

SETA REVIEW

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1. Introduction

This policy brief provides a brief overview of an extensive research paper done to provide a comprehensive picture of the SETA environment for stakeholders. The paper seeks to make a contribution to the development of a shared understanding of the critical success factors necessary to ensure the effective functioning of the SETAs within the context of the overarching skills system.

2. Methodology Adopted

The different activities that the research team adopted include interviews with a wide range of people, including the SETA Board chairs and CEOs and a range of other role players; questionnaires to stakeholders; and documentation. Extensive documentation was received from the SETAs.

Certain crucially important methodological limitations were encountered. Where possible, the team tried to extract complete sets of data from all of the SETAs. However, difficulties were encountered in some cases with the internal validity and reliability of the data. While there was an attempt to verify this data with external data sources, the validity and reliability of data obtained from these other sources were also questionable.

In spite of these limitations, however, the research team decided that a preliminary analysis of these pieces of data could at least provide a broad picture of the SETA achievements. However, these problems point to the critical need to improve the data capture, management and reporting systems used by the SETAs and this issue is explored further in the full report.

3. Seta Findings

As part of this review, the team reviewed the performance of SETAs in terms of three core criteria each measured in terms of a number of indicators. The core criteria included:

3.1 Good Governance

The results of the Auditor General's office (2004/05 Opinion and 2005/06 Opinion) were used as a key indicator of governance. The financials were used as a proxy for good governance.

3.2 Ability to Plan and Achieve the Targets Outlined in the Plan

The planning ratings were based on three areas: a review of the planning process outlined in the Sector Skills Plan (SSP); output achievements – that is, an analysis of the extent to which the SETA met its stated targets in terms of scarce skills; and Broad Based Black Economic Empowerment (BBBEE) target achievements.

A problem with assessing the plans and achievement of SETAs is the fact that the SETAs do not currently include a strategic plan in their SSP process which indicates how they will meet the needs identified in their sector in terms of the resources that are available.

3.3 Quality Assurance that Ensures the Credibility of Learner Results

This is reviewed against a number of indicators mainly focusing on the Education and Training Quality Assurance (ETQA) body. The ETQA was assessed against a number of issues, such as whether it keeps learner throughput data per provider; keeps learner pass rate data per provider; and analyses results across provider and programmes.

The team draws up a table rating each SETA against the three core criteria and then provides an overall rating. The FOODBEV SETA scores the highest rating at 90 percent and the MAPPP the worst at 31 percent. There was some unease in the report team about the ranking of the SETAs especially in a case where certain indicators could not be applied because of an absence of consistent evidence or where evidence could not be independently verified.

4. Conceptual Framework for Studying the Mandate of the SETAs

The methodologies adopted in this study and analyses applied to the findings were derived from a conceptual framework that comprised four key elements:

First, the fact that SETAs form part of a broader system which necessitates an analysis of the SETAs within the context of the delivery chain.

Second, SETAs are seen as the central mechanism for mediating the relationship between training (supply side) and economic and social requirements (demand side). SETAs are central to interpreting the skills requirements in the context of economic demand, but they do not create demand. This study highlights the complexity of the requirement for skills forecasting. Moreover, the study suggests that there are real weaknesses in the planning system and that there are a number of concerns pertaining to the planning process.

Third, institutions take time to mature and reach sustainable effectiveness. Thus, the recommendations take into account the strength and capacity that the institution has in relation to its proposed scope and considers the viability of each of the functions allocated to the SETA.

Fourth, the results-based approach, which specifies outputs, is widely accepted but raises some important issues that need to be addressed. It was suggested that the emphasis on achieving specified numerical targets resulted in an implementation culture that was preoccupied with achieving the numbers – at the expense of quality, sustainability and relevance. While results-based planning is useful, its power is considerably enhanced and risks minimised if it includes target indicators on important outputs (including quality indicators) and if it is applied in a manner that is sensitive to the implementation and learner context.

5. Recommendations

5.1 High Level and Strategic Recommendations Results

5.1.1 The need for prioritisation of objectives

This study flagged the issue of competing expectations with which stakeholders entered the SETA arena. This has produced a very long list of objectives assigned to the system through the Skills Development Act. The existence of such an extensive list of objectives and their relationship to each other has resulted in a number of unintended outcomes in the process of implementation. The long list of objectives represents a huge, and arguably, unrealistically complex mandate (in scope and technical difficulty) for an emerging system that is struggling to be institutionalised. In addition, all the objectives are given equal priority in the National Skills Development Strategy (NSDS). The team's analysis suggests that in specific instances some of these objectives operate as competing objectives.

It is extremely important for the system to distinguish between what are considered to be the primary objectives of the skills development system and what may be regarded as secondary objectives.

There is also a need to understand the relationship of the indicators to each other. For example, the indicators that focus on equity and those that emphasise growth are currently manifesting as competing sets of actions. Instead it is proposed that the equity targets should be located in a strategy that moves individuals from lower levels of the National Qualifications Framework to levels and programmes that are consistent with areas in which there are opportunities – or to programmes that address scarce skills needs and which therefore satisfies the imperatives related to growth.

5.1.2. Clarifying the SETA mandate

The review of the outputs achieved by SETAs against the objectives set out in the National Skills Development Strategy highlights that the scope of functions undertaken by the SETAs has increased in significant ways since their inception; and they appear now to have taken responsibility for the achievement of all the objectives outlined in the Skills Development Act, including those that were previously assigned to other institutions. Some examples of these additional responsibilities include:

- training career guidance counsellors;
- recruiting learners directly into learnerships as well as ensuring that learners are placed in the workplace;
- and promoting SMME creation.

It may be preferable to focus on increasing the strength of the SETAs to undertake a limited set of key responsibilities and with greater efficacy, than increasing their scope or even developing unrealistic expectations for the manner in which the activities can be carried out within the limits of existing capacity.

SETAs collectively bear a mandate that is very wide in scope, but without the commensurate capacity to undertake the various functions arising from this scope. The team believes that the question of scope is one of the most important issues that the skills development system is currently facing.

5.2. Recommendations Related to Improving the Effectiveness of the Current Institutional Arrangements

5.2.1. Governance

A number of SETAs have not been able to establish a credible internal audit capacity and there are a number of SETAs that are consistently failing in their governance functions.

It is recommended that there is a need for a credible forensic audit unfettered by management and the board, to be undertaken to investigate the extent of any lapse in financial management and whether culpability exists. This action will also serve to clear any misconceived perceptions of financial impropriety. If culpability is uncovered in the process, it would be important that the provisions of the law be invoked to protect the integrity of the SETA governance system. There may be a situation prevailing whereby the serious shortcomings that are confined to a limited number of SETAs are shaping public opinion of all SETAs.

It is also suggested that, to support the effective functioning of the SETA boards, it will be of immense value if the government presence could be greatly strengthened (in seniority of representation and that they, in some cases, have higher numbers than currently allowed for in the constitutions.)

One of the most significant challenges in the present governance policy provisions is the fact that the complex and serious nature of the responsibilities of board members do not reconcile well with the part-time nature of their tenure and casual nature of practice. The team recommends that this matter receives urgent attention.

There is a need to carefully formulate, and then implement, criteria for board membership. There is also a need to consider more carefully the induction and training of board members, which needs to be urgently addressed.

It is also suggested that an internal audit capability be established that can be shared by a few SETAs. This will allow for economies of scale, and assist in solving the recruitment problems in this area of scarce skills.

5.2.2. Core Functions

The functions of the SETAs were assessed by reviewing the current capacity to perform a responsibility and then deciding on what the feasible option of action is, based on the current capacity. Before doing this, the responsibilities were first assessed in terms of minimalist scope related to the responsibility and then

high scope related to the responsibility. A table¹ shows the assessment. This assessment was conducted for each of the major responsibilities allocated to the SETAs.

One example of an assessment is the responsibility to develop a sector skills plan within the framework of the national skills development strategy. The minimalist scope related to the responsibility is to signal broad trends emerging from a national analysis of broad economic trends. The wide scope related to the responsibility is detailed forecasting that allows for a modelling exercise which translates knowledge of skills needs and a functioning training system. The review of current capacity finds that this is an area that there appears to be very limited strength and capacity. The feasible option based on current capacity finds that SETAs should focus on the development of Sector Skills Plans that focus on broad labour market signalling of skills requirements rather than on detailed planning. The SSPs should have an increased focus on strategic plans to support training in scarce and critical skills occupations. This suggests that it is realistic to consider the possibility of SETAs focusing on providing signals rather than detailed modelling processes.

The rest of the major responsibilities are dealt with in the table and not discussed here due to space constraints.

5.2.2.1. Planning

This section provides core recommendations on the revision of indicators within the National Skills Development Strategy (NSDS) so that they can become more meaningful. The key recommendation in the short-term is that there is a need to fine-tune the existing NSDS whilst not losing sight of the extensive stakeholder process that was run to develop the NSDS.

A further recommendation is that it is most prudent to adopt a minimalist approach to sector skills planning. Another recommendation is that the data available for SSPs should be improved, among others by requiring employers

¹ Table 1 on pp.22-24 in *Seta Review*, Working Paper 08/132 from which this Policy Brief is compiled.

simply to report on one template, the profile of their current workforce and the training that they have undertaken during the previous year.

5.2.2.2. Learnerships

There are a number of issues that have been raised pertaining to the design and implementation of learnerships. The relationship between the SSP process and the qualification generation and learnership development process should be made explicit. Critically, the team believes that SETAs should not be selecting learners; rather they should apply their experience in providing greater guidance about selection matters.

5.2.2.3. Quality Assurance

The two key recommendations that are made in this report on quality assurance are:

That the systemic issues relating to quality assurance are understood and resolved, failing which, the likelihood of the problems simply transferring to another institution would be very strong. This includes a considered analysis as to which quality requirements are possible within the existing capacity of skills development institutions.

Second, the study also recommends that in determining which quality assurance functions the SETA should retain based on an understanding of which quality assurance activities complement their existing activities and which are extraneous to the core functions of the SETA.

5.2.2.4 Finance

The team's recommendations pertaining to finance are predicated on the view that the system is unlikely to have the capacity to absorb any sudden increases in financial flows above those presently projected.

5.3 Monitoring SETAs

The review underlines the need for credible monitoring mechanisms to be institutionalised, based on a set of credible and comprehensive indicators that are grounded in a rigorous clarification of the primary and secondary objectives for skills development. This is consistent with the conceptual approach outlined in this section, which highlights the need to take into account the imperative to balance a focus on outputs, with a clear focus on the objectives of the system.

The study highlights the concern that the SETAs are currently required to report against each indicator in terms of output targets that it has set. This results in data that is difficult or even impossible to reconcile. So, for example, the number of unemployed learners undertaking programmes in scarce skills areas, are difficult to analyse as the number of unemployed learners is reported under National Skills Development Strategy targets, but the learner enrolment and achievement data does not provide a profile of the learner. The same issue arises in terms of race, gender and disability. It is recommended that SETAs report on learners against all relevant fields.

The study also highlights that there is a chronic paucity of data from the workplace with regard to training not funded through SETA grants, making it impossible to monitor whether the overall skills development strategy is affecting the type of training that is taking place in the workplace. It is recommended that workplaces provide information about existing skills in the sector, new entrants as well as training on a single template.

Criteria against which the SETAs must be measured include a focus on three core areas: governance, planning and quality assurance with associated indicators.

It is recommended that the SETAs provide a detailed financial breakdown which allows for an analysis of costs and expenditures against programme activities.

Over and above the auditor-general process, there is a need for a due diligence process to be undertaken with regards to the performance reviews of the SETAs.

6. Conclusion

Significant progress has been achieved by the SETAs and the skills development system. But important challenges have emerged from this review, including with regard to the level of development of SETAs, the numerous challenges that persist in respect of implementation, effectiveness and efficiency and the shortcomings in the functioning of the training market. It is clear that the SETAs and the skills development system are still at a critical stage of institutionalisation and that institution building is a complex and demanding process.