the bottlenecks can be removed.

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

At the SETA level there was wide variation in the proportion of enterprises claiming against their levy payments, ranging from 79.6 per cent (FASSET) to 27.4 per cent THETA (Table 5.37). This variation may be partially ascribed to the composition of particular sectors, but must also be taken to reflect on SETA performance given that the levy-grant system has been in place for some time and that South Africa is now into NSDS 2.

Enterprises not claiming grants

We now explore the reasons given by enterprises for not submitting any grant claims.

The EDTP (55.1 per cent) and MQA (50.0 per cent) SETAs had the highest number of respondents who *claimed not to know about the opportunity to claim grants* against their levy payments. By contrast, low proportions of enterprises from INSETA (8.7 per cent) and FASSET (7.9 per cent) claimed not to know about grant claims. This suggests that certain SETAs need to explore ways of expanding their information dissemination activities to members.

Availability of time to comply with grant system requirements was a far greater factor in some SETAs with large proportions of enterprises recording time as a problem (eg: MAPPP 27.3 per cent; W&RSETA 16.4 per cent), whereas time constraints were perceived to be hardly a problem at all by enterprises in the BANKSETA, EDTP, FASSET, FOODBEV and MQA SETAs.

The claim made by respondents that SETA *grant applications are too complicated* ranged considerably between SETAs where no enterprises recorded this factor as a problem (i.e. zero enterprises in BANKSETA and MQA) to 32.6 per cent in the case of INSETA. The high percentage in the case of INSETA may have its origination in the numbers of micro-lenders which are affiliated to that SETA. The authors of this report briefly explored the SETA websites and accessibility of grant-related documentation. Their experience suggested 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. Not much seems to have changed in this regard since NSS2003.

In certain SETAs a significant proportion of respondents believed that to make a grant application was not worth the trouble financially. This was particularly evident with ESETA, (44.1 per cent) and BANKSETA (40.0 per cent). More than 30 per cent of enterprises in another five SETAs were of the same view. Questions must be asked about these responses. Had the firms with this view undertaken an adequate analysis or the requirements? Were they equipped with adequate information from the SETAs? Answering these questions is difficult given that information flows are clearly a lingering problem in the levy-grant system

On the other hand, the grant claim process was more favourably viewed. For instance, low proportions of enterprises in the EDTP (10.6 per cent) and W&RSETA (12.1 per cent) SETAs considered grant claims to be worthless to them.

Table 5.37: Enterprise claiming and not claiming grants against levy payment by SETA

		Enterprises claim grants against levy payment	Enterprises that do not claim give reasons for not making claims:						
			Application too complicated	Do not have time	Do not know about them	Do not train	Not worth the effort financially	Other	Total
FASSET	1	79.6	23.6	0.0	7.9	15.7	23.6	29.3	100
BANKSETA	2	67.2	0.0	0.0	20.0	40.0	40.0	0.0	100
CHIETA	3	67.0	15.9	10.1	25.9	7.9	23.8	16.4	100
CTFL	4	65.6	7.9	7.9	15.8	23.7	32.0	12.7	100
CETA	5	48.9	24.3	8.1	21.6	10.8	18.9	16.5	100
ETDP	7	70.4	23.7	0.0	55.1	0.0	10.6	10.6	100
ESETA	8	38.6	1.5	10.3	26.5	8.8	44.1	8.8	100
FOODBEV	9	52.1	16.0	0.0	19.3	22.7	34.0	8.0	100
FIETA	10	39.9	20.0	5.1	26.9	13.7	17.7	16.6	100
HWSETA	11	36.2	23.0	8.8	23.6	10.8	27.1	6.8	100
ISETT	12	60.4	13.1	7.3	19.0	9.5	19.0	32.1	100
INSETA	13	68.4	32.6	8.7	8.7	8.7	34.9	6.4	100
LGSETA	14	33.3	0.0	0.0	33.3	33.3	0.0	33.3	100
MAPPP	15	59.7	16.4	16.4	10.9	34.8	16.4	5.1	100
MQA	16	60.5	0.0	0.0	50.0	17.1	32.9	0.0	100
MERSETA	17	62.5	14.7	9.2	18.3	18.3	22.9	16.5	100
SASSETA	19	51.8	27.1	0.0	29.7	0.0	35.1	8.0	100
AGRISETA	20	46.8	19.4	12.4	18.0	19.3	20.7	10.1	100
SERVICES	23	35.3	21.0	1.8	29.2	14.0	21.6	12.3	100
THETA	25	27.4	6.6	6.6	31.1	19.8	29.8	6.0	100
TETA	26	40.0	10.8	7.8	23.5	19.6	34.3	3.9	100
W&RSETA	27	67.9	15.2	27.3	18.2	6.1	12.1	21.2	100
Average		52.4	17.3	8.7	23.2	14.8	23.1	13.0	100

A significantly larger percentage of enterprises that trained employees in 2006/07 claimed grants (63.5 per cent) than enterprises that trained but did not claim grants. Furthermore, a significantly larger percentage of enterprises with low training rates did not claim grants (55.8 per cent). This does not show causality yet the association between these two behaviours is 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.

There was no significant difference between enterprises with an above average training rate (>53 per cent) and a below average training rate (<53 per cent) for medium and large enterprises in terms of grant claiming frequency. However, small enterprises with a higher than average training rate were significantly associated with higher grant claims. This analysis suggests that the levy-grant scheme still has an important role to play in the training activity of small enterprises.

Ratings of SETA services

The foregoing analysis has raised the question of SETA services in relation to training performance and grant claiming frequency. In the NSS2007 as in the NSS2006, enterprises were required to rate SETA services. These services were rated using a 5-point scale ranging from 'poor' (1) to 'excellent' (5).

SETAs' promptness in paying grants was rated the highest of all services (2.8) whereas SETA provision of free training was rated the lowest (2.1).

Small enterprises clearly rated SETA services more poorly than large enterprises. The ratings of small enterprises of most services were on average 0.5 mean points below the ratings of large enterprises. It is important to ask why small enterprises consistently rated SETA services more poorly than large enterprises. SETAs may provide a better service to large enterprises simply because large enterprises have greater resources to engage with SETAs and to extract value from the levy-grant process. At the same time, it is probable that SETAs found it difficult to provide an equivalent service quality to the small enterprises because of administrative, logistical and other difficulties.

Table 5.38: Enterprise ratings of SETA services by enterprise size

	Small (11-49)	Medium (50-149)	Large (150+)	Total
Submission procedures	2.5	2.9	3.0	2.7
Internet site and web pages	2.5	3.0	3.2	2.7
Promptness in paying grants	2.6	2.9	3.1	2.8
Responsiveness to queries	2.4	2.7	2.7	2.5
Provision of information about grants	2.3	2.7	3.0	2.5
Provision of information about courses, programmes and training including Learnerships	2.3	2.6	2.8	2.4
Advice and support on quality assurance of training (ETQA)	2.2	2.5	2.9	2.4
Provision of Sector Skills Plans	2.1	2.5	3.0	2.3
Provision of free training	2.0	2.3	2.4	2.1
Other	1.9	2.5	2.3	2.1
Total (Overall mean)	2.3	2.7	2.9	2.5

Table 5.39 shows enterprise ratings of SETA services by SETA. The BANKSETA, FASSET, INSETA, CTFL and FOODBEV SETAs received positive (above average) ratings. FIETA and ESETA on the other hand will have to work hard to improve their services given that they were rated poorly by their clients in comparison to other SETA ratings.

Table 5.39: Enterprise rating of the services of SETAs by SETA												
SETA		Advice and support on quality assurance of training (ETQA)	Internet site and web pages	Promptness in paying grants	Provision of information about courses, programmes and training including Learnerships	Provision of information about grants	Provision of Sector Skills Plans	Provision of free training	Responsiveness to queries	Submission procedures	Other	Total (Overall mean)
FASSET	1	3.2	3.7	3.6	3.8	3.6	3.4	3.5	3.3	3.6	5.0	3.5
BANKSETA	2	3.6	4.2	4.2	3.8	3.5	3.7	3.5	3.5	3.6		3.8
CHIETA	3	2.7	2.7	2.5	2.6	2.6	2.6	2.4	2.7	2.5	1.5	2.6
CTFL	4	2.5	2.6	3.3	2.9	2.9	2.9	2.2	3.0	2.8	1.6	2.8
CETA	5	2.1	2.5	2.1	1.9	2.2	2.1	1.7	2.1	2.2		2.1
ETDP	7	2.6	3.0	2.8	2.3	2.7	2.5	2.1	2.7	3.0	1.0	2.6
ESETA	8	1.9	2.4	2.1	2.0	1.9	1.5	1.1	2.0	1.9	1.1	1.9
FOODBEV	9	2.8	3.1	2.8	2.6	2.9	2.7	2.2	2.8	3.0	2.2	2.8
FIETA	10	1.9	2.0	2.2	1.8	1.8	1.8	1.7	1.9	1.9	1.4	1.9
HWSETA	11	2.1	2.4	2.3	2.0	1.9	2.0	2.0	2.2	2.3	1.0	2.1
ISETT	12	2.3	2.7	3.0	2.6	2.5	2.2	2.0	2.4	2.6		2.5
INSETA	13	2.9	3.1	3.2	2.9	3.0	2.9	2.6	2.8	3.1	1.0	3.0
LGSETA	14	1.0	3.0	1.0	1.0	1.0	3.0	1.0	1.0	1.0	.	1.4
MAPPP	15	2.4	2.9	3.2	2.3	2.6	2.8	2.1	2.7	3.1	1.0	2.7
MQA	16	2.7	2.7	2.4	2.7	2.3	2.6	2.6	2.9	2.8		2.7
MERSETA	17	2.3	2.7	2.7	2.4	2.4	2.1	1.9	2.5	2.6	2.2	2.4
SASSETA	19	2.6	2.8	2.7	2.3	2.3	2.3	1.9	2.5	2.9	4.0	2.5
AGRISETA	20	2.5	3.0	3.1	2.6	2.7	2.7	2.2	2.8	3.0	4.0	2.7
SERVICES	23	2.3	2.7	2.3	2.5	2.3	2.0	2.4	2.3	2.4	1.4	2.4
THETA	25	1.8	2.3	2.3	2.0	2.1	2.1	1.8	2.3	2.4	1.6	2.1
TETA	26	2.0	1.9	2.2	2.1	2.1	2.0	1.9	2.1	2.4	2.1	2.1
W&RSETA	27	2.5	2.7	3.2	2.6	2.7	2.6	2.2	2.7	2.9	2.5	2.7
Average		2.4	2.7	2.8	2.4	2.5	2.3	2.1	2.5	2.7	2.1	2.5

CONCLUSION

The following key themes were addressed in this chapter:

Training delivery modes

The pattern of involvement in training types clearly favoured 'on-the-job training' followed by the more formal and structured modes of training (e.g. courses presented in-house or by an external agency). 'Mentoring' as a means of training received higher ratings than 'skills programmes'. 'On-the-job training' was key vehicle for training in a diverse group of SETAs.

Only 20 per cent of enterprises reported to have registered current employees in Learnerships and only 9 per cent indicated to have registered new employees in Learnerships in 2006/07. Involvement in Learnerships varied between SETAs. It should be noted that higher percentages of registrations could have occurred during the period between 2002/03 and 2006/07. Almost one in every two enterprises in the financial, insurance and safety and security sectors reported to have registered employees in Learnerships.

Training to standards

In 2006/07, 31 per cent 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 22 per cent. The banking sector (82 per cent), education (66 per cent) and energy sectors (67 per cent) had the highest proportions of employees training according to standards.

High performance workplaces

Training has in recent years encompassed a broad range of activities that may be referred to as 'human resources development' practises. South African enterprises did report some use of practices such as the 'annual performance review' and 'team working'. However, very low levels of buy-in to practices characteristic of the high performance work practice model (e.g. quality circles, self directed teams) were evident. Incentive-based practices (e.g. profit sharing, group compensation) were implemented to an even lesser extent.

Skills needs

Turnover

In 2006/07, 17.8 per cent of workers left or changed their jobs. There is a complex relationship between employee turnover, skills needs and skills training practices. The biggest factors causing turnover were given as 'loss of employees to other enterprises', followed by 'loss of employees through illnesses'. Among the SETAs, the clothing and agriculture sectors measured the highest mean on the loss of employees on account of illness.

Strategies for meeting skills needs/shortages

Enterprises indicated that they would emphasise improved retention of employees. This in an important finding as it reflects the evolution of apositive approach towards sustaining human resources rather than merely seeking to replace them. From such a starting point, we may expect training to be configured around upgrading the skills of longstanding workers, and to making training benefits part of conditions of service in order to retain workers.

Skills underdeveloped or lacking

Respondents did not identify any particular skills area as severely underdeveloped or lacking. 'General IT user', 'communication' and 'problem solving' - skills were reportedly the most underdeveloped or lacking. These results suggest that employers have a relatively strong interest in 'soft' skills. At the SETA level, literacy skills were identified as underdeveloped or lacking in the clothing, forestry, mining and agriculture sectors. Overall, the forestry sector registered the widest range of skills as underdeveloped or lacking.

Occupations needing skills upgrading

'Technicians and trades workers', 'machinery operators and drivers' and 'labourers' were occupations most in need of skills upgrading in 2006/07. These occupations (except for 'technicians and trades workers' to some extent), are strongly associated with primary economic activities (agriculture and forestry). The skills needs associated with these categories corroborates other data to the effect that literacy and other skills were underdeveloped or lacking especially in the agriculture and forestry sectors. What is of concern is that although these occupations were found to have the highest need for skills upgrading, they showed some of the lowest training rates (except for 'technicians and trades workers' which had the highest training rate). A lag between perceived need or demand for skills and the actual supply of training can be expected. This may explain why the skills upgrading needs identified in a particular occupational group are not necessarily matched by the supply of training opportunities to that group in the same period of time.

Factors causing increases in the propensity to train in the 2006/07 year

The strongest influence that caused increased training was the need to improve 'quality standards and achieve customer service objectives'. This corroborated the high training rates of 'sales workers'. Another strong driver of increased training was the setting of 'productivity targets' which suggests that enterprises are associating training with increased productivity (see discussion in Chapter 6). 'Increases in demand for products and services' were the third highest factor cited as a reason for increased training.

Training infrastructure

Different proportions of enterprises reported to be in possession of key strategic documents, including business plans (67 per cent), Workplace Skills Plans (62 per cent), specific budgets for training (49 per cent) and training records (70 per cent). Medium and large enterprises

reported much higher levels of ownership of these documents compared to small enterprises. Sixty per cent of small enterprises kept training records, although only 51 per cent had workplace skills plans. This suggests that a proportion of small enterprises were engaging in planning for training activities outside the requirements of the formal skills-levy process.

Of all enterprises, 67 per cent either had a training manager or a training facilitator to oversee training, whereas only 12 per cent had a training committee. However, 21 per cent of enterprises do not have any person or group responsible for training. This situation is most pronounced among small enterprises where just less than one third has nobody specifically responsible for training.

The composition of training committees influences the extent to which employees can make inputs about the training they receive. Training committees comprising management alone (30 per cent) were most evident 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 (57 per cent).

Involvement in the NSDS

The influence of the NSDS over the level and distribution of skills in the South African workforce is enhanced by the extent to which enterprises participate in the various facets of the strategy. Key entry points were the extent to which enterprises register, pay levies and claim grants. Participation rates were very strong among 'large' enterprises, with over nine in every ten large enterprises registered, whereas this dropped off to 62 per cent for small enterprises. There were noticeable differences in levels of registration between SETAs, from high levels in the education services sector (92 per cent) to relatively low levels in the tourism sector (47 per cent). Reducing the number of enterprises 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. Of concern was that nearly 8 per cent of enterprises were unsure as to whether they were registered or not.

Overall, 52 per cent of enterprises claimed grants (40 per cent of small enterprises, 78 per cent of medium enterprises, and 93 per cent of large enterprises.). 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 80 per cent claimed, to the tourism sector where 27 per cent 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 SETAs communicate with prospective members. Almost 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'.

Another key set of responses pertains to the perceived costs and benefits of participation. Approximately one in ten respondents indicated that they 'do not have time' to complete

applications, and 23 per cent declared that making applications was, in their view, not worth the effort financially.

Enterprise rating of SETAs

Large and medium enterprises expressed average levels of satisfaction with SETA services. The aggregate rating was the same in 2007 as it was in 2003. Small enterprises clearly rated SETA services more poorly than medium and large enterprises. This may be because the SETAs do provide a better service to large enterprises. Alternatively, it may be that the SETAs find it difficult to provide an equivalent level of service to small enterprises because of administrative, logistical and other difficulties.

Chapter 6

SKILLS DEVELOPMENT IN SOUTH AFRICA IN 2007: KEY FEATURES AND CHALLENGES

PURPOSE

In this review, the key findings of the National Skills Survey of 2007 are considered with reference to opportunities and challenges for sustaining optimal future training access and training quality in South African workplaces. This chapter will draw attention to the most salient changes in workforce training performance, and will discuss the implications of changes in the training dispensation for future skills development policy where appropriate.

This is an important value adding opportunity that is made possible by the fact that the Department of Labour commissioned two National Skills Surveys, in 2003 and 2007, which share a robust and comparable methodology.

STRUCTURE

Over the four years between 2003 and 2007, there was a doubling of training exposure for permanently employed workers in South African private sector workplaces. The powerful commitment of enterprises in South Africa towards skills development in this period is an extremely positive sign, given the importance of an appropriately skilled and motivated workforce to economic development.

This was of course a systemic achievement, which could not be credited to a single player or factor. We must ascribe the sharp rise in training activity to a combination of positive effects brought about by key policy levers in the National Skills Development Strategy, namely the levy-grant scheme and supporting legislation, and to strong positive action among employers who were also responding to local and global economic challenges.

Whatever gains or targets are met in the past, pursuing skills development in a national workforce remains an ongoing challenge on a grand scale. Aggregate gains made in raising training exposure in one year may be lost in the next year if sufficient attention is not paid to sustaining hard won advances by adapting policy and fine-tuning implementation. Also, in developing complex open systems – such as the South African skills development system as envisaged in the NSDS – there is always the likelihood that policy interventions can produce unintended consequences with more or less undesirable ramifications.

The skills development environment in South Africa four years after 2003, as captured in the National Skills Survey of 2007 reveals as complex a situation as might be anticipated. The training rate doubled between 2003 and 2007. All firm sizes increased their training rate *but* the margin of improvement differed vastly according to firm size. The aggregate training rate rose substantially in a period of economic expansion, but a global decline in growth looms in 2008 and the following period. How will this affect enterprise training activities?

Within the big picture of a handsome increase in training rate are two key challenges. First, the aggregate increase in training rate produced greater levels of inequality in access to training by enterprise size, occupation, race, gender and disability. Second, in 2008 given the likelihood of a downturn in economic prospects, it is timely to ask how impervious the high 2007 training rates will be to economic shock. If possible, it is important to entrench the training gains achieved in such a way that they remain durable elements of enterprise behaviour.

This review will consider these important issues with reference to data made available through the NSS2003 and NSS2007 surveys. The review will be structured as follows-

The first section of the review considers the relative impact of different factors or institutions on the recent increase in training rate from the perspective of enterprises. This angle of approach is essential because it requires an assessment of the impacts that are directly attributable to government - such as through skills development legislation, and the SETA infrastructure - and the impact of economic factors outside of direct government influence that may be local and global in origins. This discussion is important in establishing what government can be expected to achieve when training conditions improve and when training conditions decline.

The second section of the review deals with the onset of deeper inequalities in access to training. It provides an analysis of increased disparities in access to training according to enterprise size, and the disparities in expenditure on training by enterprise size that are evident in spite of – or because of - the aggregate increase in training rates between 2003 and 2007. The analysis reveals how small and to some extent medium sized enterprises are less able to supply training in the volume and with the financial backing that large enterprises are able. Then, the section refers to inequality of access to training with reference to occupational category which it argues is inextricably linked to size-related differences. Lastly, it shows how wide disparities in training between SETA performance have persisted between 2003 and 2007, suggesting that differences between SETAs are not diminished even when there is a substantial increase in training rates.

Thereafter, the review considers the question of training quality through considering increased recourse to training according to standards among enterprises. Given that training access rapidly expanded in the 2003 to 2007 period, it is vital to consider how much of this increase in training was linked to international or local – especially SAQA/NQF – standards systems.

The imperative to monitor access by race, gender and disability remains, whether training is in short supply or if it is expanding,. In this fourth section, the state of equitable access to training is analysed, showing how by 2007, incremental gains were made against NSDS targets. However, at the same time, differences in training according to enterprise size exposed the working population to wide variation in access to training according to race. In the same year, females were at a slight advantage in accessing training vis-à-vis males, while disabled workers fell behind the aggregate increase.

The fifth section gives attention to changes in the participation of enterprises in the levy-grant scheme between 2003 and 2007. Evidence of increased participation supports the finding of an aggregate increase in training rate across the board. However, the data also reveals how the system administered by the SETAs continues to favour large enterprises.

The final substantive element of this review focuses on two critical issues driven by the changes described in the foregoing discussion. Theses are: the supply side of enterprise training, and the prospects for sustaining a training rate near the 50 per cent level.

- The aim of the National Skills Surveys was to focus on enterprise behaviour and on how SETAs directly serviced their enterprise clients. In other words the attention was mainly on demand aspects of training and the administration of training levy-grants. Very little is known about the nature of the supply-side, how this market operates and how well SETAs service the needs of providers (i.e. transactions, accreditation etc.).

- The training rate doubled between 2003 and 2007 to above the 50 per cent level. This is a high rate by international standards. The question is whether the South African skills development system will be sufficiently entrenched to withstand economic pressures that exert a downward trajectory on training?

This is followed by a brief concluding section.

FACTORS IMPACTING ON THE TRAINING RATE

Training rate increase

Detailed training rate analysis in the NSS2007 and NSS2003 referred to training exposure within the category of permanent employees. This was calculated to be 25 per cent in 2003 and 53 per cent in 2007. In 2003, one in every four workers was exposed to some form of training and by 2007, one in every two workers benefited from some form of training. This doubling of the training rate proportionately increased the likelihood that welcome improvements in the skills levels, motivation levels and efficiency of the permanently employed private sector workforce would be realised.

The post-1994 democratic government created a skills development environment with the express intention of improving the quantity and quality of workplace training which had reached a low ebb in the 1980s and 1990s. The importance of this achievement should be acknowledged. Given the magnitude of the challenge involving many hundreds of thousands of workers, the fact that a doubling of the training rate was achieved over four years is remarkable.

But in any national skills development system, government policy and strategy does not solely determine workplace training, and many factors may play a role, such as national and global business and economic cycles. What were the main drivers of the 'massification' of access to workplace skills development and training in South Africa between 2003 and 2007? Can such a high level of access attained in 2007 be sustained? Both of these questions are critically important in considering how the Department of Labour can best move to retain the training momentum that has grown up to 2007, and in understanding the role and limits of existing policy in impacting on South African workplace training in the future.

Factors causing enterprises to increase training

As part of the survey, enterprises were asked to rate factors that caused them to increase training during the 2006/7 financial year.

Out of a possible fifteen factors, by far the strongest influence was the perceived need to improve 'Quality standards and consumer service objectives'. The second most powerful factor was the need to deploy training so as to meet 'Productivity targets'. 'Increase in demand for products / services' and 'Increased competition' were rated third and fourth most important factors causing increased training.

The combination of these factors suggests that enterprises increased training in response to buoyant but also competitively demanding global market conditions as the South African economy opened up after 1994. In addition, the fifth strongest factor 'Technology change' that positively influenced training activity also implies that South African enterprises were introducing new technologies into their value chains in order to be more competitive both in terms of quality and price.

'SETA initiatives' as a form of pressure on enterprises to increase training were ranked lower at ninth in terms of perceived influence. The data furthermore suggests that new national government initiatives such as ASGISA - ranked 13th - had a comparatively low direct influence on the propensity of enterprises to increase training. This was with the exception of the construction sector and other sectors linked to infrastructure delivery value chains.

In 2003, six factors - 'Quality standards', 'Increase in demand for products/services', 'Productivity targets', 'Increased competition', 'Technology change' and 'Employee expectations' – were ranked as more powerful in causing increases in training than 'New labour legislation' and 'SETA initiatives' which were ranked seventh and eighth respectively. The similarity in ranking between 2003 and 2007 is strong.

From these consistent responses, it is quite apparent that in the view of respondents, the main drivers of increased training was market competition, and that the impact of the SETA structures in causing enterprises to increase training was relatively weak. This is an important finding because it clearly reveals the power of factors exogenous to the immediate skills development policy environment. At the same time, this observation does not distract from the importance of skills development policy and institutions especially under conditions that may be less than friendly to enterprise investment in training.

On the basis of this evidence, the relationship between the local and global economic environment and training propensity deserves attention.

Satisfaction with services provided by the SETAs

Services provided by the SETAs are an important factor in creating the conditions within which enterprises can engage in skills development activities. For this reason, enterprises were asked to rate SETA service activities on a five-point scale ranging from 'Poor' (1) to 'Excellent' (5).

Between 2002/03 and 2006/07, there was no shift in the overall rating which remained at 2.5 (Table 6.1). This suggests that over the four years there was little or no change or improvement in SETA performance from the perspective of enterprises.

Moving to specific service categories, in all but one service category there were shifts in ratings. Most of these shifts involved 0.1 point and 0.2 point negative difference in means between 2002/03 and 2006/07. The activity which showed the biggest movement with a 0.3 point decline was SETA 'responsiveness to queries'.

The service categories that received lower ratings in 2006/07 included: 'advice and support concerning Learnerships' (-0.1), 'Provision of information about courses, programmes and training including Learnerships' (-0.1), and 'Provision of information about grants' (-0.1). This means that in all four categories that related to SETA communication and responsiveness, they were rated lower in 2007 than in 2003.

SETAs did attain higher ratings in two areas: 'Submission procedures' (+0.1) and 'Promptness in paying grants' (+0.1), which suggests that while there was some improvement in administrative functions, the service function deteriorated.

Table 6.1 : Enterprise rating of SETA services by size in 2002/03 and 2006/07					
Enterprise size	2002/03		2006/07		2002/03 – 2006/07
SETA service	Mean	Std dev	Mean	Std dev	Diff between means
Advice and support concerning Learnerships	2,5	1,3	2.4	1.2	-0.1
Internet site and web pages	2,7	1,2	2.7	1.2	0
Promptness in paying grants	2,7	1,2	2.8	1.3	+0.1
Provision of information about courses, programmes and training	2,5	1,3	2.4	1.2	-0.1
Provision of information about grants	2,6	1,3	2.5	1.3	-0.1
Provision of sector skills plans	2,5	1,3	2.3	1.2	-0.2
Provision of free training	2,2	1,2	2.1	1.2	-0.1
Responsiveness to queries	2,8	1,3	2.5	1.3	-0.3
Submission procedures	2,8	1,2	2.7	1.3	+0.1
Other	1,7	1,2	2.1	1.5	+0.4
Total	2,5		2.5		-

Note: the mean rating and standard deviation of enterprise scores is given for each SETA service.

Turning to enterprise size, in 2006/07 the mean ratings of SETA services clearly differed according to size with large, medium and small enterprise rankings declining from 2.9 to 2.7 to 2.3 respectively. This gradation in enterprise training from large to small was similar in 2003.

Small enterprises clearly rated SETA services more poorly than large enterprises. The 2007 ratings of small enterprises of most services were on average 0.5 mean points below the ratings of large enterprises.

It is important to ask why small enterprises rated SETA services more poorly than large enterprises. SETAs may provide a better service to large enterprises simply because large enterprises have more resources and more specialised personnel to engage with SETAs and to extract value from the levy-grant process. At the same time, it is probable that SETAs find it difficult to provide an equivalent service quality to the small enterprises because of a variety of administrative, logistical and other difficulties.

These findings suggest that the SETA infrastructure played a less influential part in the increased training rates than might have been expected. The impression is that the improvement in training rates was driven less by the SETAs as service providers and driven more by a combination of the compliance requirements of the levy grant system and the realisation among enterprises that training in response to economic signals would serve their own quality and competitive imperatives.

It is important to pursue analysis that contributes toward a better understanding of how government interventions articulate with other factors in producing a particular training propensity. Care should be taken not to credit recent gains solely to government policy interventions when training rates rise and by the same token, care must be taken not to attribute blame solely to government interventions when training rates fall. Thus the point is to understand workplace training in a more complete way.

Rising training volumes generate wide disparities in access by enterprise size

All increases in access to workplace training of reasonable quality bear potential benefits for those participating. Skills, attitudes and motivations that are improved through training can raise the contribution of the workforce to enterprise, sectoral and national economic competitiveness. Simultaneously training can lift the occupational mobility, the income generation potential and the personal growth aspirations of individual workers. These are powerful benefits that can be associated with a doubling of the aggregate training rate.

But the 2007 training rates are paradoxical because, the impressive aggregate training rate increase masked substantial variance in training access between workers in small, medium and large enterprises. In 2005, only five percentage points separated the training rate of small, medium and large enterprises. Yet four years later the training spread across enterprise size expanded to thirty percentage points.

The training rate of large enterprises (64 per cent) was almost double the rate of small enterprises (34 per cent), which means that in the year in question, a worker employed in a large enterprise was twice as likely to receive training as her contemporary in a small enterprise. Given that over half of all permanent employees in 2007 were employed in large enterprises, this is a positive outcome because the majority had the benefit of a relatively high probability to receive training. On the other hand, in small enterprises where training remains most difficult to mobilise – for both enterprises and SETAs – just over one million workers had only a one-in-three chance of a training opportunity.

The appearance of this massive gap in training access between workers in large and small enterprises presents a series of important and difficult questions. Why did such a massive divergence in training behaviour open up between the three enterprise sizes between 2003 and 2007? We will return to this question later.

EXPENDITURE ON TRAINING

We now turn to training expenditure which, alongside training rate is a critical indicator of the commitment of enterprises to skills development.

On an aggregate basis, expenditure on training as a percentage of payroll increased from 1.3 to 2.0 per cent between 2000 and 2003, and in 2007 it was measured as 3.0 per cent (Table 6.2).

This is a fundamentally important finding because it indicates that, in the seven years since the first measure was taken, enterprises consistently increased their allocation of resources to training beyond the 1 per cent levy of payroll stipulated in the legislation. Furthermore, it is especially encouraging to see that small and medium enterprises raised the proportion of training expenditure to payroll by 60 per cent between 2003 and 2007. Large enterprises sustained a slower growth rate but nevertheless, in 2007 were investing in training at nearly three times the base rate enforced through the training levy.

Table 6.2: Training expenditure as a percentage of payroll by enterprise size			
Training expenditure as a % of payroll			
Year	**2002/03**	**2006/07**	**% increase 2002/3 to 2006/7**
Small 11-49	1,0	1.6	60.0
Medium 50-149	1,1	1.8	63.6
Large 150+	2,8	3.8	35.7
Total	2,1	3.0	42.9

Training expenditure as a proportion of payroll is influenced by workforce size, wage rates and the occupational structure of sectors and enterprises. As a percentage-based indicator, it cannot reveal changes in real expenditure per worker receiving training.

The robust and stable methodology applied in the NSS2003 and NSS2007 provided the basis for examining real training expenditure in South African workplaces per worker in a financial year. For comparative purposes, the 2002/03 expenditure per trained worker was recalculated (assuming average 5% inflation between 2003 and 2007) to a 2006/7 rand equivalent.

Three features stand out. First, the 2003 situation where medium sized enterprises generated a higher expenditure ratio per trained worker than large enterprises was turned around. Thus in 2007, the common international pattern for training expenditure to improve in relation to increases in enterprise size was reasserted among South African employers. In 2007, the increment between small and medium size enterprise expenditure was much lower than the increment between medium and large enterprises.

Second, across the entire South African workforce the average expenditure per worker increased by 30 per cent over the four year period (Table 6.3). This finding is an encouraging indicator of the commitment of financial resources by employers to training in the workforce.

However, this positive finding is tempered by a third feature. In real terms the expenditure of small and medium enterprises per trained employee decreased in the period between 2003 and 2007. This meant that small enterprises spent less than half what large enterprises spent on training per trained employee in 2006/07.

Table 6.3: Comparison of average expenditure (in ZAR) on training per trained employee, 2002/03 and 2006/07				
Enterprise size	2002/03 expenditure ZAR	2006/07 equivalent of 2002/03 expenditure calculated at 5% inflation p.a. ZAR	2006/07 Expenditure ZAR	Difference in %
Small 11-49	2 549	3098	2 885	-6.9
Medium 50-149	4 309	5238	3 993	-23.8
Large 150+	3 681	4474	7 269	62.5
Total	3 627	4409	5 864	33.0

Relationship between expenditure and training rate

On aggregate, the training rate more than doubled between 2003 and 2007, while training expenditure increased by 43 per cent. Though notable, the increase in expenditure, does not nearly equate with the near doubling in the proportion of employees trained. Access to training increased, but this did not coincide with an equivalent increase in expenditure. We are presented with some important questions. How was significantly increased training exposure obtained despite a much smaller increment in training investment? What was the impact on training type and training quantity? How were these training resources distributed and to whom?

Enterprises could have increased training provision through implementing less expensive training strategies. This could be reflected in: emphasising different training methodologies (e.g. less person-to-person training and more use of distance learning), providing training in different skills sets (e.g. offering more basic training in Basic First Aid or HIV prevention to employees rather than training that requires special facilities and that are skills intensive such as certain forms of technical training), or sourcing lower quality programmes provided by lower quality training providers.

Given that the numbers trained increased substantially, a slower rate of increase in the per capita expenditure on training could also have been achieved through improved efficiency of training systems, and economies of scale in the delivery of training. Competition between providers of certain types of training may also have driven prices down. We need to investigate the supply side of the training delivery system.

Price, effort and duration of training

The duration of training can influence the durability of training benefits. Respondents were not requested to provide information on the number of days of training per permanent employee in 2003.

The average number of days arranged per permanent employee who received training in 2006/07 was 5 days or less. Training consisted mainly of short courses. More than half of all small enterprises (59.4 per cent), 65.5 per cent of medium sized enterprises and 79.4 per cent of

large enterprises reported that they arranged from one to five days of training for their employees who received training in 2006/7.

This is an interesting outcome – of the three size groups, 80 per cent of training opportunities generated by large enterprises took the form of short duration training. This ratio dropped as enterprise size decreased. Why was this the case? A more in-depth consideration of supply side features of training including how the size of an enterprise and its sector location informs how it selects training and interacts with training providers may be worthwhile. We will return to discuss these issues later.

TRAINING RATE IN OCCUPATIONAL CATEGORIES

In all occupational categories, there were increases in training rate as was to be expected in view of the fact that the overall training rate more than doubled.

In 2003 the difference between highest and lowest training rate per occupational category was 15 per cent (Professionals 18 per cent and Sales workers 33 per cent), whereas in 2007 the difference was 31 per cent (Community and personal service workers 43 per cent and Professionals 62 per cent). This increased divergence in access between occupations was exacerbated by the widened gap in training opportunities between workers in small and large enterprises irrespective of occupational category. The gap must also be attributed – at least partially – to an unequal distribution of occupations between enterprise size categories.

The use of different sets of occupational categories between the NSS2003 and 2007 placed some limits on comparison between the two surveys. Nevertheless, a significant shift took place towards more training for professional, technical and administrative workers in the 2006/07 year. Relative to 2002/03, training opportunities for operators and elementary workers declined. The general picture was for training opportunities to become more accessible to higher skill workers and less accessible to low skill workers.

The occupation in 2007 with the highest training ratio was 'technicians and trade workers', which suggests that South African employers across economic sectors had invested before and during that year in upgrading or acquiring new technologies which changed business processes involving technicians and as a result, required training and upgrading of skills.

Overall, the skills development regime was clearly oriented away from low-skill occupational categories of worker, because the two low-skill categories, 'machinery operators and drivers' (50 per cent), and 'labourers' (48 per cent) received the lowest exposure to training.

This is clearly undesirable. Even though such a pattern is replicated in many national training and skills development systems internationally, we must be mindful that historical policies of racial discrimination in education and in occupational access have produced a persistent pattern of association between race and low skill occupations. This legacy presents a standing challenge to policy dealing with racial equity in the conjunct fields of training and labour absorption in occupational labour markets.

VARIATION BETWEEN SETAS IN TRAINING PERFORMANCE

In 2003, one of the dominant features of training provision took the form of very wide variation between SETAs in their performance according to a number of training indicators. In that year, training rate differences according to enterprise size were relatively minor, so wide variation between SETAs – such as in training rate - was viewed as a potentially important driver of inequality of access to training.

This variation was ascribed to a number of factors *inter alia* the size of the sector, the number of small enterprises in the sector, the participation of industry bodies in organising the sector, the level of unionisation of workers, and the past history of training in the sector. Furthermore, training volume and quality was probably influenced by the nature of productive activity in each sector and the degree to which production in particular sectors is more strongly oriented towards international markets and their associated training standards.

While the composition and history of particular sectors was considered relevant, the NSS2003 report also argued that the administrative and service performance of the relevant SETA body itself should be taken into account in explaining sectoral training performance.

By 2007 there was a doubling of the training rate coupled with substantial variation in training according to enterprise size. With a much higher aggregate training rate recorded, a decrease in sectoral variation was expected. This was not the case. Wide disparities between SETAs on a quite comprehensive set of strategic indicators persisted between 2003 and 2007, suggesting that the range of performance between SETA is largely unaffected by general changes – in this case improvements - in training rate (Table 6.4).

In Table 6.4, the lowest SETA percentage and the highest SETA percentage was recorded for each indicator in each year. For example, in 2003 the lowest training rate achieved in a SETA was 9 per cent while the highest training rate achieved in a SETA was 61 per cent, which meant that in that year there was a 52 point difference between the highest and lowest recorded training rates. In 2007, even though the lowest and highest training rates – 31 per cent and 89 per cent – were much improved from 2003, the variation in achievement was 58 points. In other words, inequity of access to training by SETA increased between 2003 and 2007.

SETA expenditure on training was not represented on the table but also reflects wide variation. In 2007, enterprises in some SETAs expended between five and ten times as much on training as enterprises in others. For instance, average training expenditure per trained employee ranged from high levels in SETAs such as MQA, CHIETA and INSETA all of which expended more than R10 000 per trained worker, to low levels in SETAs such as AGRISETA, FOODBEV, LGSETA and SASSETA whose expenditure ranged from under R1000 to just over R2000.

Table 6.4: Highest and lowest SETA performance in percentages for selected training indicators from NSS2003 and NSS2007							
	2003			2007			
	Low %	High %	Diff	Low %	High %	Diff	Change
Training rate (% permanent employees trained)	9	61	52	31	89	58	+6
Enterprises claiming grants (%)	20	78	58	31	83	52	- 6
Enterprises registered with a SETA (%)	44	92	48	47	92	45	- 3
Enterprises in possession of a Workplace Skills Plan (%)	37	84	47	49	93	44	- 3
Workers engaged in SAQA/NQF training (% of all workers in training to recognised standards)	1	63	62	33	100	67	+5

Although for three of the five indicators, the difference between highest and lowest SETA performance was slightly reduced, disparities between SETAs have hardly shifted between 2003 and 2007. Furthermore, in no instance across all the indicators in either year did the variation between SETAs drop below 40 per cent.

This means that variation between SETA in training rate and other indicators in 2007 continued to exceed variation according to enterprise size. In this SETA environment, there is scope for wide inequality between workers in terms of access to training. There are two questions that arise: first, what level of variation should be deemed acceptable as dictated by unique sector characteristics, and second, to what extent can SETA authorities which service low performing sectors be expected – and supported - to ameliorate such inequality?

TRAINING TO RECOGNISED STANDARDS

Training according to standards is a measure of quality of training. 'Standards' imply the application of some kind of formal assessment to the achievement of learning outcomes and the quality of those outcomes. Formality is not necessarily synonymous with quality. Standards-based training is not 'owned' by any single training provider, but is a convenient and reasonably accessible measure.

In the NSS2003 and 2007, training against standards is simply reflected by the number of employees engaged in training according to standards as a proportion of all those trained in a given period. Between 2002/03 and 2006/07 respectively, there was minimal change in the percentage of permanent employees trained to standards from 30 per cent to 31 per cent. However this achievement must be seen in the context of a substantial increase in the total numbers trained. In 2003, 217 106 workers were trained to standards out of a total of 723 290 who received some training. By 2007, 514 730[1] workers were trained to standards out of a total

[1] A certain proportion of those receiving training according to standards would have participated in programmes that ran over more than one year. Therefore, the total of those completing a structured learning programme in 2006/07 for instance would have been less than the 514 730 recorded as being engaged in structured learning'

of 1 682 497 who received some training. The number of workers trained to standards increased by 137 per cent while the total numbers trained increased by 133 per cent. Both increased at equivalent rates.

The increase in the number of employees trained according to standards between 2003 and 2007 was very substantial. Could the achievement of 514 730 workers completing training to standards have been higher? The application of quality standards is important especially in a system undergoing rapid expansion. The large majority – 69 per cent – of workers trained were not catered for in accredited training programmes. If training to standards is an important means of ensuring quality of training programmes, then much more needs to be done to make standards-based training programmes more accessible to employers. This objective is extremely important since without raising access to standards-based programmes, there is a risk that investment by enterprises in training that is not secured to a quality-based standard may be jeopardised by poor quality. This potentially affects the current majority of workers.

Training to standards may be sourced nationally and internationally from private and public sector organisations. Of particular importance is the contribution of SAQA/NQF based programmes to increase standards based training opportunities. In 2003, only 65 777 workers were trained to SAQA/NQF standards and this rose sharply to 371 956 workers or by 465 per cent. In percentage terms, SAQA/NQF trained workers share of all standards based training rose from 30 per cent in 2003 to 72 per cent in 2007.

This is certainly a very important step, but there is a long way to go towards massifying standards based training in South African workplaces. Three further observations can be drawn about how the application of training to standards differs by enterprise size and sector.

Firstly, the majority of those workers involved in uptake of SAQA/NQF programmes were employed in large enterprises (76 per cent), with only 16 and 8 per cent of workers in medium and small enterprises respectively completing SAQA/NQF based programmes. Large enterprises were thus much more successful in applying SAQA/NQF standards than were medium and small enterprises.

Second, in contrast, small enterprises applied diverse standards with an almost equivalent share between NQF/SAQA, other South African and international standards. Why the SAQA/NQF seems to operate in a band of influence which does not extend below the large enterprise level must be better understood. The reasons for these differences could be attributed to: the SETAs and the levy-grant system being more effective in securing compliance among higher enterprises than in small enterprises; the low availability of training service providers that serve the small enterprise market because they do not benefit from economies of scale; the high development cost of developing training according to NQF/SAQA prescriptions excludes small enterprise participation, or other factors that cause small enterprises to prefer non NQF/SAQA accreditation. This data suggests that attention needs to be paid to how the SAQA/NQF system could be made more accessible to medium and small

enterprises. It will be worth exploring how the patterns of demand for and supply of training differ between large and medium to small enterprises.

Third, given that SETAs are the key institution though which the system of benchmarked training is administered, we must consider the per SETA contribution to standards-based training outputs. On average, only 15 497 workers were trained according to a SAQA/NQF standard per SETA in 2007 – based on 24 SETAs in 2007. Given the scale of resources available to the SETAs, this average output seems quite small. While there is wide variation between SETAs in the numbers of enterprise clients they service, more can be expected from these institutions to facilitate standards based training.

There was great variation in the extent to which employees participated in training according to standards. Questions regarding the overall quality of training in South African workplaces are still very relevant. Given that the proportion of training to standards has not advanced, we must ask whether this reflects a constraint on the supply side where training service providers are not geared up to provide more standards based opportunities, or whether enterprise demand is not forthcoming.

EQUITY IN TRAINING

Training equity in the NSDS: Race/gender/disability of all trained workers

Given the highly unequal patterns of access to both employment and training in the past, the NSDS places a strong emphasis on equity, which it treats as cross-cutting theme.

Equity is described and analysed in two ways in the NSS2003 and NSS2007.

First, it is examined in relation to equity targets set for the NSDS. The equity targets set by the NSDS refer to training received by race, gender or disability group as a percentage of all training received. These ratios reveal the share of training received by a group as a proportion of all employees receiving training.

The share of training obtained by Black workers rose incrementally between 1999 and 2007, but still falls short of the NSDS target of 85 per cent (Table 6.5). Similarly, for gender, there was a small shift towards the NSDS gender equity targets which are still a distant prospect (Table 6.6).

Table 6.5: Training access by race as defined by NSDS targets: 1999/00, 2002/03 and 2006/07(%)

Race	NSDS target	1999/00[1]		2002/03		2006/07	
African	85 Black	48	69 Black	56,3	73,3 Black	58.5	74.5 Black
Coloured		12		13,6		11.6	
Indian		9		3,4		4.4	
White	15	32		26,7		25.5	

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

Table 6.6: Training access by gender as defined by NSDS targets: 1999/00, 2002/03, and 2006/07(%)				
	NSDS target	1999/00[1]	2002/03	2006/07
Male	46	70	66,7	65.5
Female	54	30	33,3	34.5

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

Secondly, equity in training access can be expressed as the percentage of a gender/race/disability group that received training as a proportion of all workers employed from that group. This is the main analytic approach employed in the NSS2003 and NSS2007, and informs the analysis that follows below.

Training equity in the NSS2007: Workers trained as a proportion of all workers employed by race, gender an disability

Gender and training participation

Between 2002/03 and 2006/07 the distribution of training according to gender altered substantially. In 2002/03, 22 per cent of females and 28 per cent of males received training. Four years later, in 2006/07, 56 per cent of females received training while there was a 51 per cent training rate for males.

In 2002/03, the 6 per cent difference between male and female training rates signalled that on aggregate males received 27 per cent more access to training than females. In 2006/07, the 5 percentage point's advantage on aggregate training in favour of females (56 per cent to 51 per cent) translated into 9.8 per cent more training access than males. This means that training rates in 2006/07, though favouring females, were nonetheless more equitable than in 2002/03.

Although all enterprise size groups experienced higher training rates, the magnitude of the increase rose with enterprise size, where employees of small enterprises experienced the smallest increment and employees of large enterprises were beneficiaries of the largest increment. Simultaneously, the differential in training rates between males and females increased with enterprise size in 2007. In gender terms, females working in large enterprises were by far the biggest beneficiaries of a changed distribution of access to training. In large enterprises 69 per cent of females accessed training while only about thirty per cent of males in small enterprises received training opportunities.

Furthermore, we observe that in 2006/07, females enjoyed noticeably higher training ratios compared to men in the high skill managerial, professional and technical occupations, but noticeably lower training ratios in the community and sales occupations.

Race and training participation

In aggregate terms, training ratios increased in all race groups across all size categories in the period.

Between 2003 and 2007, by far the largest increase in access to training per race group was among workers in the large enterprise category and the smallest increase per race group was among workers within the small enterprise category. This meant that for every race group, access to training was better in larger enterprises. Clearly, firm size emerged in 2007 as a critical determinant of training rate as experienced by race group. In other words, training access was stratified first by enterprise size and within that, by race.

Overall, training exposure by race varied between a low of 51 per cent for African workers to a high of 59 per cent for Indian workers while Coloured and White workers were exposed to training on a 52 per cent and 56 per cent basis, respectively. The rank order of training rate for 2002/03 by race (Black then Coloured then White and then Indian) became Indian (59 per cent) then White (56 per cent) then Coloured (52 per cent) then African (51 per cent) in 2006/07. In terms of the need to redress past unequal treatment according to race - which continues to influence the current demography of occupational access - it is important to expand training access to formerly disadvantaged groups to ameliorate the situation. The data showed this not to be the case in 2007, when the human capital potential and the redress needs of African workers were not being addressed sufficiently.

There was a 10 per cent difference between the race group with the highest and the lowest aggregate training rate in 2002/03. In 2006/07 the difference between race groups in aggregate training rate was reduced to 8 per cent. This means that in the aggregate, inequity of access to training on the basis of race was smaller in 2006/07 than it was in 2002/03. In 2006/07, the difference in training rate by race group *within* the large enterprise category was 9 percentage points, and the difference in training rate by race group *within* the small enterprise category was 8 percentage points.

However, this result is paradoxical. because even though training increased on aggregate, differences in training access increased between workers of the same race group but who were employed in different enterprise size categories. Thus African workers employed in large enterprises with the lowest training rate by race in that enterprise category (61 per cent) had practically double the opportunity to receive training than their contemporaries who were employed in small enterprises (31 per cent).

Notwithstanding the substantial overall increase in training propensity, what we can read from the shift in training rates between 2002/03 and 2006/07, is that the gap between training in small enterprises and large enterprises has stretched alarmingly. And further that this gap has exacerbated the decline of African worker access to training relative to other race groups particularly in the medium and large enterprise size categories. This reversal is most evident in large enterprises where African workers received the highest opportunities for training in 2002/03 but by 2006/07 received the lowest opportunities for training by race group.

Disability and participation in training

Despite a 50 per cent increase in the training rate between 2002/03 and 2006/07 from 16 per cent to 24 per cent disabled workers still received substantially less training than their colleagues whose training doubled. In percentage terms, the rate at which disabled workers were trained in 2006/07 dropped further behind the training ratio for all workers in 2002/03.

We also calculate the share of disabled workers in all training as opposed to the proportion of those trained within this group in order to assess progress towards the NSDS target. The target requires that disabled employees receive a 4 per cent share of all training opportunities. In 2002/03, disabled employees 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, thus, falling way short of the 4 per cent NSDS target. In 2006/07, disabled employees represented 0.93 per cent of the population of permanent employees and received a 0.62 per cent share of all training of permanent employees, but this achievement still falls way short of the 4 per cent NSDS target.

ENTERPRISE PARTICIPATION IN THE NSDS

The National Skills Surveys of 2003 and 2007 sampled enterprises which were legally liable to pay the skills levy. These funds are allocated to SETAs which are expected to fulfill training-related transactions specified in the levy-grant legislation, but enterprises do not necessarily register with or even contact SETAs. In other words, even though they pay levies, significant numbers of enterprises never interact with or participate in the SETA system.

Therefore, enterprise registration with a SETA is an important measure of engagement in the levy-grant system and more broadly in the NSDS. Only once an enterprise is registered is it possible for the SETA to administer the reimbursement of grants, on condition that the enterprise provided accredited training to workers.

Enterprise registration with a SETA

Overall, 63 per cent of enterprises reported being registered with a SETA in 2002/03 compared to 70% in 2006/07 (Table 6.7). While registration of large enterprises was steady at 95% between the NSS2003 and NSS2007, the small enterprise proportion increased by 6 per cent to 62 percent and the medium enterprise proportion increased by 10 per cent to 88 per cent. Notwithstanding the improvement, it is clear that a significant challenge lies in generating more involvement of small enterprises – with two non-registered enterprises for every three that are registered.

The challenge remains to make inroads among the 30% of enterprises which paid the levy but were either unregistered (22.3%) or were unsure of their relationship with a SETA. The 'unsure' category refers to enterprises that pay a levy but do not know whether or not they are registered with a SETA (7.7 per cent).

Table 6.7: Enterprise interaction with the levy-grant system by size in 2002/03 and 2006/07				
Enterprise size	**Registered with SETA**		**Claimed grant**	
	2003	**2007**	**2003**	**2007**
Small (11-49)	56	62	29	42
Medium (50-149)	78	88	66	81
Large (150+)	95	95	85	93
Total	63	70	41	55

Enterprises making grant claims

The total number of enterprises claiming grants increased from 41 per cent in 2002/03 to 55 per cent in 2006/07 (Table 6.7). All three enterprise sizes showed an increase in the percentage of enterprises claiming grants, with medium enterprises showing the highest increase (15 per cent). By 2007, enterprises claiming grants were at 42 per cent 81 per cent and 93 per cent in small, medium and large enterprises respectively

We can compare the proportion of enterprises reporting registration (95 per cent of large firms and 62 per cent of small firms in 2006/07) with the proportion of enterprises claiming grants (93 per cent to 42 per cent for large and small firms respectively in 2006/07). What this comparison suggests is that large enterprises were better able to convert their registration (95 per cent) into the financial gains associated with claiming grants (93 per cent). For small enterprises the proportions successfully submitting a grant claim (42 per cent) was much lower than those which registered (62 per cent). Why this was the case is worth further consideration. The key issue will be to establish how small enterprise characteristics and how SETA characteristics contributed to the differential.

Grant administration system struggles to capture enterprises

Clearly the levy-grant system operated with success among large enterprises but it did not mobilise skills development activity (defined as claiming back the training grant on the basis of evidence of having workers with approved training) in the majority of small levy-paying enterprises

What were the reasons why enterprises did not make grant claims? Nearly one in four enterprises put forward that that it was 'not worth the effort financially' (23.1 per cent) to claim, or that they '(did) not know about them (the grants)' (23.2 per cent).

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

Nearly one in five respondents indicated that the grant application process was 'too complicated'. A further one in ten small and medium enterprises indicated that they '(did) not

have the time' to complete their applications. Under time constraints, the ease with which a prospective grant applicant can complete the form becomes an important consideration. Assuming that SETAs have the powers to amend documents and to improve the user friendliness of administrative processes, we must ask why this type of problem still negatively affects such a large proportion of respondents after these problems were reported in the NSS2003.

SUSTAINING TRAINING PRACTICES

Sustaining workplace training practises in a changing economic environment

Enterprise investment in training in South Africa is sensitive to powerful global competitive factors that are exogenous to the legislative (e.g. levy grant system) and institutional (e.g. SETA) environment created by the Department of Labour.

If it is accepted that the impact of levy-grant system and the SETA landscape could only explain part of the increase in training access since 2000, then it follows that neither the levy-grant system nor the SETA infrastructure can shield the impressive 53 per cent training rate of 2007 from exogenous influences.

Respondents allocated easily the strongest explanatory power to competitive market dynamics as a driver of training provision. This finding brings to the fore important questions regarding the link between economic growth and propensity to train. We must consider to what extent training activity is a cyclical phenomenon that is structurally related to, or at least influenced by economic, sector, or business cycles.

We have observed increases in the training rate over a period of eight years. The training rate increased linearly at about 20 per cent per annum. In the same period the South African economy grew steadily with a growth rate approaching five per cent. Data from the NSS 2007 and previous surveys clearly shows a steady upward trend in workforce training while the local economy remained buoyant.

However, conditions have changed quite rapidly in 2008. A number of factors have appeared that have negative implications for economic growth including: a recent upsurge in the price of fuel attributed to surging demand for this commodity especially from the growing economies of China and India; the slowdown of the US economy; sharp increases in world food prices; and extreme volatility in world financial markets leading to some degree of risk aversion among potential lenders to the developing world.

This somewhat dim global outlook is exacerbated by local conditions that have recently impacted negatively on business confidence: the state power utility ESKOM has not adequately planned for growth in demand from energy users, or for the renewal of an ageing

electricity generation and distribution infrastructure; the South African reserve bank continues to increase interest rates in line with inflation targeting policy which dampens domestic demand; rising food prices hurt the poor and further erode consumption of non-essential goods and services. These local factors all have the potential to contribute to local economic slowdown.

Such circumstances cumulatively suggest the onset of a downturn in the global and the national economy. From a policy perspective it is important to ask how economic slowdown or worse, recessionary conditions could impact on skills development in the South African workplaces, and to consider what measures can be taken if any. If we assume that buoyant economic conditions since 2000 were vital in supporting the intentions of the skills levy Act and related NSDS provisions to drive training in the workplace, then we must assume that the propensity to train will be sensitive to worsening business conditions. The question is: how sensitive to which particular conditions?

This is a particularly complex question that cannot yet be addressed with confidence. Some aspects to be considered may be: to consider the relationship between aggregate training access and aggregate economic growth and also to explore this relationship at the sectoral level. Sectors within an economy will not share the same economic growth trajectory, and training regimes are likely to reflect the changing aggregate and occupational employment of a specific sector or sub-sector. For example, the agriculture sector as a whole is shedding labour, but certain more technology intensive export sub-sectors in agriculture are employing more high skilled personnel and are committing more resources to upgrading the existing workforce. This example also hints at how direct technology borrowing – and spillovers – can impact on skills development activity in certain sectors.

Secondly, the proportion of enterprises in the different size groups in a sector will determine the aggregate level of training activity. When SETA training rates are disaggregated by enterprise size, different distributions of training emerge. For example, in the financial services, banking and insurance sectors, the propensity to train is highest among the large enterprises. In contrast, small enterprises are inclined to train more in the information systems, electronics and telecommunications technologies and tourism and hospitality sectors

A third line of enquiry would be to consider how particular micro-economic factors impact on training expansion or decline. For instance currency fluctuations such as the value of the Rand have different implications for enterprises involved in export activities as opposed to those involved in servicing local markets. Exporters benefit from a weakening Rand because their products are cheaper to purchase internationally. Does this mean that exporting enterprises will increase their training to gain a competitive edge?

Fourth, the sectoral distribution of foreign direct investment can impact on training propensity. In turn, foreign investment patterns are impacted by the macro-economic environment.

Thus, training propensity is influenced by a range of macro-economic and micro-economic factors, some of which may be of immediate relevance to understanding the dynamics behind the 2007 training situation.

Nevertheless, there are two aspects of immediate relevance to government. Some comfort can be taken from the likelihood that the skills levy should act as a buffer against sudden shocks that might otherwise cause enterprises to reduce their commitment to training below a 1% expenditure level.

Second, given the sizeable increase in training rate between 2002/03 and 2006/07, it will be important for SETAs and the Department of Labour to monitor training activity closely for any possible signs of a decline from this point on. This realisation is motivated by the likelihood that changes in training rate may fluctuate sharply from year to year. Given that the NSS is not conducted annually, the actual volatility of training rate cannot be observed.

SUPPLY SIDE – A 'HIDDEN' DIMENSION

From the NSS2003 and NSS2007, we are able to make visible the contribution of the SETAs in mainly their administrative function - in terms of registrations, processing of grant claims and in disbursing funds.

We know much less about how well the SETAs succeed as facilitators in bringing training service providers and enterprises together. The NSS2003 and 2007 focus overwhelmingly on the 'demand' side of the skills development equation. Thus little is known about the 'supply side'.

The supply side value chain involves a number of stages which involve the accreditation of training providers and/or the accreditation of courseware by the SETAs. For example the latter value chain may have the following steps:

- suppliers obtain market information → then develop courses according to criteria → then apply for accreditation from SETAs → then assuming approval the courseware is marketed and supplied to enterprises seeking such skills development opportunities

The NSS2007 has revealed how the training rate doubled between 2003 and 2004, an increase which implies a sharp increase in demand from training suppliers. Was the supply of training programmes adequate to meet demands?

We cannot conclusively answer this important question from the NSS2007. However, about 10 per cent of enterprises that did not claim grants complained that there was a lack of 'accredited' or 'approved' courses against which they could make claims. This suggests that in some sectors, there were simply not enough training providers, or supply of the needed courseware/learning programmes was deficient, or existing training providers and/or their courses were not being accredited quickly enough by the SETAs.

The response of these enterprises points to the existence of two 'supply' problems. First, the SETAs were not able to quality assure and accredit training providers or training programmes fast enough to meet demand. Second there were simply not enough suppliers in the market to meet the demand generated by the levy-grant system. Both of these potential constraints on supply require further investigation.

In addition, we need to know more about the variety of training service providers which are of largely unknown quantity and provide services of unknown quality. Further questions include: What is the price range of training/skills development opportunities offered, and are these offerings accessible to small enterprises? If it were possible to map a sample of instructional offerings from training service providers, would there be any gaps in skills/knowledge being offered? Do the private sector and public sector skills development and training markets overlap or compete leading to further demand pressure?

CONCLUSION

By 2007, enterprise compliance with the levy-grant system improved significantly and training rates had doubled since 2003

Satisfaction levels with SETAs did not improve over the four year period. Yet despite the lackluster service performance of the SETAs, it is quite apparent that enterprises recognised the importance of training. The main casual factors driving this marked improvement in training performance are probably related to the impact economic pressures of globalization as experienced in the national economy.

Wide disparities in training rate by enterprise size opened up despite the substantial aggregate increase in training rates between 2003 and 2007. Small and to some extent medium sized enterprises were less able to supply training in the volume and with the financial backing that large enterprises are able. Already wide disparities between SETAs remained stable between 2003 and 2007, suggesting that differences between SETAs were unaffected by changes in training rates.

The aggregate increase in training rate failed to reduce levels of inequality in access to training by occupation, race, gender and disability. Differences in training by enterprise size exposed the working population to wide variation in access to training according to race. In the same year, females were at a slight advantage in accessing training vis-à-vis males, while disabled workers fell behind the aggregate increase.

Increased recourse to training according to standards among enterprises was achieved in gross numbers, but the proportion of workers trained to standards remained largely unchanged. Training according to SAQA/NQF standards rapidly expanded in the 2003 to 2007 period, but this massively favoured large enterprises.

A continuous trend that was replicated virtually throughout all training indicators based on NSS2007 data was the difference in performance between large, medium and small enterprises. Large enterprises were located within a band of high training activity and high participation within the NSDS whereas small enterprises were located in a band in which the impact of the NSDS was uncertain or non-existent.

The NSS2007 data suggest that the value proposition underlying the establishment of the SETAs been exploited sufficiently – but only from the perspective of large enterprises which rate SETAs slightly higher, have very high levels of interaction with SETAs, and have achieved much high levels of aggregate training. Small enterprises may argue that the instruments (legislative and institutional) for achieving a better skills development regime are not yet properly aligned to the conditions in which small businesses operate. The DoL has made adjustments to the system including raising the threshold for levy payments.

Clearly, the conditions which cause enterprises not to participate in the scheme are multifaceted. Some reasons given refer clearly to a failure among SETAs to make transactions easier to their enterprise clients. Other reasons seem to suggest that the levy-grant scheme and the SETA support system must be adapted in order to more effectively impact on the training behaviour of small enterprises.

This review addressed the relative impact of different factors or institutions on training, arguing that what is required is an assessment of the impacts that are directly attributable to government - such as through skills development legislation, and the SETA infrastructure - and the impact of economic factors outside of direct government influence that may be local and global in origins. This discussion should be taken forward to moderate expectations of what government can be expected to achieve when training conditions improve and when training conditions decline.

In 2008 given the likelihood of at least a short downturn in economic prospects, this review raised the issue of how to plan to entrench training gains achieved in such a way that they remain elements of enterprise behaviour that are relatively impervious to economic cycles.

Finally, attention was drawn to how analysis of the current training regime focuses more on demand aspects of training and the administration of training levy-grants. Very little is known about the nature of the supply-side market and how well SETAs service the needs of providers (i.e. transactions, accreditation etc.). It may be a valuable exercise to explore how to streamline the training supply value chain.

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