

UNIVERSITY OF THE WESTERN CAPE

**THE PROMOTION OF SKILLS RETENTION – A CASE STUDY OF THE
CITY OF CAPE TOWN’S SKILLS DEVELOPMENT STRATEGY**

**A research paper presented in partial fulfilment of the requirements for
the Degree of Master of Administration (MAdmin)**

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**UNIVERSITY of the
W DATE: 30.04.2009 E**

DECLARATION

I declare that the work contained in this research is my original work except where due acknowledgement is made in the text, submitted for the degree Master of Administration.

I further testify that it has not been submitted for any other degree or at any other University or institution of higher learning.

B W Davids :

Date :



DEDICATION

I dedicate this work to my loving partner Charmaine and my beautiful son, Jordan, for their patience, support, understanding and, above all, their love.

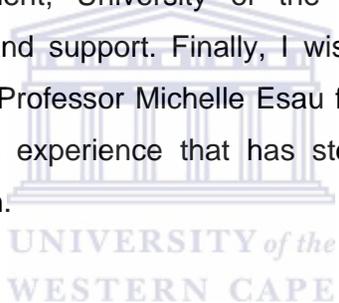
To my parents Frank and Yvonne for their continuous guidance and for the values they have instilled in me.



ACKNOWLEDGEMENTS

First and foremost, I wish to thank God for His mercies that are new every morning. It is only by His grace that I have been able to achieve this milestone.

I wish to acknowledge my gratitude to all those who have contributed to this research paper in whichever way, big or small. My sincere gratitude to the City of Cape Town for the role it has played in the completion of this research. I wish to extend my appreciation to the academic and administrative staff at the School of Government, University of the Western Cape for their encouragement, advice and support. Finally, I wish to convey my heartfelt thanks to my supervisor, Professor Michelle Esau for her guidance, patience and invaluable academic experience that has steered me throughout the duration of my dissertation.



ABSTRACT

The lack of skills and capacity has been cited as one of the key reasons for organisations failing to recruit staff, with 81% of companies in South Africa experiencing recruitment challenges. More specifically, the problem of low skills and capacity has had an impact on the ability of the state to meet its goals and objectives in a variety of public service areas. In fact, in 2006, a question time session in the National Assembly revealed the enormity of the problem. The President, while being questioned on the crisis arising from a lack of suitably qualified people in the Public Service, referred to a skills audit conducted in 2004. The audit, conducted across 284 municipalities, revealed the number one challenge in the context of service delivery as that of a lack of skills. In this context, the City of Cape Town has adopted an ambitious Human Resource Strategy. One of the Human Resource initiatives is the Skills Development Strategy. This broad strategy provides for the implementation of various interventions that facilitates the development, capacity and retention of local government officials in the City. This notwithstanding, it would seem that the City's remedial action in terms of skills development and retention is not meeting the prescribed intentions of its HR strategy.

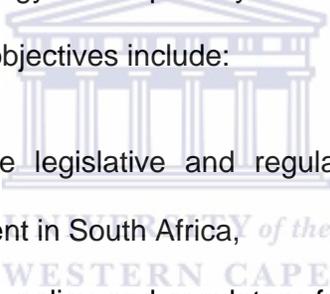
The study was guided by the following assumptions:

- The skills development strategy of the City is aimed at appropriate training and development of local government officials that will facilitate career planning and retention of staff.

- The City's broader HR strategies will create an enabling environment in achieving the strategic objectives of the various interventions aimed at skills development and retention.
- The skills development strategy will enhance employee motivation and loyalty towards the City and hence reduce employment turnover.
- Successful implementation of the City's skills development strategy is dependent on effective and innovative human resources policies and interventions aimed at developing the talent pool of the City.

The primary objective of the study was to critically examine the strategic aims of skills development strategy as adopted by the City of Cape Town in 2007.

In this regard, secondary objectives include:

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- critically examining the legislative and regulatory framework for skills training and development in South Africa,
 - critically examining the policy and regulatory framework that informs the management and development of human resources in the City Of Cape Town,
 - contextualising the need for more rigorous training and development interventions within the City of Cape Town,
 - identifying the strengths and weaknesses of the various interventions put in place to facilitate the implementation of the skills development strategy of the City, and finally
 - proposing recommendations to overcome the implementation challenges.

The research relied on theoretical research methodology to collect data for the study. Primary and secondary sources of data were used. Secondary

sources included books, journals, and government policies and documents.

Primary sources included interviews and personal observations.

KEY TERMS

Skills shortage ,Skills development ,Affirmative Action, Training and development, Employment Equity, Local government, City of Cape Town, Skills retention, Skills Development Strategy, Succession planning



ABBREVIATIONS

AA - Affirmative Action

BEE - Black Economic Empowerment

CCT - City of Cape Town

EE - Employment Equity

EEA - Employment Equity Act

EMT - Executive Management Team

ETD - Education, Training and Development

HR - Human Resources

IDP - Integrated Development Plan

MRP - Management Rejuvenation Project

ROI - Return on Investment

WPSP – Workplace Skills Plan



TABLE OF CONTENTS

INDEX	PAGE NO
Declaration.....	ii
Dedication.....	iii
Acknowledgements.....	iv
Abstract.....	v
Key Terms.....	vii
Abbreviations.....	viii

Chapter 1

Introduction

1.1. Background.....	1
1.2. Research problem.....	3
1.3. Assumptions of the study.....	4
1.4 Research Design and Methodology.....	5
1.5 Ethics Statement.....	7
1.6. Objectives of the study.....	7
1.7. Review of related literature.....	8
1.8. Significance of the study.....	12
1.9. Organisation of the study.....	12

Chapter 2

The context for skills training and development

2.1. Introduction.....	15
2.2. The skills shortage within the South African context.....	16

2.3. The skills shortage within the global context.....	18
2.4. A comparative overview of South Africa versus the rest of the world...19	
2.5. The link between training, skills development and retention.....	21
2.6. The link between motivation and retention.....	27
2.7. Chapter summary.....	29

Chapter 3

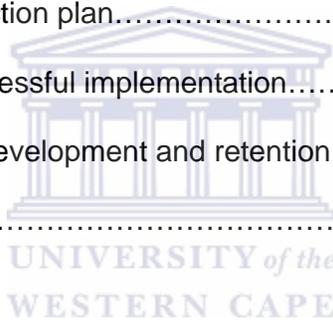
The regulatory framework for skills development

3.1. Introduction.....	31
3.2. Employment equity.....	32
3.3. Affirmative action.....	34
3.4. The Skills Development Act 97 of 1998.....	37
3.5. Sector Education and Training Authorities (SETAs).....	38
3.6. South African Qualification Authority (SAQA).....	39
3.7. National Qualifications Framework (NQF).....	40
3.8. National Skills Authority (NSA).....	42
3.9. Skills Development Levies Act 9 of 1999.....	42
3.10. Skills development levy.....	43
3.11. Joint initiative of priority skills acquisition (JIPSA).....	44
3.12. Chapter summary.....	45

Chapter 4

The City of Cape Town's skills development strategy

4.1. Introduction.....	47
4.2. Historical context of local government.....	48
4.3. The role of local government post -1994.....	50
4.4. The transformation to a unicity.....	52
4.5. The human resource strategy of the City of Cape Town.....	55
4.6. The Skills Development Strategy.....	57
4.7. The Skills Strategy action plan.....	60
4.8 Preconditions for successful implementation.....	60
4.9. Challenges to skills development and retention in the CCT.....	64
4.10. Chapter summary.....	74



Chapter 5

Main findings and conclusion

5.1. Introduction.....	75
5.2. Key findings of the study.....	76
5.3. Recommendations.....	79
5.6. Conclusion.....	81

<u>Bibliography</u>	82
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Chapter 1

Introduction

1.1 Background

The apartheid system and discrimination have resulted in major inequalities in terms of skills development within the labour market. These inequalities are still very much inherent today.

The lack of skills and capacity has been cited as one of the key reasons for organisations failing to recruit staff, with 81% of companies in South Africa experiencing recruitment challenges (Momborg, 2008:3). More specifically, the problem of low skills and capacity has had an impact on the ability of the state to meet its goals and objectives in a variety of public service areas. In fact, in 2006, a question time session in the National Assembly revealed the enormity of the problem. The President, while being questioned on the crisis of suitably qualified people in the Public Service, referred to a skills audit conducted in 2004. The audit, conducted across 284 municipalities, revealed the number one challenge in the context of service delivery as that of a lack of skills.

Government policies and procedures have been put in place to redress the disadvantages arising from past racial policies. In this context, the City of Cape Town (CCT) has adopted an ambitious transformation plan that embodies numerous strategies aimed at making the City an employee of choice. One of these strategies within the broader Human Resource (HR) initiatives of the City is the Skills Development Strategy. This broad skills

strategy provides for the implementation of various aims or interventions that facilitates the development, capacity and retention of local government officials in the City. This notwithstanding, it would seem that the remedial action taken by the City in terms of skills development and retention is not meeting the prescribed intentions of its skills strategy.

The continued exit of those with institutional memory and specialized skills from the public sector, occasioned by affirmative action, compounded by hundreds of vacancies, have crippled the capacity to effectively deliver services to those who most need them (De Havilland, 2007).

To avoid otherwise inevitable workforce crunches, organisations must have forward-thinking strategies that require an understanding of the organisation's demographic trends – not just the statistics, but also the drivers of performance and retention (Dytchtwald, 2006:237).

One of the City's key HR objectives are to implement interventions that will enable the optimal utilisation of it's human capital. In this regard the City's HR strategy makes a commitment for the implementation of the skills development strategy. In order to achieve and fulfil the training and skills development goals and strategies of the City. The strategy provides a framework to address a broad spectrum of training issues and challenges facing the City (City of Cape Town: Skills Strategic Action Plan: July 2007).

The effective implementation of the City's skills development strategy is dependent on constant review in order to establish if the predetermined objectives have indeed been accomplished. There are several preconditions that need to be in place to facilitate successful implementation of the strategy.

1.2. Research problem

The CCT aims to deal with the shortage of skills in local government through the adoption of a skills development strategy that supports the following strategic priorities in the City's Integrated Development Plan (IDP):

- Economic growth and job creation that will render an employee more skilled and competent to perform within the organization.
- Access and mobility that will enhance an employee's growth in his or her job and mobility in his or her career (enhance both organisational and individual competence).
- Equitable and effective service delivery that is based on the understanding that service delivery in the City of Cape Town is synonymous with a competent and skilled workforce.

Despite the good intentions of the Skills Development Strategy, it would seem that staff morale and motivation are still extremely low. The restructuring programme that the City has embarked on over the last couple of years has left the staff feeling pessimistic towards any new changes within the organisation.

Staff morale within the City Of Cape Town is extremely low, with only a quarter of its employees loyal to their employer and wanting to continue working for the municipality. Less than a third believe the City treats its employees well. Only 51% of its staff would recommend the City of Cape Town as a good place to work, while 58% said they were likely to seriously consider better job offers. In two years from now, 57% expected to still be working for the City. This employee relationship assessment was conducted by between September and November 2007, questioning 5 884 of the City's workforce of 22 000 (IPSOS Markinor, 2007).

The transformation of the City has affected all categories of posts within the organisation from top to bottom. The reality, therefore, is that not only are leaders who are tasked with the implementation of the City's skills development strategy uncommitted towards its success but also those to whom it's aimed at are unreceptive, thus rendering huge challenges to the City in terms of effective implementation.

The problem, therefore, is how to move from policy intention to policy implementation within the context in which the City finds itself. The environment not being conducive to the introduction of new strategies thus requires an innovative and proactive approach on the part of the CCT. To ensure successful implementation that will result in an optimal success rate.

The challenge facing the CCT is therefore how to achieve the strategic aims of the Skills Development Strategy amid the negative attitudes and low staff morale displayed by a huge portion of its workforce.

1.3. Assumptions of the study

Local government restructuring over the last seven years has left a legacy of problems for the City in the area of training and development. Skills development and training lost its strategic focus during this time, leading to a sharp decline in the skills base of the City.

The City needs a clear and simple strategy that will deliver the right people at the right time, with the right skills, to match the City's needs and individual needs into an outcome that will result in improved service delivery. The City's

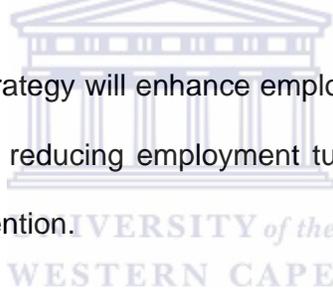
most valuable asset when optimally utilised, motivated and developed, is its people. However, this asset becomes its greatest liability when not effectively utilised.

The study therefore assumes the following:

The skills development strategy of the City is aimed at appropriate training and development of local government officials that will facilitate career planning and retention of staff.

The CCT's broader HR strategies will create an enabling environment in order to achieve the strategic objectives of the skills development strategy.

The skills development strategy will enhance employee motivation and loyalty towards the City, thereby reducing employment turnover and contributing to the promotion of skills retention.



Successful implementation of the City's skills development strategy is dependent on effective and innovative human resources policies and strategies aimed at developing the talent pool of the City, with the focus of retaining these skills.

1.4. Research Design and Methodology

The research relied on theoretical research methodology to collect data for the study. Primary and secondary sources of data were used. Secondary sources included books, journals, and government policies and documents. Primary sources included interviews and personal observations

The researcher relied on extensive secondary resources in the way of books, journals and government policies in order to provide the reader with a background as well a clear understanding in terms of the context wherein the research unfolds.

The interviews conducted were unstructured and aimed mainly at role players within the City tasked with formulating the HR strategies for the City. This was done to gain insight into the aims and objectives of the City's HR strategies. These informal interviews proved most valuable as those interviewed felt at ease to discuss the strengths and weaknesses of the City's HR interventions.

The researcher is also ideally placed within the HR department of the CCT. This meant having easy access to statistical data in terms of employee relationship surveys and other sources of data which could be drawn upon. This data includes recent Employee Relationship Surveys that were conducted across the City to gauge employee loyalty and staff morale. Other sources of data include reports that indicate employee turnover per Directorate as well as per occupational category.

The researcher was also able to draw on his own personal observations and perceptions as an official within the HR department in order to conclude certain assumptions based on evidence presented.

1.5.Ethics Statement.

The researcher acknowledges his awareness of the ethical considerations and agrees to conduct the research in accordance with ethical procedures. As the research paper was based completely on theoretical research methodology, the key ethical issue considered was that of duly acknowledging all sources utilised in the compiling of this paper.

1.6.Objectives of the study

The study will attempt to achieve the following objectives:

to present the strategic aims of skills development strategy as adopted by the CCT

to critically examine the legislative and regulatory framework for skills training and development in South Africa,

to critically examine the policies and regulatory framework that informs the management and development of human resources within the CCT,

to contextualise the need for more rigorous skills training and development interventions within the CCT,

to identify the strengths and weaknesses of the various interventions put in place to facilitate the implementation of the skills development strategy of the City, and finally

to propose recommendations to overcome the implementation challenges.

1.7.Review of related literature

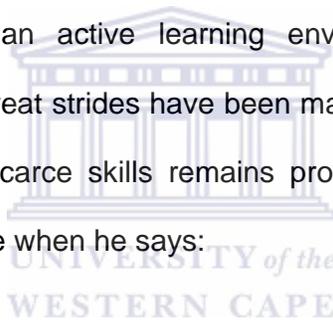
The capacity of an organisation to remain a strong and viable competitor depends on its reservoir of talent. These people must keep pace with the myriad of changes in society and understand the implications for business. They must be in synch with the emergent strategy if the organisation is to go forward with a superior edge. In addition, their skills and temperament must be well matched to this strategy. The challenge for leadership is to give an organisation the capacity to effectively assimilate new ideas and new people without losing its valuable reservoir of experienced talent (Gould, 1986:191).

Dytchtwald (2006:129) suggests that a workforce strategy is needed to balance supply and demand. This strategy ensures the supply of skills and talent that the organisation needs to achieve its business objectives and performance. A workforce strategy must anticipate the required labour and skills in the context of the longer-term trends. It must also present talent strategies by retaining key employees and tapping new sources of labour and skills. Thus the workforce strategy of most organisations must centre on expanding supply and reducing demand.

However, the challenge confronting many organisations not only centres on the recruitment of individuals with scarce skills. It also requires that organisations invest in retaining and rewarding such competencies. Dibble (1999) suggests that retention is a serious and ongoing issue; it is a problem that will continue into the future. Those employees that organisations want to retain will always be in short supply and have alternative offers presented to

them. As you develop your own plans and programmes to increase your ability to retain the employees you want to keep, the three main factors of identifying who you want to keep, quantifying cost and assigning responsibility will help you focus on the essentials.

In this context, the South African case is a fascinating one. The policies of separatist development divided society along racial, economic and social lines. Moreover, correcting the atrocities of the apartheid past has been quite daunting. Various legislative and policy frameworks focus on training and developing the South African workforce, increasing the levels of investment in education, encouraging an active learning environment, and facilitating learnerships. And while great strides have been made in addressing the skills crises, the retention of scarce skills remains problematic. This situation is partly evidenced by Seepe when he says:



Since 1994 the outflow of skilled white personnel has been enormous. This has been one of the unintended consequences of Black Economic Empowerment (BEE) and Affirmative Action. South Africa's ratio of losses to gains of skilled people is estimated at around an average of five to one. And for every skilled emigrant, 10 'unskilled' people lose their jobs. A few years ago, the South African Institute of Chartered Accountants' conservative assessment was that nearly 22 per cent of its 19 099 members live abroad. Twenty six per cent of doctors who graduated between 1990 and 1997 have left the country. Reports abound that Western countries such as Canada and Britain had been on a recruitment drive – poaching our best teachers, doctors and nurses at a time when the country can least afford to lose them. The economic upswing of the last few years has exposed the enormous shortage of technical, managerial and professional skills (2007).

These figures highlight the huge challenge faced by the public sector. The most valued skills are being snatched up by international organisations operating outside of South Africa. In addition, more and more skilled labour in the public service is being lost through individuals joining private sector organisations (Mvusi, 2007:56). Therefore, the challenge facing the

government in so far as the capacity to deliver is concerned should not only focus on training and developing skills, but also on the retention of existing skilled labour.

Consequently, the history of South Africa complicates this challenge. Black people, in particular, have suffered disadvantages as a result of job reservation and lack of access to skills and education under apartheid. To this end, the Employment Equity Act (EEA) was introduced in 1998 with the aim of (i) eliminating unfair discrimination, and (ii) introducing specific measures whereby designated groups are given preference where recruitment and selection are concerned. Chapter 2 of the EEA requires that every employer take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice, thereby clearly placing the onus on the employer to justify the composition of its workforce (Nel, et al. 2001:180).

Furthermore, the rationale of introducing laws such as the Employment Equity Act is based on the need for achieving a representative public service. Nigro and Nigro (1994:2003) suggest that those who make and administer public policies are expected to understand and identify with the needs of the communities they serve. The consequence of the legislative and policy framework towards representativeness of organisations in South Africa has however led to groups not identified as designated groups, feeling frustrated and demotivated. Some would argue that the low staff morale within the City of Cape Town exists because the career aspirations of some of its employees

have been crushed resulting in negative attitudes towards change. Swanepoel (2003:123) also alludes to the negative consequence of corrective action. He argues that affirmative action laws may cause organisations to hire and promote historically disadvantaged people, but the law cannot change or alter people's attitudes towards it within the workplace.

Against this background, organisations in South Africa have to consider a number of variables where recruitment, selection and retention of scarce skills are concerned. Firstly, the laws and policies towards corrective action influences the criteria of appointments, the nature of training and development, the coaching and mentoring interventions introduced, and so on. Secondly, organisations must balance training and development opportunities between those formally skilled and those less skilled. Thirdly, training and development must closely be linked to career-pathing and succession planning. Therefore, the everyday roles and functions of employees should be related to the nature of training and development.

Barbazette illuminates the challenges of the latter. Accordingly, he states that some organisations get trapped into putting on training programmes because they are popular or requested, without regard for linking training to a business need (2006:110). Training "needs" have to be distinguished from training "wants". Training objectives and training evaluation criteria need to be established in order to identify how you will know if training is successful. Organisations must determine how new skills will be evaluated and, how they will tie training to bottom-line results and back to the business need that dictates the training.

Evidently, skills development and retention of scarce skills presents an enormous challenge to organisations. This challenge can be particularly daunting in a country context such as South Africa. The exodus of skilled labour, the high level of unskilled labour, the need to correct the atrocities of the past and the match between training and development, on the one hand, and career pathing and succession planning, on the other, are all factors that affect the ability of an organisation to hold on to its staff.

1.8. Significance of the study

The study is relevant for the following reasons:

The study will add to the literature or research that exists as to why local government has failed to adequately skill its labour force.

It will highlight areas of concern or shortcomings within the implementation of skills development and training that will allow policy makers to be aware of the actual impact or result these policies are having in the workplace.

The study aims to provide a framework for what the City can do to retain skills within the organisation.

1.9. Organisation of the study

The study is divided into five chapters namely:

Chapter 1

Introduction

This chapter will give a brief background explaining why the study will be undertaken and what benefit it will have in terms of the skills development strategy as found in the City of Cape Town's HR strategy. This chapter will state the research problem and list the assumptions of the study, as well as highlight the predetermined objectives. The related literature will be reviewed and the significance of the study will be examined.

Chapter 2

The context for skills training and development

This chapter will contain an overview of the skills shortage both locally and globally. The chapter will consider the historical context of the South African education system, as well as examine the link between training, motivation and the retention of skills.

Chapter 3

The regulatory framework skills development

This chapter will examine the theoretical discourse on the Employment Equity Act, affirmative action policies, and training and development within South Africa.

Chapter 4

The City of Cape Town's skills development strategy:

This chapter will examine the current HR practices within the City of Cape Town and explore the strengths and weaknesses of implementing its skills development strategy as found within its broader HR strategies.

Chapter 5

Main findings and conclusion

This chapter will evaluate the findings made and make recommendations as to how the City can improve its skills development strategy in terms of the attraction and retention of skills.



Chapter 2

The context for skills training and development

2.1. Introduction

The South African government post-1994 inherited an economy divided by race, gender and culture. Disadvantaged groups were excluded from being active participants in the economy, and so the current situation exists whereby these groups are poorly represented within the workforce. According to Swanepoel et al. (2003:119), the extent of inequality within the South African context poses a daunting challenge to society and government. Therefore the success of our new democracy will greatly depend on how this challenge is handled. Cawker and Whiteford (1993:61) suggest that South Africa's employment problem is a result of a huge surplus of unskilled human resources and a shortage of highly skilled human resources. Cawker and Whiteford (1993:61) also state that it will take time for the education system of the country to make up the backlog in terms of skilled labour.

The purpose of Chapter 2 is therefore to illustrate the ways in which the South African dilemma, in terms of skills and the retention of these skills, is also further compounded. This chapter proves that the shortage of skills is indeed a global phenomenon and not merely restricted to our shores. The result of this situation is a constant competition for needed skills between continents in order for organisations to stay ahead of the game. The chapter further

demonstrates that organisations that take the lead in implementing skills retention strategies will undoubtedly have an advantage on the competition.

The chapter reveals that a large number of workers have quit their jobs because of a lack of career advancement and the ineffective utilisation of their knowledge and skills. This chapter will then proceed to examine how appropriate training coupled to a motivated workforce will assist organisations in taking up the lead in their retention strategies. The chapter will illustrate and introduce certain key themes and conditions that are required to be put in place in order to facilitate the optimal utilisation of an organisation's human capital within the South African context.

2.2. The skills shortage within the South African context

Cawker and Whiteford (1993:70) claim that the skills shortage can be attributed largely to the educational inequalities that existed in South Africa. Accordingly, they state that discriminatory policies in education spending are greatly to blame for the present lack of an appropriate skills pool in the economy and for the low educational levels of most of the black population. In 1969, the government spent 18 times more on the education of each white child than on that of each black child. This suggests then that the lack of education for most of the black population has almost condemned them to a position of economic powerlessness, when one considers the complexities of the formal economy.

For the vast majority of the population, the heritage of the apartheid education and training system means mass illiteracy (Report of the Presidential Commission to investigate Labour Market Policy, 1996:42). We have moved to a democracy and everyone should, at least in theory, have access to education in order to acquire skills. However, the impact that the many years of apartheid education policies have had means huge disparities still remain in terms of education levels. Theunissen illustrates this by stating that:

The matric results reflect that we have not dealt adequately with the inequalities of the apartheid system. We still sit with the situation where a handful of mostly Model C schools have a pass rate of 100%, while the army of former Bantustan and Bantu education schools have pass rates of under 50%. That is a major problem and it is going to take time to remedy (Theunissen 2007:52).

The Bantu Education Act of 1953 divided education along racial and ethnic lines, thus excluding the black population from quality education by prohibiting blacks from gaining admission to white learning institutions. Past discrimination outside of the labour market, notably in the provision of education, contributes in large measures to the current lack of equity in employment. Although these apartheid policies that have inhibited the social and economic growth of many people have been abandoned, the educational inequalities are likely to persist for a long time and render a significant barrier to growth (Report of the Presidential Commission to investigate Labour Market Policy, 1996:42). Bernstein supports this view by claiming that :

We have a limited pool of skills produced by our flawed education and training systems. In order to confront the full reality of our skills crisis, we have to face up to the fact that South African education and training is in deep trouble. Fixing this will take a generation (Bernstein, 2007:15).

Perhaps Cawker and Whiteford's (1993:70) recommendation that an education system should be responsive to the needs of the economy offers the answer. Therefore claiming, it should provide the economy not only with enough well-educated people, but also with people who have the appropriate skills and qualifications. Investing in the education of a country's inhabitants has economic returns that will have positive effects on the levels of the economy of the country.

2.3. The skills shortage within the global context

However, the shortage of skills must not merely be viewed within the South African context, but rather be seen as a global phenomenon that threatens to hamper the economic growth of many countries. The skills shortage is a shared challenge around the globe from Asia to Africa and those firms that take the lead in implementing skills retention strategies will undoubtedly have an advantage over the competition in terms of people and profits. In 2007, an Executive Intelligence Unit Corporate Network Survey was conducted on a sample of 600 chief executives of multinational companies across Asia. This survey revealed that, in China, the number one concern is a shortage of qualified staff, while in Japan, it is seen as the second biggest threat. In India, it was rated as the fourth highest concern (Horwitz, 2008). The challenge in this regard is therefore two-fold: (i) the shortage of scarce skills and (ii) the fact that employees are less loyal to organisations or their country.

In a world economy that thrives on skills, intellectual and technical know-how, it is a matter of course that those countries at the cutting edge of development will attract this highly skilled and often creative class. Those who can compete in the global

economy and sell their skills on the international market are accused of being unpatriotic and betraying their country (Seepe, 2007).

A recent World Bank survey revealed that a shortage of skills was the number one factor identified by management in the over 800 firms questioned, stating that this issue would strongly hinder their future development (Horwitz, 2008).

There is a global skills market that has become increasingly competitive. Countries exploit this market to their advantage. In the past two years, the US, Australia, Britain and France have increased their skilled immigrant quotas. Australia's immigration intake in 2005-06 excluding refugees and humanitarian entrants was between 130 000 and 140 000, double the figure for the mid-1990s. Dubai and other Gulf countries have become a new destination for skills from all over the world including well over 40 000 South Africans. India is attracting skills from rich countries to Bangalore and other centres (Bernstein, 2007).

The collective lesson to be learnt from this global experience is for organisations to show their commitment, by focusing energy, time and money on strategic development. This will enable these companies to be both competitive and at the cutting edge of retention strategies, thereby making them employers of choice. However, it is of prime importance to consider where South Africa features in terms of the rest of the globe in terms of competing within the skills market.

2.4. A comparative overview of South Africa versus the rest of the world

According to Barker (2007 :146) the Global Competitiveness Report (2005-2006) is an objective, internationally accepted guide to current economic performance. When comparing countries economically, reference is made to the quality of life within countries and the standard of living of their citizens. The eight factors used to compare countries economically are finance,

science and technology, infrastructure, management, international orientation, government, domestic economy and people.

The report revealed that South Africa's greatest weakness is in the area of human resource development. This category measures a country's skills, attitudes and work ethic. South Africa has one of the highest proportions of illiterate people in the world, as well as high unemployment, a productivity growth rate that is almost negligible and a massive brain drain of skilled people (Barker, 2007:147). South Africa's education system is viewed by the Global Competitiveness Report as being the worst in meeting the needs of a competitive economy, referring not only to the quantity of people with appropriate education, but also to the quality (competence) of people arriving on the job. For the purpose of this Global Competitiveness Report South Africa was compared to other benchmarked countries with similar economic structures and social conditions.

According to the World Economic Forum held in 2005, South Africa fared poorly in terms of its international competitiveness. South Africa's competitive position is weakened by factors such as a shortage of skilled labour, an outflow of skilled workers and high unemployment rates (Barker, 2007:148). Unemployment is probably the most severe problem in South Africa and the root cause of many problems. It has replaced race as the major factor of inequality (Barker, 2007:179). According to the general household survey of Statistics South Africa, the literacy rate in 2003 was 72%. There were 7.3 million adults (aged 20 years and older) who were considered to be

illiterate. This quantity formed about 27% of the population who had had less than seven years of schooling (Barker, 2007:211).

Charlton's (1995:9) statement that, on an international level, there are two critical factors that unpin the success of winning nations clearly indicates what is required to turn around the aforementioned bleak comparison drawn between South Africa and the rest of the globe:

- the development of a country's human resources, and
- the encouragement of competition in order to continually learn and improve the quality of services and the productive deployment of competent people.

It would therefore seem that the collective lesson for organisations to learn is to show commitment, by focusing energy, time and money on strategic development. However, this commitment must have a direct impact on productivity, as well as on identifying and removing obstacles to learning and growth. Strategic development can hence be defined as the identification of required skills and competencies for future employee learning in relation to corporate strategies. For strategic development to succeed, organisations need to be committed to developing their people (Charlton, 1995:9).

2.5. The link between training ,skills development and retention

In order for South Africa to compete in the global skills market, it must harness the skills it has through the simultaneous implementation of both

employment equity (EE) and skills development legislation. Therefore EE cannot succeed without an education and training system that supports the development of every individual in society (Green Paper, 1996:31).

Hilliard (1995:72) suggests that education, training and the acquisition of more productive skills by employees are fundamentally important to adding greater value to them as individuals, as well as enhancing their worth to the public institution. Skills training should be seen as an investment in people. It is by adding value to personnel and private enterprises or public institutions that wealth is created. This wealth ensures a surplus of money, of which a part can be distributed in the form of higher wages and salaries to employees.

Nel (2005:320) further argues that training is a learning experience in that it seeks to achieve a change in an individual that will improve his or her ability to perform a job. Training therefore leads to a more productive work force, a greater personal satisfaction, an improved job environment and a feeling that the organisation is interested in the advancement of its staff complement. Andrews (1995:284), supports this by claiming the following are just some of the advantages of training:

- Personnel increase their knowledge.
- Productivity is increased as a result of the application of more knowledge.
- The morale of personnel is raised because they are more competent in their work.
- Personnel turnover is reduced because of the higher levels of morale.

Cheminias (1998:189) defines development as a continuation of education and training for the purpose of acquiring experience, skills and the right attitude to be appointed to the highest positions. Personnel training and development therefore implies the expansion of knowledge, the acquisition of skills and the changing of attitudes. This involves a learning process in which information is obtained and processed. People who are in a learning process cannot remain unchanged (Cheminias, 1998:188). Rabin (1995:478) supports this by stating that the impact of education and training is evaluated on the extent to which it produces satisfactory results and desired behaviours. Although the concepts of training and development are often confused, the following three main differences should be identified:



- Training focuses on current needs, while development focuses on projected needs.
- Training is task-orientated, while development is personnel-orientated.
- Training is directed at specific job requirements, while development is directed at institutional requirements (Cheminias, 1998:189).

Therefore training helps to meet the immediate need that exists for human resources while development adopts a more futuristic perspective. In this regard Mvusi (2007:56) states that as more and more skilled labour gets drawn away from government to join the private sector or to migrate, the challenge we are faced with is how to maintain the capacity of the government through the retention of valued, skilled manpower. Horwitz (2008) highlights

the problem by stating that according to the National Remuneration Guide, released by the accounting firm Deloitte in February 2008, most South African workers quit their jobs because of a lack of career advancement and the ineffective utilisation of their knowledge and skills.

Salopek (2008:44) therefore argues that talent management is no longer just a matter of identifying high potential employees and developing them. He defines talent management as an organisational approach to leading people by building an organisational culture through integrated talent acquisition and development processes that are aligned to organisational goals. Retaining valuable, skilled staff is critical to the success of any organisation and therefore every effort should be made to keep staff turnover as low as possible. It is therefore essential that employers develop employee retention programmes. These programmes or strategies should include creating a learning environment in order to provide employers with growth opportunities (Nel, 2005:323).

Andrews (1995:29), also suggests that it will not be possible to retain personnel if they are not suitably utilised, remunerated, trained and developed. The training needs of personnel should be continually determined and evaluated, and development opportunities must be ensured. Andrews (1995:137) suggests that training can be viewed as an auxiliary aid in the pursuit of achievement. A lack of training can result in employees not achieving their desired goals, which leads to low staff morale, frustration, conflict and low productivity.

Accordingly Nel (2005) observes the short-sightedness of employers who only focus on finding the skills that they need, but do not consider interventions to secure or retain these skills. The result is that skilled staff are often headhunted and poached by other organisations. Rabin (1995:472) suggests that management cannot efficiently maximise the return in human resource investment if it is not carefully and individually targeted. Individuals will not be motivated by training unless there is a clear indication that it is a path to a desired goal. Therefore, training needs to be an element in the overall career and management planning of employees in order to promote retention. Hence, retention and training programmes should ideally be geared towards reconciling the needs of the organisation to the needs of its employees. The crux of the matter is that public officials should undergo continuous education and training. The potential of every employee should be maximised to the benefit of the employee. Supervisors should play a key role in identifying development needs and ensuring that these needs are satisfied (Cloete, 1995:186).

In this regard it would seem that certain conditions need to be put in place in order to facilitate the optimal utilisation of an organisation's human capital. Many of the failures of human resources training in terms of development programmes can be attributed to the consistent application of old skills and attitudes in a new environment. Therefore, the way forward for effective HR management will have to focus on the following:

- being responsible to a highly competitive market place and global structures,
- being closely linked to business strategic plans,
- being jointly conceived and implemented by line and HR managers, and
- being focused on quality, customer service, productivity and employee involvement (Charlton, 1994:177).

Charlton (1994:176) argues that the development of confident, committed employees is not a quick-fix process. Traditional skills training tends to produce conditioned results that do not address the deeper attitudinal and spiritual paradigms that constitute permanent growth. There is thus no understanding of the complexities of individual and organisational change. This lack of understanding is manifested through the problems encountered when implementing training in the South Africa context. These include:- a lack of commitment in terms of money, time and expertise from top management; misaligned between the nature of training and the specific needs of individuals; training focused on skills and not attitudes; training that is ad-hoc in nature and not part of the overall strategic organisational plan (Charlton, 1994:176).

Charlton (1994:178) also suggests that the solution to bridging the gap between the supply and demand for competent people and organisational productivity is not just simply through training, but rather through the application of the right kind of learning and accelerated development, done in the right way at the right time. A common objective of training programmes is to try to create new attitudes or to change existing ones. Training can also

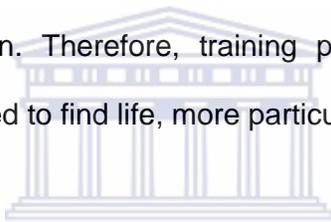
lead to better co-operation and greater loyalty. Training can help to reduce labour turnover and absenteeism, as well as help to improve staff morale and improve work standards (Cheminais 1998 :190).

The morale of personnel can be improved and their loyalty maintained through appropriate training rather than leaving them to their own devices without any guidelines. Training ensures that all employees understand their contribution to the institution and tries to ensure that personal objectives can be reconciled with the objectives of the larger organisation. However, training can only be successful when candidates are motivated to learn or be trained (Andrews, 1995:21).

2.6. The link between motivation and retention.

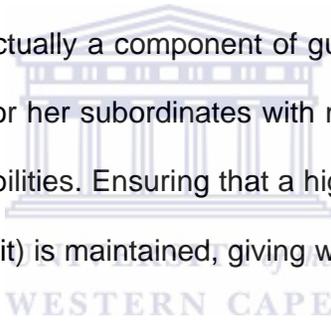
The concept of motivation can be described as the process through which behaviour is directed, energised and sustained over time. Motivation can be described as the desire displayed by an individual to perform a task so that it can satisfy a need (Andrews, 1995:243). According to Charlton (1994:88), the most unused resource that organisations have at their disposal is the fundamental human need to find life meaningful. South Africa's problems are reflected in our values and attitudes, and we rank the lowest in employee motivation (Charlton, 1995:8). As a result, the South African workforce consists of conditioned employees who are exposed to a demotivating work environment.

Work life can be made more meaningful through the expression of values such as exposing people to a stimulating learning experience in a way that will maximise their potential and creativity. The majority of the South African population falls into the unskilled category. A paradigm shift will have to take place so that marketplace diversity is seen as an investment and a powerful motivating force, instead of a sacrifice. As mentioned before, appropriate training can be used as a means to expose staff to a stimulating learning environment. The morale of personnel can be improved and their loyalty maintained. Training ensures that all employees understand their contribution to the institution and tries to reconcile personal objectives with the objectives of the larger organisation. Therefore, training provides all staff with the opportunity to fulfil the need to find life, more particularly work life, meaningful.



Andrews (1995:244) suggests that it is not the function of a leader to motivate his subordinates, arguing that in fact it is not possible for one individual to motivate another. Motivation is an inner condition that an individual either does or does not possess. If motivation is present, a supervisor or leader can encourage the individual in a way that satisfies his or her needs to the best of his or her ability. However, this researcher is of the opinion that leaders have a very important role to play in terms of guiding and motivating their staff to achieve their maximum potential and to ensure that individual goals are aligned to organisational objectives, thus enhancing employee loyalty and contributing to staff retention.

Maslow highlights the role of both the leader and the individual in maximising the potential of individual goals and consequently achieving organisational outcomes. He observes the importance of needs as motivators and states that guidance will be unsuccessful when an individual does not have a specific need that must be satisfied. Moreover, the identification of needs is a process that is in part the responsibility of the leader or manager. Andrews (1995:246) continues this focus by emphasizing the role of the manager in facilitating need satisfaction through the introduction of appropriate training. In other words, the opportunity for self-development must be offered to motivated workers in order to lead them to self realisation. According to Andrews (1995:20), motivation is actually a component of guidance, which implies that a leader must supply his or her subordinates with motives to spur them on to work to the best of their abilities. Ensuring that a higher staff morale and good esprit de corps (group spirit) is maintained, giving workers a feeling of security to achieve their goals.



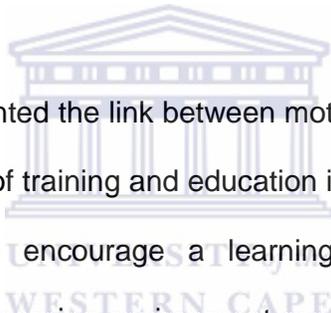
2.7. Chapter summary

The purpose of this chapter was three-fold. Firstly, the chapter focused on the skills shortage in South Africa and globally. In the South African context, the skills shortage is a consequence of the apartheid regime on development of all South Africans. In the chapter reference is made to the impact of educational inequalities on the skills base of those denied access to job opportunities and professional disciplines during apartheid. However, the

skills crisis should not only be viewed from a national perspective, but also from a global one. The challenge confronting countries from Asia to Africa concerns the shortage of qualified staff.

Secondly, the chapter emphasized the importance of training and education in developing the skills base of countries such as South Africa. In this regard, training and education have a two-fold purpose. The first is to develop the skills of individuals entering the organisation with a view to bringing about change in an individual. The second objective of training is to develop individuals in organisations with a view of retaining their skills and knowledge.

Thirdly, the chapter presented the link between motivation and retention. In so doing, the cyclical nature of training and education is highlighted. Training was viewed as a means to encourage a learning environment within the organisation. In turn, this learning environment contributes to staff morale and loyalty is more likely to be maintained.



Chapter 3

The regulatory framework for skills development

3.1. Introduction

The many years of apartheid have marginalised black people not only from political power, but from economic participation as well. Government used legislation to inhibit the economic advancement of blacks and the use of state budgetary allocations to promote the development of whites through better education, health facilities and housing. Access to jobs and to economic resources, land, capital and technology was controlled and largely limited by race and gender. Consequently, the income and occupation inequalities have had severe economic consequences, which have weakened economic growth in South Africa. It is from this realisation that governmental policies for the promotion of equality and anti-discrimination in the workplace have arisen.

There are many challenges facing the South African government both in the context of service delivery to those previously denied basic and other services and where skilled labour are concerned. Thus, the requirement to ensure representativeness in the workplace places great strain on government to facilitate mechanisms to achieve equity targets within organisations.

Estimates are that there are up to 500 000 unfilled skilled positions. Most of these are in the public sector. This scenario can only mean one thing - government's service delivery project is in jeopardy unless something drastic happens (Seepe, 2006).

Nigro and Nigro (1994:2003) claim that those who make and administer public policies are expected to ensure that the objective of achieving a representative public workforce is brought about by having a public service that mirrors the demography of the society it serves. The South African government is faced with the huge challenge of achieving distributive justice, considering the legacy of inequality that it has inherited from the past regime of separatist development. The purpose of Chapter 3 is therefore to look at the legal framework that guides and promotes the implementation of policies towards corrective action in terms of skills development.

3.2. Employment equity



Employment equity and the implementation of affirmative action measures as a mechanism for achieving representativeness is more often than not met with many misconceptions and negative notions or attitudes. The debate around employment equity and affirmative action is one of great controversy. In order to fully understand the implementation challenges facing the public service, it is important to first define the Employment Equity Act, as well as Affirmative Action (AA), and then to distinguish the differences between the two. According to Swanepoel et al. (2003:127), the concept of equality has, since the earliest of times, been used in a variety of ways and normally in a context that implies that it is a fundamental element of justice.

The purpose of the EEA is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and implementing affirmative action to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in all occupational categories (Nel et al. 2001:179).

According to the Department of Labour, the aim of the EEA is to undo the huge disparities in the labour market brought about by apartheid (Nel et al. 2001:178). In this regard, affirmative action and employment equity are thus related concepts that are now fully formulated as law in the Employment Equity Act of 1998 (Nel et al. 2001:178). Tinarelli (2000:3) refers to the many purposes of employment equity legislation. They include among others, the need to eradicate the past legacy of discrimination that has led to major inequalities in our society and labour market, and the need for economic growth as well as the satisfaction of constitutional requirements.

South African companies are compelled to comply with the provisions of the Employment Equity Act and that the diversity it creates within companies and organizations works towards the competitiveness of the country and that racial and ethnic division is not created. This demands creative vision and the will on the part of management to fully tap into the potential of all employees of the workforce (Thomas, 2002).

Employment equity therefore centres on two things. The first one is the eradication of unfair discrimination of any kind with regard to the hiring, promotion, training, pay and benefits in line with constitutional requirements. The second one is to ensure that measures are put in place to encourage employers to undertake organisational transformation to remove unjustified barriers to employment for all South Africans and to accelerate training and promotion of individuals from historically disadvantaged groups (Green Paper on Employment and Occupational Equity, 1996:6).

3.3. Affirmative action

According to Tinarelli, (2000:56), the implementation of affirmative action (AA) measures entails identifying and eliminating employment barriers, furthering diversity in the workplace and making reasonable accommodation for people from designated groups. It also includes instituting preferential treatment in the appointment and promotion of people from designated groups, and the training and development of people from these groups.

Nel et al. (2001:178) states that affirmative action seeks to correct past unfair discrimination while employment equity seeks to prevent future unfair discrimination. Therefore, the EEA has become an ambitious social engineering workplace programme to facilitate representativeness in organisations and monitor the progress towards such representativeness. Therefore, AA should be viewed as a temporary intervention designed to achieve equal employment opportunity without lowering standards. AA should be implemented without unduly crushing the career aspirations of current organisational members who are competent in their jobs (Human, 1993:3).

Swanepoel et al. (2003:123) also states that affirmative action refers to those fair discriminatory interventions necessitated as a bridge between our apartheid past and our non-discriminatory future. Swanepoel et al. also claims that formal equality of opportunity is brought about by the enforcement of anti-discrimination laws, but “true” employment equity is much more difficult to achieve as it requires a fundamental and honest change of heart among all

parties concerned. This will entail a change of attitude and acceptance of people irrespective of their gender, culture and ethnic grouping. However, it would seem that changing the laws and establishing formal equality and opportunity is not enough. There must be ways and means to tackle the more subtle and informal forms of discrimination. In the view of those who are opposed to it, AA is simply dispelled as being bad for business, as it is considered to contribute to the lowering of standards, because experience and qualifications are now being replaced by race or gender (IDASA, 1995:6).

More often than not, those who condemn AA will refer to it as mere window dressing, the filling of quotas, a numbers game that seeks to promote incompetence by blocking the careers of promising white people, and so the label of reverse discrimination gets slapped onto affirmative action. These perceptions are entrenched in many organisational cultures and whether they are simply myths or whether they hold real merit, they do indeed render huge obstacles to organisations in terms of the successful implementation of employment equity.

This presents an interesting dilemma to government, as it would seem that this resistance to change in attitude and the unwillingness to accept our diverse culture lends itself to the exodus of skilled individuals. Thus, the perception is perpetuated that current organisational members who are competent in their jobs have their career aspirations crushed through the implementation of AA measures. Perhaps IDASA (1995:10) sums it up best when it states that when organisational culture is transformed, affirmative

action will have done its job. Organisations therefore need to consider the impact of EE and AA measures in the overall retention strategies, as it would seem that although they are indeed required, they contribute greatly to the current exodus of skills from our borders.

According to IDASA (1995:161), it is not possible to successfully implement employment equity unless the organisational culture is considered and the extent to which it facilitates or hampers the successful implementation of affirmative action. Therefore, unless the organisational environment is supportive, employment equity initiatives will be greatly undermined. It is the view of this researcher that while it is the duty of organisations to enforce EE and AA measures, employers also need to address the anxieties and fears of those who feel side-lined by these measures. Employers must aim to understand the organisational culture that exists and to encourage vigorous debate around issues of EE. In this way, all parties concerned are able to voice their opinions and a common understanding of the EE strategies of the organisation can be reached.

It is against this backdrop that the implementation of legislation and policies towards skills development should be considered.

3.4. The Skills Development Act 97 of 1998

In support of developing skills a major piece of legislation was enacted by the government in 1998, namely the Skills Development Act 97 of 1998. The Skills Development Act 97 of 1998 came into effect on 1 February 1999. The purpose of the Act is to:

- develop the skills of South Africa's workforce,
- increase the levels of investment in education and training,
- use the workplace as an active learning environment and to provide ...employees with the opportunities to acquire new skills,
- provide opportunities for new entrants to the labour market to gain work experience,
- employ persons who find it difficult to be employed,
- encourage workers to participate in leadership and other training programmes,
- improve the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education,
- ensure the quality of education and training provided in and for the workplace, and
- assist work seekers to find work, retrenched workers to re-enter the labour market, and employers to find qualified employees.

According to Section 2 (2), the purpose of the Act is to be achieved by:

- establishing an institutional and financial framework that will consist of the National Skills Authority, the National Skills Fund, a Skills Development Levy grant scheme as stipulated in the Skills Development Levies Act, Sector Educational Training Authorities (SETAs), Labour Centres and a Skills Development Planning Unit, and
- co-operating with the South African Qualifications Authority (SAQA).

In order for South Africa to compete in the global market, it must harness the skills it has through the simultaneous implementation of both EE and skills development legislation. It is this researcher's opinion that organisations that genuinely embrace the vision of EE coupled with appropriate training and development will enhance their levels of skills retention. Employees appointed from designated groups will feel more confident if they are tasked with robust training relevant to their specific jobs. The perceptions of those previously advantaged will be positively impacted by way of understanding that EE appointments are underpinned by job specific training.

3.5. Sector Education and Training Authorities (SETAs)

The sector education and training authority is one of the most important vehicles needed for the implementation of skills development. SETAs are created in different sectors of the economy and are comprised of representatives from employers and employees within that sector, as well as government departments. SETAs are mainly concerned with education and

training, and their focus is to increase the skills of people within that sector. SETAs go about achieving their objectives through developing and implementing a sector skills plan. This plan identifies priorities for skills development and recognises the trend in the sector in terms of supply and demand for skills (Barker, 2007:220).

3.6. South African Qualification Authority (SAQA)

A new framework for education and training in South Africa has been created by the South African Qualifications Authority (SAQA). This authority is appointed by the Minister of Education in consultation with the Minister of Labour. SAQA has been established as part of the national qualifications framework (NQF) and has the following responsibilities:

- overseeing the establishment of the NQF,
- establishing national standards bodies to set standards that ensure progression and portability,
- ensuring that standards are published for registration,
- monitoring the implementation of standards and certifying national qualifications and credits,
- providing secondary accreditation to providers and assessors,
- establishing a single unified system of education and training qualifications by overseeing and implementing the NQF,
- generating unit standards and qualifications for registration as the NQF,
- creating and accrediting the institutions needed to ensure that these qualifications are of a high quality, by ensuring training provided by training

providers are monitored.

SAQA advises the Ministers of Education and Labour, and the authority is required to consult and co-operate with all bodies and institutions responsible for education, training and certification of standards that will be affected by the NQF.

3.7. National Qualifications Framework (NQF)

Prior to the establishment of the NQF, South Africa was perceived to have poor global competitiveness and low productivity, a fragmented educational system, little or no integration of training and education, and no formal qualifications system, as well as no national standards. Cheminais (1998:219) suggests that the basic aim of the NQF is to rectify this situation and to emphasise people's ability to do a job rather than their formal qualifications. Their practical knowledge and abilities to perform a certain function will be more applicable than a formal qualification. It is therefore necessary to determine capabilities, performance indicators and underlying abilities for each job to assess whether people are able to perform the job.

The introduction of the NQF at the end of 1995 had far-reaching implications for training and development in both the private and public sectors. The NQF is part of the total restructuring of education and training in South Africa.

The NQF is based on the principles of access, which means firstly, that everyone in South Africa should have access to learning, and secondly, access to portability, so that skills learnt are transferable across the different

sectors of the economy. The NQF is a national register of education and training unit standards and qualifications. It is a mechanism through which qualifications are recognised nationally. The NQF provides the basics for achieving an integrated approach to education and training, and furthermore facilitates mobility and progression in education, training and career paths. It therefore encourages lifelong learning. SAQA administers the NQF (Barker, 2007:219). The objectives of the NQF are to:-

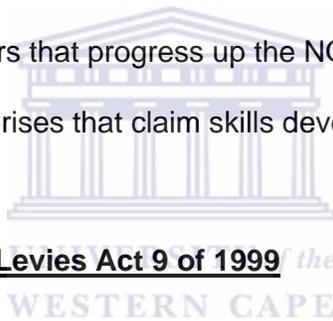
- create an integrated national framework for learning achievements,
- facilitate access to, and mobility and progression within, education, training and career paths,
- enhance the quality of education and training in South Africa,
- accelerate the redress of past unfair discrimination in education, training and employment opportunities, and
- contribute to the personal development of each learner and the economic development of the nation (Nel 2005:133).

The NQF is a set of principles and guidelines through which records of learner achievement are registered to enable national recognition of acquired skills and knowledge, thereby ensuring an integrated system.

3.8. National Skills Authority (NSA)

The National Skills Authority (NSA) was established in 1999 to advise the Minister of Labour on policies and strategies for skills development and to further report back on progress made in terms of implementation. The NSA recommended a number of “success indicators” to ensure that its skills development objectives are met, namely:

- the number of completed learnerships,
- the number of people in learnerships that find jobs,
- the percentage of workers that progress up the NQF, and
- the percentage of enterprises that claim skills development grants.



3.9. Skills Development Levies Act 9 of 1999

The Skills Development Levies Act 9 of 1999 was passed in 1999. It aims to regulate the imposition and collection of levies for training purposes, the role of SETAs, the distribution of levies and the recovery of levies by SETAs. In terms of the Act, from 1 April 2000, every employer has to pay a skills development levy at a rate of 0,5% of the leviable amount, which is the total amount of remuneration payable to an employee during any month. This amount was increased to 1% as from 1 April 2001 for the training and education of employees. The South African Revenue Service is the national collection agency (Nel, 2005:134).

3.10. Skills development levy

Skills development in South Africa is funded through a compulsory skills development levy in terms of the Skills Development Levies Act. Every employer with an annual payroll in excess of R250 000 pays a skills levy of 1% of total payroll to the South African Revenue Service, and 20% of the funds collected goes to the national skills fund. The individual SETAs receive the remaining 80% paid by the employers in each one's sector. The SETA does not use more than 10% to recover its administrative costs and the balance is paid back to companies as grants, if they comply with certain preset criteria. Criteria such as the submission of a workplace skills plan and an implementation report that indicates the training provided.

The national skills development strategy for the period 1 April 2005 to 31 March 2010 has been launched by the Department of Labour. This strategy indicates the national priority areas to which the projected R21.9 billion income from the skills development levies will be allocated over a five-year period. This income comprises the 1% of all qualifying enterprise payrolls that are being paid to SARS as a skills levy. The demographic targets for national skills development in respect of the targets beneficiaries of training based on the 1% levy are as follows:-

- 85% of beneficiaries should be African, Coloured and Indian employees,
- 54% should be Indian employees, and
- 4% should be disabled employees (Balshaw, 2005).

3.11. Joint initiative of priority skills acquisition (JIPSA)

JIPSA is a project aimed at identifying priority skills in all sectors. It seeks to develop skills through improving education. It also aims to recruit retired experts and expert mentors. JIPSA aims to recruit those South Africans who have emigrated to import skills. JIPSA was established in March 2006. It consists of a technical team with representation from business, academia and government. Its objective is to co-ordinate and ensure that South Africa has the needed skills for accelerated growth in the country. An arm of JIPSA is the skills acquisition and placement programme (SAPP), which is the implementation arm of the JIPSA technical team. It seeks to address problems facing the unemployed, focusing on graduates, ungraduated technikon “graduates”, inexperienced professionals and matriculants. SAPP also seeks to address gaps between institutions of higher learning and corporates. It also co-ordinates training efforts of government departments and donor funding (Mthwecu, 2007:52).

3.12. Chapter summary

Chapter 3 outlined some of the policies government has put in place to redress past imbalances. The chapter also demonstrates that the South African government finds itself in an interesting dilemma as would seem the implementation of distributive justice is met with resistance. Many South Africans refuse to display a change in attitude and their unwillingness to accept our diverse culture lends itself to the exodus of skilled individuals. Thus, the perception is perpetuated that current organisational members who are competent in their jobs have had their career aspirations crushed through the implementation of affirmative action measures.

South Africans have been conditioned by apartheid over many decades to see people not as individuals, but as members of different racial groups. As a result, racism is ingrained in the minds and hearts of many South Africans. It is important that this fact be understood and taken into account when formulating strategies to promote an equal opportunity environment. Changing the laws and establishing formal equality and opportunity is not enough. There must be ways and means to tackle the more subtle and informal forms of discrimination.

The various legislative frameworks often lead to divisions, low staff morale and fear. Managers are central to the implementation of laws in the public service and play a pivotal role in seeing that policies and strategies are carried out. The aforementioned chapter has thus outlined the legislative

framework and hinted at the fact that the very mechanisms used to redress the past discriminatory employment practices are contributing to the flight of skills. The capacity of organisations to retain staff is dependent on a chain reaction of appropriate attitudes, commitments, decisions and the compliance in terms of legislative frameworks. This is particular true in terms of the South African context. South African organisations have to compete on the global market for needed skills. South African organisations must contend with the deficit of skills locally, as well as negotiate the attitudes and the perceptions of a workforce that have been conditioned for many years by a separatist regime.



Chapter 4

The City of Cape Town's skills development strategy

4.1. Introduction

The City of Cape Town introduced an elaborate transformation plan aimed at transforming the organisation into a sustainable and high-performance organisation. Moreover, the plan intends to contribute to developing the skills base of employees in a holistic way that embraces the fundamental management elements and processes. The City aspires to developing a culture where employees are motivated and empowered towards service delivery outcomes.

It is the objective of this chapter therefore to (i) present the historical context of local government and demonstrate its impact on the functioning and organisation of municipalities such as the City of Cape Town, (ii) discuss the impact of democracy on the organisational structure of the City, (iii) critically discuss and analyse the strategy towards skills development and training as articulated through the City's human resource strategy, and (iv) identify and discuss the challenges to the implementation of the human resource strategy.

4.2. Historical context of local government

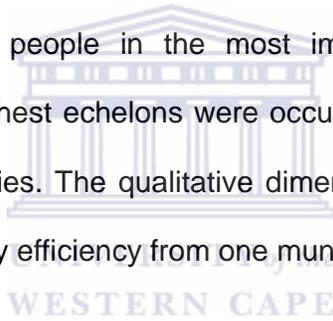
According to Ismail (1997:47) local government was viewed as an agent of the state and therefore had to execute its affairs in terms of the apartheid framework. Local authorities were created along racial lines and hence, the development patterns of local authorities differed from one race group to another. Autonomous local authorities were established for white and black communities despite the reservations expressed by the black communities. This approach to organising local authorities was naturally counterproductive to development in these communities. In some cases two to four financially and organisationally challenged local government bodies were in close proximity to one another.



These apartheid policies and practices were deliberately intended to bring about acute inequalities and deficiencies across services such as housing, water provision, sewerage, refuse removal and so on. The lack of consistency in the provision of services by local government culminated, in ethnic, geographical, racial, human and financial resource inequalities (Ismail, 1997:57). Quite naturally therefore the manifestations of the apartheid system were the most visible and entrenched at local community level (Parnell, 2002:283).

Local government therefore faces the challenges and the demands of service delivery and the economic development of the communities it serves in a post-apartheid South Africa. There exists the need for transformation in order

to meet these demands and needs. However, the peculiar context of municipalities must be considered since challenges and realities differ from one municipality to another., Ismail (1997) states that soon after taking office in the newly-established democratic local authorities, councillors came face to face with the reality of community demands, needs and expectations, and the limited resources available to fulfil these needs in certain communities. Moreover, he argues that the crisis facing local authorities in South Africa can be categorised into a quantitative and a qualitative dimension. The quantitative dimension is the uneven distribution of management and technical skills as a result of apartheid policies. These policies led to the marginalisation of black people in the most important spheres of local government since the highest echelons were occupied by white people even in the black local authorities. The qualitative dimension refers to the varying degrees of service delivery efficiency from one municipality to another.



It is within this context that local government has been tasked with the challenge of improving the welfare of all the citizens it serves, as well as meeting the ever-changing needs and demands of civil society.

4.3. The role of local government post- 1994

The dawn of democracy in South Africa brought with it a drastic departure from the apartheid context within which local authorities functioned. The South African Constitution provides for the establishment of local authorities that have the right to manage the affairs of their constituents by exercising their powers to perform their functions without being impeded or compromised by national or provincial government, as was the case in the past. Ismail (1997) claims that in the age of co-operative governance, one level of government cannot exist or even survive without the coexistence of other levels of government. To this end, Section 41(1) of the South African Constitution deals with the principles of co-operative government and it determines that all spheres of government, namely national, provincial and local government, must preserve the peace in the Republic of South Africa (RSA) by promoting the wellbeing of all people through accountable and democratic governance that requires good intergovernmental relations and mutual respect for all spheres of government levels. Therefore, within their financial and administrative capacity, local authorities should aim to achieve the following objectives:

- the promotion of democratic and accountable government for local communities,
- the provision of services to citizens in a sustainable manner,
- the promotion of social and economic development,

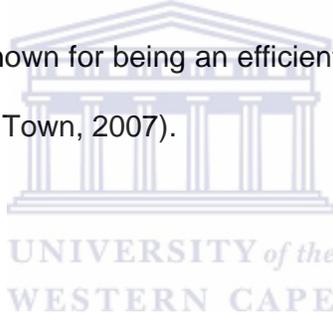
- the promotion of a safe and healthy environment, and
- the encouragement of citizen participation in community matters. (Ismail, 1997)

Local government has a critical role to play in restoring local communities to a democratic, integrated, prosperous and truly non-racial society. Within the framework of the Constitution, the White paper on Local Government established the basis for a new developmental local government. It is committed to working with communities to create sustainable human settlements that provide a decent quality of life and meet the social, economic and material needs of a community (the White Paper on Local Government, 1998:15). The White Paper on Local Government also requires municipalities to prepare a financial plan according to an integrated development plan (IDP), to monitor and assess its performance against the IDP, and to annually report and receive comments from its communities regarding the objectives set out in the IDP. Local municipalities in South Africa have to use integrated development planning as a method to plan future development in their areas. The new approach to local government has to be developmental and aimed at overcoming the poor planning of the past. Integrated development planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development.

The mayor of Cape Town sums up this approach in her foreword in the City of Cape Town's service delivery budget implementation plan for 2007/8:

The City of Cape Town's five year Integrated Development Plan (IDP) is a plan that prioritises our budget indicating on what and where the City's budget will be spent. The IDP is agreed upon between local government and residents of Cape Town. It is a plan for the entire city and not just for specific areas. Thus a fine balance needs to be struck in allocating scarce resources. When we asked residents where they thought we should be spending City money, they gave us their three top priorities: jobs, housing, and safety and security. However, local government has a limited direct role in these issues; they are primarily national and provincial responsibilities. The City's key role is effective service delivery such as clean water, rubbish removal, electricity as well as well-maintained roads and infrastructure, and a corruption-free administration. When the City delivers its services adequately, businesses, investors and citizens are able to grow the economy and create more jobs (City of Cape Town - The Service Delivery Budget Implementation Plan, 2007:4).

In order to achieve this vision, the City of Cape Town must actively contribute to the development of its environmental, human and social capital, offer high-quality services to all who live and do business in it, or visit it as tourists or holiday makers, and be known for being an efficient, effective and caring local government (City of Cape Town, 2007).



4.4. The transformation to a unicity

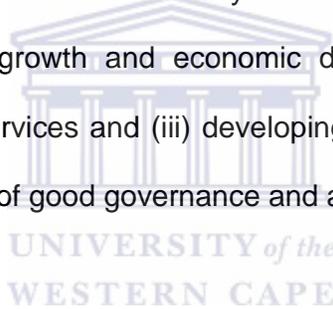
The democratic political dispensation adopted in South Africa in 1994 required that local government be restructured. In this regard the restructuring process has to consider the principles of democracy as embodied in the constitution of South Africa. It is under this premise that the amalgamation of the different local authorities into a unicity was embarked on to promote greater equity, effectiveness and efficient service delivery. In particular, the regulatory framework is directed towards those disadvantaged communities by ensuring an equal distribution of local government resources.

This context of change further requires that municipalities such as the City of Cape Town develop transformational plans that embody strategies towards efficient and effective service delivery. One of these strategies is the Skills Development Strategy, which is aimed at the retention, attraction and development of skills. The City of Cape Town's transformation plan therefore aims to improve service delivery through the optimal use of people, processes and resources. By its own admission, however, the City acknowledges that it has institutional capacity problems. In addition, the work climate is riddled with low staff morale and hence the City faces some daunting challenges in meeting the objectives of its IDP long-term vision. Over the past seven years, employees have faced multiple stressful and disruptive restructuring exercises, which have had a negative impact on both service delivery and staff morale. The City needs a clear and simple strategy that will deliver the right people, at the right place, at the right time, and with the right skills. In this way, we will be matching the City's needs, the City's budget and the individual needs into an outcome that will result in improved service delivery (the City of Cape Town; Human Resource Strategy, 2007).

The transformation of the City of Cape Town into a unicity has not been an easy task. It has posed many challenges, with perhaps the biggest challenge being how to change the attitudes of the human element that constitutes the workforce of the City. The numerous political changes that have taken place in the Western Cape have also taken their toll on the staff and service delivery. Edmunds illustrates this when he states that:

The frequent changing of the political guard happened in parallel to structural changes in the city as it consolidated from 35 municipalities to seven administrations to a single centralised unicity over the past decade. National policy, including affirmative action, overlaid municipal transformation. The politics of Cape Town, reflecting its racially divided communities, added its own poison. Each new political party in power wanted its own people on top. This is understandable because politicians need to choose managers who are inspired to implement their policies. But as the DA and the ANC have shuffled in and out of government, there have been far-reaching consequences to this drive, which has spiralled out of control. It started small but developed into a trend that destabilises service delivery (Edmunds, 2006).

Over the past seven years, employees have faced multiple stressful and disruptive restructuring exercises, which have had a negative impact on both service delivery and staff morale. Nevertheless, the objectives contained in the Integrated Development Plan of the City include:- (i) creating an enabling environment for shared growth and economic development; (ii) providing effective and equitable services and (iii) developing an organisational culture that illuminates principles of good governance and administration.



In order to achieve this vision, the City of Cape Town must actively contribute to the development of its human capital, render high-quality services and be known as an efficient, effective and caring local government (City of Cape Town 2007). The biggest challenge facing managers and organisations in the 21st century is the attraction and retention of top-performing employees. There needs to be a rethink on how HR approaches attraction and retention strategies in order to ensure that it aligns processes with the latest best practice methods (Carter, 2001:299). However, the City of Cape Town employees have faced multiple stressful and disruptive restructuring exercises over the past seven years, which have had a negative impact on both service delivery and staff morale.

I think that people do not appreciate the magnitude of the Unicity as a management challenge ... a great amount of attention needs to be paid to find ways to create staff stability (Edmunds, 2006).

Against this background, the City has introduced measures to increase the productivity of its staff, as well as address the issues of staff morale through programmes to retain skills as well as addressing succession planning.

According to an extract from a speech made by Mayor Helen Zille (2008:1):-

Cape Town's growth from 800 000 people to 3.4 million over the past 50 years has placed great strain on our infrastructure, so we have to move fast to catch up with the backlogs and get ahead of the curve. To ensure we can be proactive, we have overhauled our organisation so that it can deliver more efficiently. In addition, we now have a single organisational structure, pay parity, and unified conditions of service for the first time since the amalgamation of the seven municipal administrations in 2000.

4.5. The human resource strategy of the City of Cape Town

The City's biggest single budget item is its staff costs. Therefore it's most valuable asset, when optimally utilised, motivated and developed, is its people. However, this asset becomes its greatest liability when not effectively utilised. The City needs a clear and simple strategy that will deliver the right people, at the right place, at the right time, and with the right skills since the largest portion of taxpayers' monies is allocated to staffing. The City currently employs 21 231 permanent staff. The staff budget is R3 685 billion. The training budget to meet the needs of this staff complement is R34 836 million. The staff budget to operating/total budget ratio for the 2006/7 year is 32%. (City of Cape Town, Human Resource Strategy: 2007) It is evident that the City has an obligation to invest in its current staff complement to develop skills and retain scarce skills. Moreover, that the City is legislatively mandated to

invest in training of new staff entering the organisation, particularly in the context of employment equity.

A corporate staffing strategy was developed early in the 2006 financial year and was aimed at putting in place a comprehensive set of initiatives to address the instability, the misalignment of resources to needs, and staff morale. This strategy is subject to an annual review process as part of the corporate IDP review (City of Cape Town; HR Strategy, 2007). The HR objectives of the City of Cape are:

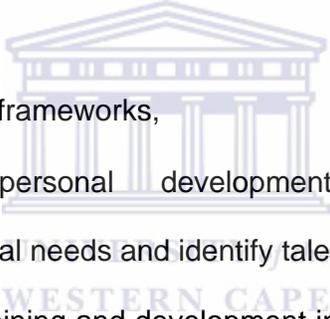
- to implement interventions that enable optimal utilisation of human capital,
- to transform key internal people, management and business processes, and
- to administer employee conditions of service, development, safety and relations (City of Cape Town; HR Strategy, 2008).

Furthermore, the strategy is supposed to ensure that the City can afford its staff. Therefore, the strategy has to make sure that the correct alignment of people to needs will provide a value-added result, which falls within budget parameters. In this way, there is a closer alignment of the City's needs, it's budget and the individual needs into an outcome that will result in improved service delivery. The details of the human resources interventions are contained in the skills development strategy and skills strategy action plan.

4.6. The Skills Development Strategy

The specific purpose of the skills development strategy is to develop the potential skills of staff and manage and monitor staff training needs. This forms part of the City's talent management initiative aimed at the transformation of key internal people, management and business processes through introducing:-

1. The use of better tools or methods to manage human resources through facilitating:

- 
- competency frameworks,
 - individual personal development plans, to address developmental needs and identify talent pools,
 - enhanced training and development initiatives and programmes, career management, career pathing and advancement mechanisms,
 - performance management, and
 - succession planning.

2. The introduction of various mechanisms to ensure the attraction, retention and development of staff through facilitating:

- strategies for the attraction, development and retention of scarce skills,

- a remuneration policy and remuneration solutions, and
- alternative career streaming, apprenticeships, internships and graduate programmes (City of Cape Town; Skills Development Strategy, 2007).

The Skills Development Strategy supports the following strategic priorities in the City's IDP:

- economic growth and job creation that will render an employee more skilled and competent to perform within the organisations,
- access and mobility that will enhance an employee's growth in the job and mobility in his or her career (enhance both organisational and individual competence), and
- equitable and effective service delivery that is based on the understanding that service delivery in the City of Cape Town is synonymous with a competent and skilled workforce.

The Skills Development Strategy further sets out the following nine strategic aims to address the skills challenges in the City on a sustainable basis:

1. conducting a comprehensive competency assessment and audit of all employees,
2. integrating the competency framework of the City within the SAP system, making full use of best practice systems to the City of Cape Town,
3. repositioning the workplace skills plan (WPSP),
4. repositioning the education, training and development (ETD) practice, process and management,
5. repositioning the ETD budgets,
6. ensuring effective developmental staffing strategies at line level,
7. increasing investment in development, both through use of internal funding and through leveraging external funding,
8. putting in place immediate interventions that address our areas of scarce skills and critical backlogs, and
9. identifying current barriers to internal development of staff through career paths and ensuring that the WPSP addresses these barriers (City of Cape Town; Skills Development Strategy, 2008).

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4.7. The Skills Development Strategy action plan

The Skills Development Strategy refers to the development of an action plan to achieve and fulfil the training and skills development goals of the City. The action plan will be co-ordinated by the strategic human resources department and implemented by personnel services. The action plan should list all the needed interventions, tools and steps to be taken by the respective departments and how these elements will contribute to achieving the strategic aims mentioned above. The specific components of the action plan, complete with programme content, guidelines, costs, resources, target output measures and schedules of completion should be detailed under each of the nine strategic aims listed above (City of Cape Town; Skills Development Strategy, 2008). Clearly, this is an intensive and time-consuming process that requires skilled, motivated and loyal individuals to implement. Moreover, its success is dependent on a number of preconditions. These are discussed below.

4.8. Preconditions for successful implementation

(i) Changing attitudes and behaviours

One of the aims of the Skills Development Strategy is to conduct a comprehensive competency assessment and audit of all employees. Accordingly, a leadership development model, a talent management strategy, a competency profiling framework and a variety of templates to assess the effectiveness of the human resource development strategy must be

developed. Parnell (2002:287) suggests the capacity to produce results is dependent on a chain reaction or appropriate attitudes, commitments, decisions, actions and events within the organisation and outside. As far as possible, these variables should be foreseen, planned for and dealt with in such a way that the strategic objectives of the organisation are consistently synchronised and pursued in the most effective manner. However, this does not only happen through training initiatives, but also through identifying, recruiting and retaining knowledgeable and experienced managers and staff who have the necessary vision, commitment and understanding of strategic governance. Therefore, leadership and strategic management is of utmost important to the process.

(ii) Mentoring and coaching

One of the strategic aims of the Skills Development Strategy of the CCT is the repositioning of the education, training and development (ETD) practices, processes and focus within the City. The skills development strategy includes mentoring and coaching as a training intervention or tool to assist in achieving its education and training objectives. Nigro (2003:83) refer to the results of opinion polls where it is cited that over 50% of workers identify a sense of accomplishment as the main requirement that they desire in a job, even rating this over and above compensation. Coaching and mentoring therefore can contribute to this sense of accomplishment by providing employees opportunities for advancement. Nigro (2003:24) further suggests that inspiring employees to be committed and loyal to the organisation takes into account

the need to create a work environment that is employee friendly. This entails promoting a workplace that makes employees feel part of the team and acknowledges their contribution to the organisation and its vision.

In this regard research has indicated that employee turnover is almost always linked to how managers treat their workers (Carter, 2001:302). Managers need to relearn how to motivate and support their employees or face the danger of losing them to the competition. The contemporary and regulatory context wherein organisations operate and function consequently have to be taken into account. The positive aspects that cause workers to stay in their jobs must be reinforced and the negative factors that cause employees to leave must be eliminated (Carter, 2001:302). This implies a very connected relationship between the individual and his/her manager.

(iii) Developing a workplace skills plan

One of the aforementioned strategic aims emanating from the Skills Development Strategy is the repositioning of the workplace skills plan (WPSP). The CCT has designed a new process in order to achieve this strategic aim, which involves adopting a new approach to the delivery mechanism of training within the City. This approach sees the CCT as having a top down–bottom up approach to the development of its WPSP, which will instil a culture of performance that is also linked to the strategic objectives of the IDP. It also allows for the introduction of a benefits system that measures the return on investment per department, directorate plans and the CCT

training budget in order to ensure a more strategic focus (City of Cape Town; Skills Development Strategy, 2007).

The purpose of the Skills Development Act of 1998 is to ensure and encourage employers to provide employees with opportunities to acquire new skills by:

- using the workplace as an active learning environment, and
- encouraging workers to participate in learnerships and other training programmes (Skills Development Act, 1998).

The above purposes of the Act are achieved through establishing sector skills development plans. Employers are required to develop a plan that is adapted specifically for its workforce. The skills development plan must be developed within the requirements of the Skills Development Act. Therefore, the City of Cape Town is required to submit its skills plan based on the training needs of its employees. The plan clearly outlines the training interventions that the City will introduce.

iv. Strategic leadership

Quite simply stated, employees do not leave the organisation they work for, but rather the manager they report to (Markinor, 2007). There is a need for new types of leaders in the 21st century. Successful organisations are dependent on, inter alia, strategic leadership, motivated and loyal employees and adequate resources. Research shows that 70% of the organisational

climate is influenced by the competencies of the leader. In other words, business success today is driven by the leader's ability to create a work environment that encourages performance as well as pride, loyalty and passion (Markinor ,2007). In addition, leadership has an important role to play in mapping career paths. To this end the Skills Development Strategy speaks to the salience of identifying current barriers to the internal development of staff. It is argued that most South African workers quit their jobs because of a lack of career advancement and effective utilisation of their knowledge and skills (Horwitz: 2008). A solid process for career development will help to retain employees. Rabin (1995:472) suggests that management cannot efficiently maximise the return in human resource investment if it is not carefully and individually targeted. Individuals will not be motivated by training unless there is a clear indication that it is a path to a desired goal. Therefore, training needs to be an element in the overall career and management planning of employees in order to promote retention.

4.9. Challenges to skills development and retention in the City of Cape Town

Evidently, the City has an extensive framework in compliance with the various legislative and policies regulations on skills training and development. This notwithstanding, the consequences of transformation in the City presents a challenge to successful implementation. In fairness to the City as employer, it has acknowledged and anticipated the effects that transformation could have on staff. Accordingly the effects of change are articulated:-

Adjusting to change drains people physically and emotionally, so the best way to know what is coming is to put yourself in charge of creating the situation you want. Remember, the trouble with the future is that it usually arrives before you are ready for it (City of Cape Town, 2008)

The above sentiments illuminate two important issues affecting change. Firstly, that people invariably fear change. Hence, strategic leadership will identify potential factors that could contribute to fears and anxieties and address these before they manifest. Secondly, that strategic leadership will champion change and transformation and become more hands-on during this process. In so doing, leadership and those at the forefront of change initiatives can skilfully allay the fears and anxieties of staff. Therefore the City conducted a survey in 2007 to understand the opinions of local government employees about their jobs and working environment. The survey also probed the thinking of officials on ideas to improve the working conditions in the City. Four key issues emanated from the survey. These included:- feelings of accomplishment, relationships with management, greater concern and care for employees and promoting fairness at work.

In trying to address these concerns before implementing any new initiatives towards training and education, the City introduced the Management Rejuvenation Project (MRP). The management rejuvenation project (MRP) was established to address these touch points. The MRP was commissioned by the executive management team (EMT). The project includes a number of capacity building initiatives for managers that focus on, amongst other things:

- (i) coaching and mentoring to help managers at all levels within the organisation to adopt a combined approach to skills and personal development;
- (ii) the individual performance management system, which includes a recognition and rewards programme; and
- (iii) the change management capacity programme, to build change management capacity (City of Cape Town; Management Rejuvenation Project, 2008).

While these initiatives form part of the City's overall HR strategy within its long term transformation plan, the impact of transformation to a Unicity is still very explicit. Consequently, attitudes towards the City as employer and management and leadership style within the City, complicate the intentions of strategies towards training, skills development and retention of scarce skills. In a proactive attempt to ensure that the anticipated objectives of training and development are achieved, the City also administered an employee relationship assessment on 5 884 employees across the City of Cape Town's municipal area. The assessment comprised of questions probing officials opinions about the City as an employer, attitudes of loyalty towards the City, gross staff turnover rates, and scarce skills turnover rates. The survey revealed interesting opinions about the City and developments within the City. These are discussed under the headings staff morale, staff turnover and the conservative attitudes towards training and development:

(i) **Staff Morale**

Questions pertaining to fairness, care and concern, as well as trust, have revealed some interesting relationship dynamics between employer and employee in the CCT. Moreover, the results generally suggest that staff hold negative perceptions of the City as an employer. For example, when respondents were asked whether they would seriously consider better job offers, 58% responded that it was likely. In the table below only 31% responded that the City treated them fairly. 30% responded that the City treated people of all races equally. When asked whether the City treated people as important assets, only 26 % agreed. On the question about genuine care and concern for its employees, 27% of respondents agreed. On the question of trust, 32% responded that the City trusted its employees.

Table 1

OPINIONS ABOUT THE CITY OF CAPE TOWN AS AN EMPLOYER	
Will recommend this place as a good company to work for.	51
Likely to seriously consider better job offers.	58
Likely to be working for organisation two years from now.	57
This organisation treats its employees fairly.	31
The City treats people of all races equally	30
The City of Cape Town treats its employees as its most important asset.	26
This organisation shows genuine care and concern for its employees.	27
The organisation truly trusts its employees.	32
The City of Cape Town cares about developing people for long-term careers and not just the current job.	34
The organisation provides enough training and development opportunities to help me do my work effectively.	42
The organisation makes use of my talents.	44
My supervisor/manager provides useful feedback about how I am doing at work.	31
When people have good ideas, they get noticed and rewarded at this organisation.	14
I get a real sense of achievement working for this organisation.	35

When exploring the questions on loyalty towards the City as employer, again the results leaned more towards disloyalty than loyalty. The graph below reveals that only 25% want to continue working for the City. 64% indicated that they did not want to continue working for the City. Moreover, when comparing the City against the international trends on employee loyalty, international trends reveal greater loyalty towards the employer.



Employee Relationship Assessment: IPSOS Markinor, 2007

(ii) Staff turnover

Another challenge to successful implementation of training and education initiatives concerns staff turnover. Organisational change and transformation is largely dependent on the drivers of such change. Therefore, stability in leadership and those championing change in the organisation is of utmost importance. However, the effects of earlier interventions of change on the City are evident. Edmunds captures this when he quotes a statement taken from an anonymous council official:-

Since 1996, the City of Cape Town has spent millions of rands exploring new city designs and ridding itself of senior civil servants to facilitate politically palatable bureaucracies for new incumbents. In the civic centre, a senior city-council official confides across his desk that the municipal administration cannot withstand another political transition. "The wheels had come off, we were driving on the rims," he says, having weathered the latest restructuring. "We are only working out now how much on the rims we are." This view comes up frequently among past and present officials, mostly off the record. The repeated restructuring of the staff with its exodus of skilled employees over the past decade has ground the city down; morale is in freefall (Edmunds, 2006:1).

Edmunds laments further that:-

The City of Cape Town's skill shedding comes at a time when challenges for the city have rapidly escalated, as it battles to accommodate an expanding population and huge demands on service delivery. It has also to gear up for the 2010 Soccer World Cup. Yet its human resources policies have destabilised its workforce. It's been losing engineers, planners, fire-fighters, inspectors and electricians monthly for years (Edmunds, 2006:1)

The former Mayor of the City of Cape Town echoes similar sentiments when she states:-"Our staff are understandably reflecting the strain of many years of false starts due to organisational restructuring and instability" (Mayor Helen Zille, 2008).

The strategic objective concerning the management and development of human resources should be to introduce an organisational culture that facilitates the ideals of the human resources strategy. However, this becomes

a daunting challenge if one considers Edmunds' comments with regard to the destabilised workforce as a result of the exodus of skills.

In the table below a quarterly review of staff turnover rates in 2008 reveal figures that should concern the employer. In the Directorate of Utility Services for example, 137 individuals terminated their relationship with the City. In the Metro polices services, 101 of 775 staff members left the City. Another directorate of concern is the Finance Directorate where 23 people left. Community Services is another directorate where terminations are high.

Table 2

GROSS TURNOVER RATE FOR PERIOD JULY 2008 TO SEPT 2008			
Directorate	Total Terminations	Base Total	Gross Termination Rate for Period
CITY HEALTH	32	1 305	2.45%
COMMUNITY SERVICES	80	3 639	2.20%
CORPORATE SERVICES	31	1 388	2.23%
ECONOMIC AND SOCIAL DEVELOPMENT	3	297	1.01%
FINANCE	23	1 393	1.65%
HOUSING	8	648	1.23%
INTERNAL AUDIT	2	45	4.44%
METRO POLICE SERVICES	101	775	13.03%
OFFICE OF CITY MANAGER	2	259	0.77%
SAFETY AND SECURITY	30	2 413	1.24%
SERVICE DELIVERY INTEGRATION	11	377	2.92%
STRATEGY AND PLANNING	16	764	2.09%
TRANSPORT ROADS AND STORMWATER	27	1 647	1.64%
UTILITY SERVICES	137	6 948	1.97%
TOTAL:	503	21 898	2.30%

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Upon closer investigation of the terminations, the scarce skills terminations are of concern. In particular, in the directorate of Utility services, 4 professionals and 24 technicians and associate professionals left the employ of the City. In the case of the Metro police 5 technicians and associate professionals left. In the directorate of Finance 1 professional and 9 technicians and associate professionals left the employ of the City.

Table 3

TERMINATIONS PER SCARCE SKILLS CATEGORIES BY DEPARTMENT FOR PERIOD JULY 2008 TO SEPT 2008.					
Directorate	Total Terminations	Professionals	Technicians and Associate Professionals	Legislators, Snr Officials and Managers	% Scarce Skills Terminations to All Terminations
CITY HEALTH	32	0	19	0	59.38%
COMMUNITY SERVICES	80	0	10	2	15.00%
CORPORATE SERVICES	31	4	4	1	29.03%
ECONOMIC AND SOCIAL DEVELOPMENT	3	1	1	0	66.67%
FINANCE	23	1	9	0	43.48%
HOUSING	8	1	3	0	50.00%
INTERNAL AUDIT	2	0	0	0	0.00%
METRO POLICE SERVICES	101	0	5	0	4.95%
OFFICE OF CITY MANAGER	2	0	0	0	0.00%
SAFETY AND SECURITY	30	0	14	0	46.67%
SERVICE DELIVERY INTEGRATION	11	3	2	2	63.64%
STRATEGY AND PLANNING	16	2	5	0	43.75%
TRANSPORT ROADS AND STORMWATER	27	2	0	1	11.11%
UTILITY SERVICES	137	4	24	0	20.44%
TOTAL :	503	18	96	6	23.86%

THE CITY OF CAPE TOWN CORPORATE SERVICES AND HUMAN RESOURCES PORTFOLIO

C **OMMITTEE**

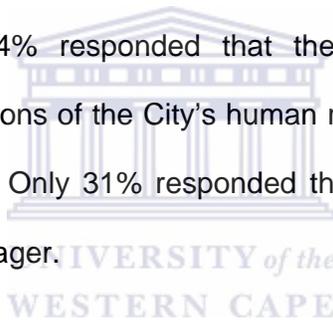
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Therefore when one considers the objectives of training and education as articulated in chapters two and three of this study, these statistics reveal a reality that could jeopardize training interventions. The exodus of staff, particularly those occupying professional and associate professional positions, not only affects progress towards the key business of the City. It also, negatively impacts on the objectives set in the skills development strategy of the City. Therefore, initiatives such as coaching and mentoring and the change management strategy are at risk.

(iii) Conservative attitudes to training and development

The preconditions highlighted and discussed in chapter two of this study speaks to a contemporary approach to training and development. In this regard, training and development should not only focus on training that brings skills to a desired level. It should also be integrated into the other functions of human resources. In other words, where training interventions are successful, the relationship between training and aspects of HR such as recruitment and selection, mentoring and coaching, career advancement and motivation will be clearly integrated. However, the survey results suggest that attitudes towards training and education are still very conservative. Moreover, that training and education is not considered within the broader context of managing and developing human resources. This is evidenced through the lack of integration between training and career-pathing, the 'mild' emphasis on training and development, and the failure to acknowledge and reward good ideas,

Statements about the City's focus on long-term careers, making use of employees' talents, noticing and rewarding good ideas, and employees' sense of achievement were used to probe opinions. Respondents were asked whether the City cared about developing people for long-term careers as opposed to only focusing on the current job of the person. To this statement, only 34% were of the view that the City was interested in developing people for long-term careers. 42% responded that the City provides enough training and development opportunities to help them perform their work more effectively. When asked whether people were acknowledged and rewarded for their good ideas, 14% responded that they were. Another opinion contradictory to the intentions of the City's human resources strategy referred to the issue of feedback. Only 31% responded that they received feedback from their supervisor/manager.



Clearly these responses contradict the intentions of the City's human resources strategy. The ideals of coaching and mentoring, career-pathing and general measures towards development of officials are affected negatively by the perceptions and attitudes of officials.

4.104. Chapter summary

This chapter presented the context of the City of Cape Town post-1994. It is clear that the democratic political system has had an impact on the organisation and functioning of the City. It is also evident that the City has introduced various initiatives towards addressing the skills crises and developing its skills base towards a competent and skilled workforce. The human resources strategy, in general, and the skills development strategy and action plan, in particular, are but some of the interventions towards skills training and development. Furthermore, the City very proactively administered surveys towards gauging the opinions and attitudes of its employees. These interventions, notwithstanding, the climate within the City seemingly impedes the intentions of training and education initiatives. Variables such as staff morale, staff turnover and conservative attitudes towards training and development were some of the potential challenges to the successful implementation of training initiatives.

Chapter 5

Main findings and conclusion

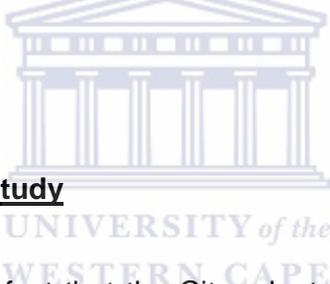
5.1. Introduction

The lack of skills and capacity has been cited as one of the key reasons for organisations failing to recruit and retain the right kind of staff. This is evident not only in South Africa, but across the globe, as the shortage of skills has been the number one factor of concern identified by management. The impact of the skills crises is evident on future development both nationally and internationally. It was therefore the purpose of this study to explore the challenges confronting the implementation of the skills development strategy in the City of Cape Town. In this context, the secondary objectives were stated as:

- Presenting the legislative and regulatory framework for skills training and development in South Africa;
- Critically discussing the policy and regulatory framework that informs the management and development of human resources in the City of Cape Town;
- Contextualising the need for more rigorous training and development interventions in the City;
- Critically discussing the human resources strategy of the City;

- Identifying the key challenges to the implementation of the human resources strategy of the City, and
- Proposing recommendation to overcome the implementation challenges.

The methodology employed by the researcher was essentially two-fold. In the first instance, the researcher relied on secondary sources of data that included books, government documents and reports and journal articles. In the second instance, the researcher relied on primary sources obtained from two surveys conducted by the City of Cape Town. The researcher also relied on his own observations and experiences as an employee of the City.



5.2. Key findings of the study

It is important to note the fact that the City adopted a proactive approach to the training and development of its human resources. Therefore, the City administered surveys that were key to exploring the opinions of its employees and identifying potential obstacles to implementation. Nonetheless, the process of transformation that started in 1994 with the dawn of democracy, has affected the organisational climate significantly. In this regard, and as was emphasized in the previous chapter, staff morale and loyalty as well as staff turnover are factors that could jeopardize the good intentions of the City's human resources strategy.

In chapter two of the study, the researcher presents the need for training and education post-1994. In this regard, the skills shortage phenomenon is indeed a national and international one. However, the context of South Africa exacerbates the skills shortages experience in this country. As was discussed in chapter two, the remnants of apartheid distorted the South African society, economically and socially. Hence the need now exists to correct these anomalies.

In chapter three the statutory arrangements towards correcting the imbalances of the past are discussed. The South African government has clearly legislated measures towards equity in the labour market through the development of skills of those previously denied opportunities. At the same time, however, the focus of skills development legislation is on developing and retaining scarce skills in organisations. In this way training and education becomes more integrated with functions such as coaching and mentoring, career-pathing and so on.

In chapter four, the researcher presents the case of the City of Cape Town and critically discusses the strategies towards developing human resources. The initiatives, particularly through the skills development strategy, align itself to the framework set by the state. For example, one of the objectives of the NQF is to 'contribute to the personal development of each learner...' In this regard the skills development strategy has as one of its objectives to 'facilitate individual personal development plans, to address development needs and identify talent pools...' In another example, the Skills Development Act

identifies as a purpose to 'use the workplace as an active learning environment and to provide employees with the opportunities to acquire new skills...' To this end, the skills development strategy of the City states its commitment to skills training through '...career management, career pathing and advancement mechanisms.

In spite of this theoretical context to training and development, the pragmatic experiences are quite contradictory. Two main challenges arise, these are, (i) staff morale and turnover and (ii) attitudes towards training. As alluded to in the previous chapter, the majority of respondents did not experience the benefits between training and long-term career opportunities in the City. Moreover, very few felt that their good ideas were noticed or rewarded. In the context of skills training leading to a more motivated workforce, the case again depicts a different experience. Essentially, respondents were very negative in their opinions of the City as employer. This presents a problem at two levels. At the first level, and in the case of ordinary officials, their cynicism of the City could lead to them resisting skills training and education. More fundamentally, however, the negative climate of the organisation could affect the City's return on its investment. In other words, the City may invest resources in training and developing someone. After that training the person is now more marketable and leaves the employ of the City.

At the second level, the turnover of higher-ranking officials and those who assist them could affect the ideals of training and education negatively. As presented in chapter four, staff turnover in general was a concern and, in

particular, the turnover of professional and associate professional staff. Professional staff refers to higher-ranking officials and associate professionals are those who assist higher-ranking officials. In the case therefore of training and education being dependent on the leadership and those in management positions, the levels of turnover experienced in the City based on the 2008 statistics can be problematic.

5.3. Recommendations

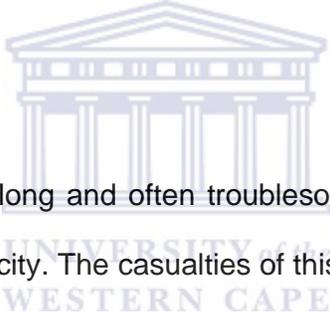
All services provided by the public sector should be aimed at improving the welfare of the community it serves. The human resources component is at the heart of this objective. Staff members across all levels need to be motivated and committed to deliver a service of excellence. This is particularly relevant at local government level where public officials are the closest to the public it serves. The aforementioned results extracted from the employee relationship survey generally suggest that staff hold negative perceptions of the City as an employer. Although it is encouraging to note that the CCT has done well to illicit these responses from staff in order to formulate appropriate solutions. It must however be recommended that corrective action must happen quickly if the City wishes to maintain the momentum of an organisation that cares. The many changes and false starts that the City has endured are still freshly ingrained on the minds of employees. Another major change that does not deliver on its promises will certainly go a long way to lowering an already deflated staff morale, thus making the attainment of service excellence problematic.

It is recommended that management and leadership need to fast track programmes and strategies that are aimed at addressing the concerns that staff members have articulated. Any sign of management not doing so will merely perpetuate the current negative perception that staff have and will equate to the City not being able to retain its staff. As indicated in chapter 4, organisational climate is influenced by the competencies of the leader. Business success today largely hinges on the leader's ability to create a work environment that encourages performance as well as pride, loyalty and passion. Management behaviour is a key predictor of the ability of an organisation to recruit, motivate and retain employees. The recommendation in this regard is that management strive to promote a workplace that makes employees feel part of the team and makes them feel what they are doing right now is an integral part of their future. This approach is aimed at boosting staff morale as well as improving staff loyalty by displaying commitment and genuine interest in the development and growth of staff. In the context of the many changes that the City has gone through, many employees merely perceive any new strategies or interventions as just another phase that will not result in any real change to improve their individual career paths and development.

In this regard the recommendation is that managers need to relearn how to motivate and support their employees or face the very real danger of losing them to the competition. The positive aspects that cause workers to stay in their jobs must be reinforced and the negative factors that cause employees

to leave must be eliminated. As previously mentioned research indicates that employee turnover is almost always linked to how managers treat their workers. CCT employees have displayed the desire to improve their relationship with management. The actual experience of an improved relationship, however, is dependent on a leadership/management structure is indeed capable in terms of motivating and reinforcing the positive triggers that promote employee retention. These triggers being the aforementioned preconditions of mentoring and coaching interventions as well as change management initiatives aimed at addressing employee frustrations and fears.

5.4. Conclusion



The CCT has travelled a long and often troublesome road in its attempts to become a fully fledged unicity. The casualties of this journey have been many. The City has experienced an exodus of many of its talented skills. The scars of seven years of restructuring are still very raw, as is evident in the low staff morale of its workforce. The City of Cape Town finds itself in an interesting dilemma filled with both challenges and opportunities. On the one hand, the City's participation in the hosting of the 2010 Soccer World Cup events is attracting unprecedented public sector investment and stimulating new interest amongst private sector investors. But, on the other hand, the city faces real infrastructure provision and capital funding challenges, as well as institutional capacity problems.

The true test will most certainly be how the CCT rises to meet these challenges in the face of a highly competitive skills market.

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