Title:

Exploring the efficacy of the grant funding process of a SETA within the context of South African skills development

Qualification:

Masters in Adult Education and Global Change

Name and Surname

Bronwin Abrahams

Student Number

3522355

Supervisors

Dr N Hendricks

ACKNOWLEDGMENT

I would like to acknowledge and thank:

- GOD, my husband, and my children for allowing me to complete my studies, it was not easy, but I am thankful for the support they gave me through this time.
- My employer merSETA for giving me the opportunity to upskill myself and everyone who made time to assist me with my research project.
- Dr Hendricks my supervisor for all his advice, guidance and support that he gave me.

ACRONYMS AND ABBREVIATIONS

ATR: Annual Training Report

CHIETA: Chemical Industries Education and Training Authority

CLO: Client Liaison Officer

DG: Discretionary Grants

DGY: Discretionary Grant Allocation Against Year

DHET: Department of Higher Education and Training

MerSETA: Manufacturing Engineering and Related Services Education and Training Authority

MOA: Memorandum of Agreement

MQA; Mining Qualifications Authority

NQF: National Qualifications Framework

NSA: National Skills Authority

NSDMS: National Skills Development Management System

NSDP: National Skills Development Plan

NSDS: National Skills Development Strategy

NSF: National Skills Fund

OEMs: Original Equipment Manufacturers

PIVOTAL: Processional, Vocational, Occupational, Technical and Academic Learning

PP: Pivotal Plan

PR: Pivotal Report

RSA: Republic of South Africa

SARS: South African Revenue Services

SDA:	Skills Development Act, 97 of 1998
SDF:	Skills Development Facilitators
SDLA:	Skills Development Levy Act, 1999
SETAs:	Sector Education and Training Authorities
TETA:	Transport Education and Training Authority
WSP:	Workplace Skills Plan

TABLE OF CONTENTS

LIST OF TABLES

ABSTRACT

Continuous introduction of innovations and rapid technological changes in industry necessitate the constant need for skill development within the workplace. For companies to grow, stay competitive, and remain economically sustainable, they must ensure that their employees' skills, knowledge, and capabilities incorporate the latest developments and trends. Therefore, employee development within the manufacturing and engineering sectors becomes imperative and benefits both the employee and employer. To encourage skills development, Sector Education and Training Authorities (SETAs) have become critical links as providers of incentive funding to ensure that companies implement and/or participate in skills development initiatives that aim to upskill, reskill and multi-skill their workers.

The research investigated the alleged bureaucratic claiming process from SETAs which might prevent companies from fully benefiting from the skills development system. This investigation was guided by the research question: How do merSETA-affiliated companies/organisations experience the grant-claiming process? Exploring the efficacy of the SETA grant funding process, this inquiry used a qualitative research methodology to investigate whether SETA funding is a beneficial process for all involved.

Keywords: skills development, merSETA, funding, incentive schemes, levy-grant scheme, training, growth, development, employers, employees

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Introduction

Employee skills development has the potential to play a critical role in the transformation of a nation that was educationally and structurally stunted by apartheid policies, legislation, and practices (Letseka, 2004:19). Over the past 27 years South Africa has attempted to recover through the implementation of transformative policies to facilitate skills development across the nation. In particular, the South African Skills Development Act (SDA) 97 of 1998 [Republic of South Africa (RSA), 1998], followed by the Skills Development Levies Act (SDLA) of 1999 (RSA,1999) has been pivotal towards the promotion and implementation of skills development in the country.

The SDA was introduced as the road map for skills development and aims:

> To improve the quality of life of workers, their prospects of work and labour mobility. To improve productivity in the workplace and the competitiveness of employers. To increase the levels of investment in education and training in the labour market and to improve the return on that investment. To promote self-employment and to improve the delivery of services (RSA, 1999).

This SDA puts in place mechanisms to ensure that its purpose will be fulfilled, such as the establishment of 24 (now 21) different Sector Education and Training Authorities (SETAs) that are individually responsible for facilitating the improvement and quality of skills considered important for each industrial sector (James, 2009:2).

Funding of skills development and the operations of the SETAs originated in the SDLA (RSA, 1999). This Act makes it compulsory for every company with an annual payroll of R500 000 (initially R250 000) and more, to pay a skills levy of 1% over to the South African Revenue Services (SARS). The levies, collected by SARS, are then distributed as follows. A total of 2% is kept back by SARS for the administration cost 18% is transferred to the National Skills Fund, and 80% is transferred to the industry-specific SETA.

The SETAs are permitted to use 10.5% of the funds they receive for operational costs and companies can claim back 69.5% (RSA,1999). The levy system is linked to a company's payroll as a strategy to encourage employers to provide skills training to their employees (James, 2009:2). The criteria used for companies to gain access to grant funding will be explained later in this proposal.

Skills development is important because as in all industries, the manufacturing and engineering sector is changing rapidly which requires the continuous upskilling or re-skilling of workers to ensure that the competencies of employees remain relevant and current. These employee competencies in turn ensure that the companies they work for also remain competitive in the industry. Developing human capital therefore has become an integral part of the business as companies face increasingly complex challenges and a fast-paced product and service innovation environment. Consequently, significant amounts of money are spent on training and development each year (Mohamed, Rasli & Mansor, 2012).

In order for employers to enhance worker performance they need to ensure that their workers receive appropriate learning opportunities to develop the capabilities and competencies that will ensure that the company remains effective and proficient in the sector. Research indicates that employers need to invest in job-specific, robust training interventions to ensure that employees can keep up with the advancement of innovative business practices [Manufacturing Engineering and Related Services Education and Training Authority (merSETA), 2016:177]. This can be done through different skills development interventions that allow companies to upskill and/or reskill their employees. These learning interventions can be accessed through formal, informal and/or non-formal education and training provision.

1.2 Research Objectives/Aims

This study explored the efficacy of the merSETA grant-claiming process from the employer's point of view. This study contributes to a better understanding of the challenges and benefits of the skills levy system as it is implemented in the merSETA sector within the context of skills development within South Africa. In this instance, the merSETA grants claiming and disbursements process will be used to research this topic.

1.2.1 Research Question

How do merSETA-affiliated companies/organisations experience the grant-claiming process?

Sub-questions to this investigation are:

- What type of companies apply for funding?
- What interventions are applied for and funded?
- Who benefits from the SETA funding?

The research will also provide a context of the mer-sector by expanding on the following:

- Demographic profile of workers who receive training; and
- A description of the social-economic context in which training is undertaken in South Africa.

1.3 Background and Context

Apartheid education and training system resulted in devastating consequences for generations of the Black South Africans. The Black population suffered deep social inequality and economic deprivation which included limiting their access to education, training, and skills development (McGrath & Badroodien, 2006:485). To remedy the historical injustice as well as encourage the development of skills among Black Africans in particular something had to change (Letseka, 2004:19).

To facilitate the transformation of the education system after apartheid, South Africa embarked on a process between 1992 and 1994 that investigated educational frameworks. The investigators concluded that following the example of countries such as New Zealand and Australia, which had implemented National Qualifications Frameworks (NQF), South Africa should also adopt such a qualification structure. In 1995 the South African National Parliament approved the South African Qualifications Act No.58 of 1995 (RSA, 1995) which has been replaced by the National Qualifications Framework Act, 2008 (RSA, 2009). The NQF was designed to ensure mobility between educational levels and articulation across different sub-frameworks for learners to plan their learning pathways to attaining their qualifications.

To further support skills development, the Department of Labour introduced the SDA, No. 97 of 1998 (RSA, 1998). As already suggested earlier, the purpose of this act was to respond to the urgent need to upskill and re-skill the nation's workforce, including the unemployed. The National Skills Development Strategy (NSDS) through which the SDA No. 97 of 1998 would come to fruition, aimed to change education and training in South Africa by enhancing the quality of training within the institutions of learning both theoretically and particularly with the focus on practical skills. Therefore, creating more opportunities for learning and in so doing creating enough supply of skilled workers. This legislation laid the foundation for the formation of a skills development system that would support economic growth, job creation and social development (Department of Labour, 2004).

In addition, the NSDS aimed to transform the labour market's structural challenges. It is intended that the skills transformation will convert the South African labour market from one with a low skills base to one with a relevant - demand-driven skills base and commitment to lifelong learning (Department of Labour, 2004). The NSDS was envisioned as an inclusive strategy to address skills needs across the board.

The National Skills Fund (NSF) (RSA, 1998) and the Sector Education and Training Authorities (SETAs) (RSA, 1998) which were introduced within the framework of the NSDS are mandated to implement the NSDS by providing relevant training opportunities to expand the country's skills base.

The section that follows reviews the literature relevant to this investigation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the literature relevant to the diverse types of funding schemes available and how these are implemented. In addition, this section reviews literature that explores strategies related to the reclamation of skills development funding and how this affects the organisation. Furthermore, it reviews literature that examines and/or deliberate the benefits for both the employees and the organisation when funds are invested to improve the skills and knowledge of employees. Additional literature reviewed and discussed will be the available options companies have to develop their employees through the affordance of workplace training.

2.2 Skills development and competitiveness

In order for organisations to stay economically sustainable and competitive both locally and globally, skills become the differentiator (Asci, 2017; Aguinus & Kraiger, 2009). Many countries therefore have implemented different funding schemes to assist and encourage skills development among the workforce.

Competitiveness according to Kleynhans (2006:55) is the ability of an organisation to grow its market share and this is done through being able to sell more goods and services. Worldwide competition is escalating following global trade arrangements, diminishing trade restrictions, lessoning of tariffs (Kleynhans, 2006:55), rapid technological changes as well as globalisation. Scholars have argued that for companies to remain competitive, locally, and internationally, they need to invest in skills development to improve and/or reskill their workforce (Aguinus & Kraiger, 2009:452).

This applies equally to developing countries as, in the context of globalisation, developing countries need to improve the skills capacity of their workforce to maintain a competitive advantage when it comes to labour (Kuruvilla, 2007:127). This means that as globalisation becomes more pervasive, companies need to ensure that they can compete in the global economy. Therefore, the differentiator in this regard would become the organisation’s workforce. Skill, knowledge, and motivation of the workforce are becoming increasingly important for the competitive advantage of organisations (Aguinus & Kraiger, 2009).

Kleynhans (2006:55) further suggests that economic growth and welfare for everyone are enhanced when a country possesses a competitive advantage through a productive workforce. Furthermore, Kleynhans (2006:56) indicates that “the future of competition is human” with the main focus being the management of human capital Therefore, companies need to sustain their competitiveness through the skills development of their workforce (Salas, Tannenbaum, Kraiger & Smith-Jentsch, 2012) and it, accordingly, becomes imperative that the companies use every opportunity to development and secure training interventions to support their workforce and so maintain their competitiveness.

2.3 Workplace learning

Across the world there is an earnestness for the development of skills to improve and grow the economy of the world, which forms the basis of long-term competitiveness (Keep, 2015:2). This perspective is supported by Kunjiapu and Yasin (2015:16) who indicate that having a “skills-driven economy” is seen as a vital condition for achieving the position of a completely developed country.

Keep (2015) states that employers are in a perfect position to support and drive skills as the government is encouraging employers to open their workplaces to become training spaces with the support of the SETA and other funding resources methods available to employers.

Boud and Garrick (1999) conceive workplace learning as learning for work, learning at work, and learning through work. In discussing workplace learning, Kunjiapu and Yasin (2015: 15) state that learning in the workplace is far more effective when it involves the development of skills and knowledge needed for the workplace. Providing opportunities for employees to learn at work also has benefits for the company as training in the workplace results in elevated levels of efficiency, competitiveness and enhanced workplace ethos, morale and worker gratification (Kunjiapu & Yasin, 2015:15). Workers need to continuously be involved in workplace learning because in contemporary society, workers change employers frequently and they need to upskill themselves to stay relevant and employable (Schmidt, 2007:485).

2.4 Skills interventions for workplaces

Traditional learning methods and approaches have usually emphasized the passive role of the employee, obtaining skills and knowledge deemed by the organization as appropriate for their job. Learning in the workplace on the other hand is becoming more learner-controlled, socially influenced, and seen more as a natural process (Noe, Clarke & Klein, 2014:248). Concurring with this perspective, Clarke (2004:142) confirms that most of the training that took place in the workplace was in formal settings, however, he acknowledges that over the recent aeons, there has been a substantial move and increasing emphasis on “work-based learning”.

There are various options and methods used to execute workplace-based learning and can be done either in formal and/or informal contexts or as indicated by the SETA’s Processional, Vocational, Occupational, Technical and Academic Learning (PIVOTAL) and non-pivotal programmes (Franz, Dulvy & Marock, 2022:22). Pivotal programmes lead to a qualification whereas non-pivotal do not. Programmes prevalent in workplace training are, apprenticeships, learnerships, on-the-job training and skills programmes amongst others (Franz et al., 2022:19). Workers who participate in these programmes can improve their capabilities and advance their credentials.

The following section will allow us to look at the different incentive schemes available that can assist companies with training.

2.5 Existence of funding models

Numerous countries have used compulsory payroll taxes and incentive schemes to drive, fund and implement training and skills development (Lee & Davison, 2018:766). The funds generated are then distributed to encourage training at the company level. The way these funds or levies are distributed by a country is normally shaped by the policy objective that informed the fund’s creation (Palmer, 2020:18). The Singaporean levy -scheme was based on their “broad-based economic restructuring programme” that focused on the upskilling of the entire labour force (Whalley and Ziderman (1990:378).

Other countries included the following goals as the reasons for implementing levy schemes:

- Uplifting the quality of the country’s workforce; and
- Augmenting the universal competitiveness of the country amongst other political agendas (Muller & Behringer, 2012:22)

The implementation of the new training system in South Africa was driven by the political principle of equality which means, in the context of skills development, that those who were structurally prevented from accessing skills training, during apartheid should be prioritised (Kraak, 2008). Accordingly, the designated group that the South African policy focused was on Black South Africans due to them being historically denied training and development opportunities under the apartheid regime (Kraak, 2008).

2.6 Funding models

The scholarly literature indicates that governments prefer to use two main approaches to fund their national skills development initiatives which are “Revenue- Raising Schemes and Levy- Disbursement Schemes” (Dar, Canagarajah & Murphy, 2003:2).

2.6.1 Revenue raising schemes

Revenue-raising schemes are taxed financing schemes which allow states to fund programmes and courses for pre-employment and in-service training that they have developed (Whalley & Ziderman, 1990). These schemes focus on public sector training and development with very specific criteria about who should contribute to the scheme (Dar et al., 2003:2). These schemes are protected and seem to be a reliable source for financing public training and development in under-developed countries. Such schemes are also used to assist in the provision of training for disadvantaged groups, and small employers and in increasing the state’s training capabilities (Dar et al., 2003:4).

2.6.2 Levy-distribution scheme

Under levy-distribution schemes, the payroll tax is linked to a disbursement scheme whereby firms receive grants based on the level or amount of training they have implemented (Dar et al., 2003:2). Levy-distributions schemes have several disbursement options which include:

- Payroll tax exemption is intended to lessen the tax responsibilities of a company or institution (Dar et al., 2003:2).
- Training cost reimbursement is another approach which ensures that companies are compensated based on expenses they incurred for certain selected skills training (Dar et al., 2003:2).
- The levy grant scheme is used by governments to pay companies that meet a set of criteria. This scheme encourages companies to assess their training needs and plan their skills development interventions to meet both Government's criteria for training grants as well as the skills needed in the company to ensure that they qualify to claim back funds allocated to this grant (Dar et al., 2003:2).

Lee and Davison (2018) confirm the utilisation of the three different levy distribution schemes, as mentioned above, and state that 36 countries are using several types of levy-based schemes and 26 using levies to raise funds for central training funds.

There are two different payroll training levies, namely revenue-generating levies and incentive schemes (Dar et al., 2003; Johanson, 2009; Lee & Davison, 2018). Confirming the use of these schemes, Johanson (2009:22) states that countries such as Jamaica and Mauritius have combined certain elements of the two schemes.

Another form of a levy disbursement scheme is the bipartite funding module (Galhardi, 2002:19) which is implemented when an organisation and trade unions sign a "management and funding agreement". Employers and workers are then in total control of the training they undertake without interference from Government; workers and employers may also manage funds jointly and share costs among enterprises (Galhardi, 2002:19).

However, Chile has taken a different approach to funding training and has eliminated all taxes on specific commodities and services pertaining to occupational training and implemented a tax rebate module (Galhardi, 2002:12). In the Chillian scheme, companies are reimbursed for the training provided up to 1% of the firm's payroll. However, companies are still required to subject their training programmes/courses to a quality assurance regime for approval (Galhardi, 2002:12).

Colombia, on the other hand, has a slightly different model: training proposals are presented by either an employee, organisation or company and evaluated against a set of criteria. Once the proposal is approved, an agreement is drawn up between the relevant parties, and the organisation, employee, or stakeholder is paid back up to 50% of the training cost (Galhardi, 2002:13).

2.7 Skills development reclamation

The most common module of incentive schemes for training and development is the levy-grant system as mentioned by Lee (2004) and Smith and Billett (2003). Universal investment in training often varies from 4% to 7% of the company's pay role (Mummenthey, 2010; Blaine, 2007). With these types of schemes, some processes and procedures need to be followed to claim back some of the funds paid by the companies.

Administration of these schemes varies in implementation from country to country and levy grant schemes are normally administered by a government or employer organisation.

Allais (2012) and Mummenthey (2010) give us a breakdown of how the funds are claimed in South Africa. Through the levy-grant scheme, companies pay 1% of their overall payroll to the South African Revenue Services (SARS) and the funds are paid over to the relevant SETA. Companies may then claim up to 80% of the money back from the relevant SETA, should they comply with all requirements (Allias, 2012:633). However, the amount companies can claim back decreased with the introduction of a 0.5% payment to the Quality Council for Trades and Occupations (DHET, 2012:7).

This system is not without its challenges. Lee (2004:243) states that many organisations find that reclamation of the funds is tedious, bureaucratic and, at times, simply impractical. Accordingly, some companies choose to just pay the levy without bothering to claim for the training they have funded (Lee, 2004:243).

In South Africa, large companies allocate resources to engage with the relevant departments to claim back their share of their contributions to the training levy funds, however, it was found that smaller organisations/companies do not have the capacity to do likewise (Kraak, et al., 2013). Brazil seems to share the South African experience, with Galhardi (2002:13) claiming that, due to the complex procedures and processes, only large and medium-sized companies in Brazil can claim back funds for sending employees on training programmes.

2.8 Efficacy of levy-distribution scheme

Governments across the world are involving the private sector in the development and implementation of didactic curricula and training programmes so that there is buy-in with regards to financing of training (Palmer, 2020:18). Accordingly, there has been an increased involvement of private sector organisations and sectoral chambers in managing and developing vocational training activities throughout Latin America (Galhardi, 2002:4).

Galhardi (2002:4) found that a key role of employer organisations related to skills development is to voice their trepidations at companies that neglect to invest in workforce training and sway them to adopt training strategies which encourage long-term investments in development and promote learning.

Levy-distribution schemes were established to assist in closing the gap between supply and demand, however, there is no one-size-fits-all, ideal type. Muller and Behringer (2012:38) draw attention to the difficulty of establishing success factors for the creation of a levy scheme as these schemes vary tremendously. They further confirm that there is no best practice as the structures of the schemes are contingent on various stakeholder compositions and national settings (Muller & Behringer, 2012:38).

Nevertheless, levy-distribution schemes are not without challenges in many cases and are often ineffectively designed, inadequately managed, administered and examined (Palmer, 2020:22). Therefore, frequently, the level schemes end up being another tax for companies not wanting to be involved in the provision of training that is funded by a central governmental fund (Palmer, 2020:22). While agreeing with this perspective, Dar et al. (2003:6) identify difficulties with non-compliance as a significant challenge associated with administering skills development funds.

Examining the South African case, Kraak et al. (2013:8) warn that SETAs are ineffective in administering the funds and indicate that employers are sceptical that an effective skills development system will be developed.

Key drawbacks of the levy schemes are that these schemes often escalate salaries and remove the opportunity for the organisation to be self-governing (Muller & Behringer, 2012:38). Moreover, Muller and Behringer (2012:38) found that some companies do add the cost of the levy onto the employees while others simply see the contribution as a tax.

Reflecting on the challenges of administering a levy scheme, Muller and Behringer (2012:38) conclude that it is important to gain 'employer buy-in' as well as resolve the difficult bureaucratic processes identified earlier. If these issues are not addressed, the levy schemes may struggle with spending the funds collected and accordingly will produce surpluses (Muller & Behringer, 2012:38).

The literature signals that levy schemes are generally ineffective when it comes to smaller organisations (Muller & Behringer, 2012). This might explain why smaller organisations are unmotivated to participate in the scheme as they generally are unable to absorb the cost of releasing workers for training (Muller & Behringer, 2012:38).

Despite all the challenges, countries such as Malaysia and Singapore do have an effective administrative system in place to collect and distribute skills levy funds have seen an upsurge in the quantity of training offered (Dar et al., 2003:6). In addition, Lee (2004:250) founds an increase in the corporate investment of organisations with regards to training when sponsored as well as an increase in company productivity under the Korean levy scheme programme.

However, the state of a country's economy does influence the success of training incentive schemes. Dar et al. (2003:7) have found that incentive schemes are more effective under conditions of economic growth. This might explain Singapore's strategy to link its skills development policies to its economic expansion plan (Dar et al., 2003:7).

2.9 Levy-distribution scheme in South Africa

South Africa's legislated levy scheme was implemented in 2000 and the core focus of the scheme is to support the enhancement and growth of skills development programmes for the country and to standardise the required levy payment by companies to fund education and training across economic sectors in South Africa (Palmer, 2020:116). Not all companies are expected to contribute to the skills levy fund in South Africa. Companies with a payroll of less than R500 000 are exempted from paying the skills levy (Palmer, 2020:116).

The South African Skills Development Levies Act 1999 (hereafter referred to as the SDLA) was legislated to encourage employers to become actively involved in the development of skills for their sector (RSA, 1998). All companies were compelled to contribute 1% of their payroll and pay it over to the South African Revenue Services. A total of 2% of the funds are kept by SARS for the administration of collecting the skills development levy funds, 18% of the funding is distributed to the National Skills fund and 80 % of the funds are transferred to the SETA. The SETA will keep 10.5% of the funding for administration costs (0.5% of the 10.5% is transferred to the Quality Council for Trades and Occupations), and companies can then claim the remainder of the funds which is 69.5%. However, it must be noted that companies are only able to claim back the funds through the submission of mandatory and discretionary grant submissions due every year by 30 April.

Should the company submit only mandatory grants they are entitled to 20% of their skills development levy funding dependent on the grant criteria being met which is set out in the SDLA. If they submit claims for both mandatory and discretionary grants they are entitled to the maximum amount of 69.5% depending on the criteria being met set out in the SDLA as well as the relevant SETA's grant regulations and criteria.

The skills development system has thus been set up in such a way that employers are encouraged to use their workplaces as active learning spaces and to inspire workers to take part in such learning programmes. In addition, the levy grant system ensures investment in education and training to facilitate economic growth (RSA, 1998). Unfortunately, many companies have not seen any benefit from contributing to the skills development levy while others treat this levy as another tax the government is forcing them to pay (James, 2009:2). In fact, some companies find that the entire process of claiming back the levy an over-bureaucratized system (James, 2009:2).

It is evident that there has been an increase in companies contributing to the skills levy fund in South Africa as the fund has shown a year-on-year growth with regard to payment towards the scheme (Palmer, 2020:118). Despite the perception among some companies, especially smaller organisations, that the levy scheme is an added tax, they do comprehend the necessity for such a scheme (Palmer, 2020:119).

When the mandatory grant incentive decreased from 50% to 20%, many smaller organisations withdrew from participating in skills development through the SETAs as the incentive to claim funds was not worthwhile (Palmer, 2020:119). Kraak et al. (2013:5-6) confirm the aforementioned finding but propose that smaller organisations, in general, do not comprehend the connection concerning sustainability and skills development and accordingly there is a need that more advocacy in this regard.

Even though Palmer (2020:128) has found that training and development have impacted South African companies positively, he fails to specify or comment on whether the training was done through funds distributed by the SETAs or not.

2.10 Conceptual framework

Conceptually, this investigation assumes that for companies to remain competitive, locally and internationally, in a globalising world that experiences rapid technological changes, they need to invest in skills development to improve and/or reskill their workforce (Aguinus & Kraiger, 2009:452). This perspective applies equally to developing countries as such countries need to improve the skills capacity of their workforce to maintain a competitive advantage when it comes to labour (Kuruvilla, 2007: 127). This means that as globalisation becomes more pervasive, companies need to ensure that they can compete in the global economy. Therefore, the differentiator in this regard would become the organisation's workforce. Skill, knowledge, and motivation of the workforce are becoming increasingly important for the competitive advantage of organisations (Aguinus & Kraiger, 2009).

2.11 Conclusion

Globalisation and technological advancement have forced South African organisations to swiftly rethink the development of their workforces to remain competitive within the global economy. Therefore, having a capable workforce for employers and the nation is of national importance.

This literature review gave a brief overview of the levy-distribution schemes available within the skills development space. There are several types of skills development schemes available, however, the prevalence of three remains dominant, payroll tax exemption, training cost reimbursement and the levy grant scheme. The main aim of these schemes is to assist with the promotion of skills development against the backdrop of Government's priorities and increase the participation of employers to implement skills development in their organisations.

However, the literature review identified that some of the schemes are ineffective and inadequately designed for companies to benefit. Emphasis has been placed on the bureaucratic process organisations have to go through to participate and this has made it particularly difficult for smaller organisations. The literature furthermore indicates that the smaller organisations see the compulsory levy contributions as another tax and are content with just paying it.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This section gives an overview of the research design and methodological approach adopted in this inquiry. It also describes and justifies the methods used to gather data, as well as explains the data analysis strategy used to analyse the collected data. This section concludes with a discussion of the ethical considerations pertinent to this investigation.

3.2 Research methodology

This is a qualitative case study within the interpretive paradigm. This paradigm recognises that different individuals may have numerous interpretations of an issue or social problem as they try to grasp or interpret their lived experiences (Rashid, Rashid, Warraich, Sabir & Waseem, 2019:3). Qualitative research aims to arrive at understanding a “phenomenon, a happening, a life situation, [or] a social situation” (Jelsma & Clow, 2005:4), instead of arriving at statistical representativity. Accordingly, qualitative research uses words rather than numbers, to arrive at in-depth insights into the “various dimensions of the problem under analysis” (Queirós, Faria & Almeida, 2017:370).

A qualitative case study is an appropriate research design for this investigation as it allows the researcher to partake through “observation of reality in real-time and move freely between participants and literature” (Rashid et al., 2019:5). Researcher that chooses a qualitative research technique gathers open-ended, emerging data that is then used to establish themes (Campbell, 2014:3). This approach permits research of an investigative nature. Qualitative research describes itself in part by taking place in a natural environment, using a number of methods that are interactive and humanistic, using emerging data rather than prewritten data, and leading to generalized interpretations (Campbell, 2014:3).

3.3 Data collection methods

The calibre of research is dependent on the suitability of its methods, measuring instruments and the appropriateness of the sampling strategies adopted in an investigation (Cohen, Manion & Morrison, 2018:202). This research data gathering relies on a qualitative field investigation encompassing interviews, documents, and the historical records of company/participant submissions. The research in a sense explored the company's experiences with submission and claiming grants from the SETA. This study will add to the existing body of knowledge with regard to similar areas of research.

The study is limited to the merSETA and the companies within the Western Cape. Financial data, for this investigation was made available by merSETA finance department, access was provided to the merSETA National Skills Development Management System for organisational-specific grant current and historical information. merSETA provided the information with the agreement that the department the information is requested from needs to agree to provide the information and it will exclusively be used for this research venture.

3.3.1 Parameters of selection of participants

This investigation made use of a purposive sampling method to select the companies as well as the interviewees. Purposive sampling is a common sampling strategy involving identifying informants using pre-selection criteria relevant to the research question (Etikan, Musa & Alkassim, 2016[1]). This technique allows for the selection of participants based on their insights and knowledge which the researcher seeks access to and their willingness to provide such insights/knowledge (Etikan et al., 2016: 2).

For this strategy, 9 companies in the metal and engineering sector were selected as the research site. The companies were classified against the merSETA criteria for small (1-49 employees), medium (between 50 and 149 employees), and large companies (150 + employees) all based in the Western Cape Province, South Africa and who have been actively participating, over the last 4 years as from 2018 to 2022 financial years, claiming mandatory and discretion grants from merSETA.

During 2018-2022 there were only 5 chambers and as not all the chambers were active within the Western Cape, a selection was made from the metal, motor and plastics chambers of which 3 was large, 3 medium and 3 small companies.

The interviewees selected to participate in this study are:

- Nine (9) Skills Development Facilitators (SDF) who are responsible for claiming the grants from merSETA;
- Three (3) Training/Human Resource (HR) Managers are responsible for the training and development of staff;
- One (1) external Skills development facilitator and ex-employee of merSETA;
- Three (3) merSETA staff members working in the grant's submissions department; and
- Two (2) Client Liaison Officers who are the link between merSETA and the clients.

3.3.2 Selection of participants

Participants were selected using the merSETA commitment schedules for signed Memorandum of Agreement with companies that have participated in discretionary grants over the last 4 financial years (2019-2022), or one of the financial years. This also ensured representation from the 3 chambers within the Western Cape. Nine (9) companies from the relevant document were selected that represented the chambers and various sizes as per the criteria mentioned. Their mandatory grant submissions for the same period were then accessed, using the merSETA National Skills Development Management System (NSDMS). Companies that applied for both grants or only mandatory grants were selected to be part of the study irrespective of whether their mandatory grants were not approved, or discretionary grants not recommended. The reasons for non-approval or non-recommendation thus form part of the analysis of collected data. Representatives (SDFs or HR managers) of selected companies were interviewed. In addition, staff members of the merSETA in different departments relevant to the study also participated.

In order to keep all organisational information confidential, the participating companies were given the following pseudonyms of different animals. Small companies were linked to house pets: Company Dog, Company Cat and Company Rabbit, medium companies were linked to sea animals: Company Shark, Company Whale and Company Dolphin and large companies were linked to the birds: Company Eagle, Company Hawk and Company Owl.

3.3.3 Semi-structured interviews

In the spectrum between structured and unstructured interviews, various research approaches can be found. The semi-structured interview, a prevalent qualitative research method, stands out due to its flexibility, accessibility, and clarity (Qu & Dumay, 2011:246). Its popularity is attributed to its capacity to reveal significant and concealed aspects, widely recognised as the move effective and convenient information-gathering method, semi-structured interviews are rooted in the human conversation (Qu & Dumay, 2011:246). Therefore, these types of interviews, provide the opportunity to generate rich data. Language used by informants is considered essential in gaining insight into their perceptions and values. This method permits more meticulous questions to be asked, they usually accomplish a high response rate. Furthermore, this method offers direct information about the behaviour of individuals and groups, it permits the researcher to understand the situation and affords good chances for classifying unexpected outcomes that occur in natural, unstructured, and flexible settings. Cohen et al. (2018:506) suggest that interviews are more meaningful and do more than what a survey can deliver.

Once selected participants were accepted to participate in the study, contact was made either through e-mail or telephone and a set time and date were confirmed for the semi-structured interview to take place. The interview took place at the convenience of the participant either via Microsoft Teams or in person. Most of the participants preferred virtual meetings via MS Teams. Two (2) out of the nine (9) company participants requested to do their interview face-to-face at the company premises. The duration of the interviews was between thirty (30) minutes and one hour (60 minutes).

The semi-structured interviews were guided by the following themes but were not limited to them:

- Company Demographics;
- Identification of training needs;
- Training programme selection;
- Funding methods; and
- Benefits of training.

In addition, the following themes emanated from the interviews:

- Recruitment processes; and
- Use of internal/external SDFs.

3.3.4 Document analysis

Document analysis was another strategy used to gather data. Document analysis can be an efficient process for revising or evaluating documents both published and electronic material (Bowen, 2009:27). Bowen (2009:27) suggests that document analysis is similar to other analytical methods in qualitative research in that the intended outcome of the analysis is to gain understanding, develop knowledge, and analyse data. Documents relevant to bringing insight to the research questions of this study were selected. These included national policies and regulations relevant to skills development; grant applications, annual training reports from relatable SETAs, and participating companies. The selected reports were limited to the 2019 to 2022 financial years of the SETA. The choice was made due to the convenience of accessing pertinent documentation in an electronic format, while the financials and audit reports for SETAs in the 2023 fiscal year had not yet been made accessible.

The grant application and training reports of the participating companies were analysed to determine how much the companies spent on training and what was predicted to be spent as well as how much funding they were requesting from merSETA. Furthermore, the data include whether the mandatory grant applications were approved or rejected in addition to whether the discretionary grants were recommended or not by the Western Cape Region.

3.4 Data analysis

Qualitative data analysis is the process of decreasing the profuse quantities of data to practicable and comprehensible portions (Cohen et al., 2018:668). The data gathered through the data collection process were analysed through organising grouping information into themes/topics based on the central question of the research, which is known as content analysis (Bowen, 2009:33). The semi-structured interviews and documentation data were analysed through thematic analysis (Bryman & Bell, 2011:350).

The process started with the researcher first analysing the selected documents to gain a global picture of the grant applications and disbursements. Some of the data gathered and the insights derived from this process were also used in the semi-structured interviews when there was a need to gain further insight.

Data collected, using a recording device, through interviews was transcribed by the researcher. The researcher read through the collected data to become familiar with its logic and to identify key messages from each participant's interview. The researcher had to listen to the recording a few times to ensure that the correct messages were captured. The transcribed data was then organised into themes and recorded in an Excel document. The researcher, in addition, had access to the participants as and when the need arose to either ask additional questions or to clarify statements made by them during the interviews to ensure the correctness of the message captured in the Excel spreadsheet.

The data collected from the different methods were then organised and linked to arrive at the findings of the investigation. These findings were then further analysed by drawing on the existing literature to either consider whether the findings are supported by the literature or to ascertain why and how the findings differ or contradict the existing literature.

3.5 Ethical considerations

Ethics in research is imperative for the success of the research project. The researcher is bound to make certain that the research plan and the research itself have an ethical duty to guarantee that the research was done to a quality standard. Researchers are compelled to make informed decisions based on the type of research undertaken, there is no one size fits all in this case. There is an ethical consideration that needs to be given to every stage of the research project.

Following Cohen's six guiding principles (Cohen et al., 2018:122) for reasonably informed consent, the investigation ensured that the interviewees were aware that their participation was voluntary and that they had the right to withdraw at any stage of the investigation. The researcher ensured that the procedures were followed and the participant's role and reasonable risk to be expected during the investigation, if any.

Participants were assured that their actual names and the names of their organisations would not be made public. Instead, they were assured that pseudonyms would be used to ensure confidentiality.

The expectations of benefits were not addressed by the researcher as this was never raised by any of the participants and the researcher thought it best not to bring it up. Participants were made aware that they could raise their concerns regarding the data collection procedure at any time.

The study followed the guidelines set by the UWC Humanities and Social Sciences Research Ethics Committee (see Appendix 1). Initially, potential participants were contacted through phone calls, followed by the sending of invitations and an overview document (see Appendix 2), the ethical clearance document (see Appendix 1) as well as the merSETA permission document (Appendix 3) via email. Subsequently, specific interview dates were scheduled, and interviews were confirmed. A day prior to the meeting participants were contacted as a courtesy to ensure that the meeting date and time were still convenient. No preparation was needed on the side of the participant and where participants indicated that they would not like to be video recorded, the meeting was voice recorded and visuals disabled.

All individuals who were invited to participate willingly agreed and provided their consent by signing the consent forms (see Appendix 4). This comprehensive process and the accompanying documentation adhered to ethical standards, ensuring respect for participants, securing informed consent prior to the study's initiation, and safeguarding the confidentiality and anonymity of the participants.

The merSETA finance department, Information Management, Programme Implementation, and Central administration teams assisted with the information around the levy data, grant applications, grant disbursement, and learner statistics with the assurance that the information collected is only to be used for this research study.

The next chapter will be the discussion around the interviews that took place as well as the analysis of the documents collected during the period of the study. This chapter will capture the different positions of the participants and their relationship with the grant process of merSETA.

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the findings and the analysis of the investigation. The findings are based on both the document analysis which included the policies, regulations and administrative procedures to apply for and claim grants and mer-SETA records that reported on these, as well as the analysis of the interview data.

4.2 Skills Development in the Manufacturing and Engineering Sector (merSETA sector)

This section furnishes an overview of merSETA and the industry it caters to. The details presented here will outline the context within which the study is situated, the distinct contributions made, and the work that still needs to be done by the merSETA.

The skills required for the manufacturing and engineering sectors have evolved, having an impact not just on the profession but also on the personnel in the field. SETAs were initially established in 2000 and have thus far significantly contributed to skills development in South Africa (DHET, 2017:10). As being the conduit for skills development and playing a significant role in ensuring relevant skills for the sector they serve, SETAs are ideally positioned to drive change in the skills development ecosystem as intermediary organizations (National Planning Commission, 2012:13).

The merSETA is one of the 21 SETA established through the SDA (1998) and is a stakeholder-driven organization equally presented by organized labour and organized employers. The merSETA has a variety of industries which make up 6 chambers (previously 5), Auto manufacturing, New Tyre Manufacturing, Plastics Manufacturing, Metal and Engineering, Motor Retail and Aftermarket and the recently added Automotive Component Manufacturing (merSETA, 2022a:2).

4.2.1 merSETA Employer Profile

The manufacturing, engineering and related sector (mer-sector) consists of a multitude of small enterprises, totalling 3 243 which together employ 71 727 workers. A significant portion of these employees 363,838 find employment in just 650 large enterprises and 1 177 medium-sized enterprises, employing a total of 100,604 individuals.

Analysing the workforce by chamber, the Auto chamber, encompassing 11 companies. These include the seven Original Equipment Manufacturers (OEMs) in the auto manufacturing domain, as well as OEMs for buses and trucks. The New Tyre Chamber, usually comprising the four major tyre manufacturers, experienced an expansion this year due to the inclusion of numerous rubber products manufacturers, leading to a total representation of 64 companies within the chamber.

Dominating the mer-sector as the largest employer is the Metals Chamber, responsible for over 50% of all large companies across various chambers. Additionally, it takes charge of the majority of small and medium-sized enterprises. Following the Metals Chamber, the Motor Retail and Aftermarket Chamber emerges, boasting 117 large, 315 medium, and 1,137 small companies. This chamber stands as the second-largest employer in the sector.

The Automotive Components Manufacturing Chamber, a recently formed entity, introduces itself as a novel addition to this landscape. With a count of 497 companies under its umbrella, it also accommodates approximately 55,000 employees.

4.2.2 Labour market profile

The data pertaining to Workplace Skills Plans collected in 2020 reveals some noteworthy statistics. Out of a total of 536,164 employees, a substantial 68% of the labour force is employed by large organisations, while 19% are engaged in medium-sized companies, and the remaining 13% make up the workforce in small companies (merSETA, 2022a).

Geographically, the concentration of employees is highest in Gauteng, with a staggering 311,065 individuals, followed by KwaZulu-Natal with 71,821 employees, the Western Cape with 57,792 employees, and the Eastern Cape with 41,923 employees. Together, these provinces account for 90% of the total merSETA labour force. The Northern Cape lags with the smallest workforce, comprising only 2,720 employees.

A considerable portion of the merSETA workforce belongs to the category of trade workers, representing 40% of the sector. The metal sector comes in with 53% of the sector's employees, while the motor, retail, and aftermarket sector accounts for 24%. Other sectors include automotive components manufacturing with 10%, plastics with 7%, auto with 4%, and new tire manufacturing with 2%.

In addition, the merSETA Annual Training Report of 2018-2019 indicates that the mer-sector has remained untransformed with 76.4% of the sector still being male-dominated and only accounting for 23% of females (merSETA, 2019).

4.3 Legislative environment

The South African process and procedure of paying training levies as well as applying for training grants are governed by the Skills Development Act 97 of 1998 (RSA, 1998), the Skills Development Levies Act (RSA, 1999), and the SETA Grant Regulations of 2012 (DHET, 2012). This legislation and regulations are interconnected components within the framework of South Africa's skills development ecosystem.

The SDA serves as the overarching legislation, outlining the national strategy for enhancing workforce skills through the creation of workplace and sector-specific training programmes. It empowers the establishment of Sector Education and Training Authorities (SETAs) and the National Skills Authority (NSA), which collaborate to formulate skills development plans. The Skills Development Levies Act complements this by mandating employers to contribute a percentage of their payroll as a skills development levy. The SETA Grant Regulations of 2005 provide a structured approach for distributing skills development levies received through grants to employers, enabling them to implement training initiatives aligned with the national skills development goals. The gazetted Grant Regulations were updated in 2012 [Department of Higher Education and Training (DHET0, 2012] and yet again in 2023 (DHET, 2023).

Collectively, these three legislative components, the SDA, SDLA and the SETA Grant Regulations, work in harmonious concert to facilitate seamless coordination, funding, and execution of comprehensive skills development strategies in South Africa. This synergy not only bolsters the nation's workforce but also serves as a catalyst for advancing socio-economic growth and inclusivity, thus realising the vision of a more prosperous and equitable South Africa.

However, the legislative requirements that the SETAs need to enforce make it seem that the SETAs are bureaucratic. Therefore, there is agreement among employers that supports Lee's (2004:243) statement that many organisations find that the reclamation of funds is tedious, bureaucratic, and at times simply impractical.

Company Dogs (Owner, 14 August 2023) “We do not have time to deal with all the paperwork and the red type with all of it”.

4.4 merSETA policies and procedures

4.4.1 Requirements for mandatory grant submissions

The grant regulation of 2012 is the basis of the merSETA grant criteria guideline (hereafter referred to as the grants policy) and has over the years depicted the rules of the regulations, as well as other relevant policies, merSETA strategic plan, sector skills plan and Acts with additional criteria set by the SETA to ensure that SETA meets their mandate and strategic partnerships as per the Annual Performance Plan, signed with the Department of Higher Education Science and Technology that links back to the National Skills Development Plan (NSDP) 2030 (merSETA, 2022a).

The grant policy provides companies and other interested parties with the requirements that will lead to the successful approval of training levy grants. Based on the Grant Policy, companies are obligated to meet the following criteria to successfully claim back their 20% of the skills development levy:

- The applications need to be submitted by 30 April, companies that applied for extension and approval given need to submit their applications by 31 May.
- Workplace Skills Plan (WSP) and Annual Training Report (ATR), Pivotal Plan (PP) and Pivotal Report (PR) need to have been implemented and submitted where relevant in the format required by the SETA.
- Levy payments need to be up to date.
- Companies that are listed for the first time need to submit mandatory grants within 6 months of registration as set out in the SDLA.

- Employers who hold recognition agreements with one or more trade unions are required to furnish proof of having engaged in consultations with the recognised trade unions regarding the WSP and ATR.
- Additionally, the WSP and ATR must receive endorsement from the labour SDF designated by the acknowledged trade union, unless an explanatory reason is provided.
- For employers lacking a recognition agreement and employing 50 or more staff members, it is necessary to present evidence demonstrating that consultations regarding the WSP and ATR have transpired with the designated employee SDF. Furthermore, the WSP and ATR should be authorised by the employee SDF who has been appointed by the organization's employees (merSETA grant regulations).

It should be noted that merSETA does not have special arrangements for small levy-paying organisations with regard to the submission of grants. Small levy-paying entities need to follow the same processes as medium and large organisations. The one criterion that does add value for the small company is that, should their mandatory grant not be approved they can still be considered for a discretionary grant and non-levy paying entities are allowed to apply for discretionary grants. Comparing the grant policies for 2019-2022 the policy has remained consistent with the requirements for the submission of mandatory grants (merSETA grant regulations).

4.4.2 Requirements for discretionary grant submission

The discretionary grant application is an integral component of the grant policy, as elucidated earlier. Initially, merSETA maintained both a grant policy and a grant guideline with criteria documentation in 2019; however, these were amalgamated starting in 2020. The grant policy provides explicit guidance on the requisites for grant submission, the evaluation process, contract management procedures, and the prerequisites for grant claim disbursements (merSETA grant regulations).

merSETA establishes dedicated periods called funding windows for discretionary grants, generally aligning them with the mandatory grant timeframe. All grant applications are exclusively channelled through NSDMS, with no alternative submission methods being accepted. Initially, discretionary grant applications were intertwined with the mandatory grant process. However, in 2021, these applications were separated, necessitating companies to submit separate applications if they intended to partake in discretionary grants.

MerSETA evaluates discretionary grant applications while considering the historical performance of pivotal, non-pivotal, and project awardees. The evaluation process considers progress against historical allocations of companies for instance discretionary grant allocation against year 17 (DGY17) which is the merSETA financial year 2016-2017 the agreement needs to be closed unless the company has received an approved extension for the agreement to continue. All discretionary grant allocations against DGY18 3rd tranche payments need to have taken place to be eligible for discretionary grants (merSETA grant regulations).

During the evaluation of discretionary grant applications, companies are afforded the option to rethink their application and or withdraw if a genuine need arises. This option arises through consultation between the Client Liaison Officer and the applicant when it becomes apparent that an erroneous application has been submitted, often occurring when the company's Skills Development Facilitator (SDF) acts independently without consulting their companies. However, it is crucial to note that repetitive occurrences of such withdrawals, two or more times, may unfavourably impact the company's standing.

Once a company has been successfully verified through the merSETA process a Memorandum of Agreement (MOA) is concluded which stipulates the awarded interventions and funding values. The MOA includes the contractual obligations for both parties as well as timeframes and milestones for payment.

4.4.3 Communications strategy for grant applications

The merSETA system is open from 1 February to 30 April every year and companies are given sufficient opportunities to submit their grant application. The merSETA implements a grants communication strategy for this process to ensure that targets can be met. This is done through capacity-building sessions and on-site assistance at workshops in the different regions. merSETA Client Liaison Officers (CLO) assigned to specific areas within the region indicated that they continuously remind companies of the submission deadline and possible challenges and resolutions to these via emails and workshops held in those areas. The following statements were noted by the CLOs:

"We have workshops during the mandatory grant period where we assist clients with their queries and challenges at the workshops. Clients attend the workshops if they have problems, they cannot resolve on their own" (merSETA Western Cape, CLO 1,8/08/2023).

"We send clients reminders regarding the deadline date for the mandatory grant submissions and also count down the time they have to submit" (merSETA Western Cape, 2023).

A survey undertaken in 2022 results indicated that companies who attended the mandatory and discretionary grant capacity-building workshops found them to be helpful (merSETA Western Cape, 2021).

We will now discuss the grants received and disbursed over the 4 years and analyse the grant applications received with reasons for non-approvals or non-recommendations.

4.5 Collection and distribution of skills development levies

As discussed previously the SETA skills development funding is collected by the South African Revenue Services (SARS) and transferred to the merSETA through the Department of Higher Education Science and Technology. Companies are entitled to 69.5% of the 1% skills development levy they pay to SARS should they successfully apply for the grants.

Table 1 below indicates that the total skills development levy that merSETA collected over the four years, 2019-2022, amounted to R5 355 668 000,00. This amount includes skills development levy penalties and interest for late payment. This means that the average training levy income merSETA received per year amounted to R133 891 500,00. It is noteworthy that during 2020 the levies received amounted to R1 486 490 000,00. This figure represented the most levies received over the period 2019-2022 per year. The least levies received, which amounted to R945 983 000,00, occurred in 2021. The reduction in the levy collection during 2021 can be attributed to the advent of COVID-19 which resulted in a significant reduction in the workforce and consequently affected the total turnover of companies affiliated with the merSETA.

Recognising the impact of COVID-19 on the turnover of companies and the total employment numbers in the industry, the Minister of Higher Education and Training declared a suspension of skills levy payment to span from May 2020 to August 2020. Following the declaration of the skills development levy suspension, the Minister made a formal request to SETAs to adjust their budgets for the fiscal year 2020/21. This adjustment was prompted by a decrease of R811 million in skills development levy income. This revision took into consideration both the impact of the skills development suspension and the foreseen decline in levy income due to COVID-related workforce reductions and layoffs within the sector (merSETA, 2021:67).

Table 4.1: Skills Development Levy income per year

YEAR	TOTAL
Y2019	R1 484 401 000,00
Y2020	R1 486 490 000,00
Y2021	R945 983 000,00
Y2022	R1 438 794 000,00
Total	R5 355 668 000,00
Average	R133 891 500,00

Source: merSETA (2022b)

4.5.1 Mandatory grant dynamics

In this analysis, we delve into the dynamics of mandatory grant approvals, rejections, and non-submissions across different company sizes from 2019 to 2022. Upon analysing the data, distinct patterns emerge.

Across all years, small companies consistently exhibit the highest average approval rates, suggesting that smaller enterprises tend to benefit more from Mandatory Grants. In contrast, medium-sized companies consistently have the highest average rejection rates, indicating that they face relatively more challenges in securing these grants. The non-submission rates fluctuate but are consistently higher for medium-sized companies, reflecting a need for further exploration into the factors influencing their decision not to apply. Overall, while approval rates are relatively stable, there are variations in rejection and non-submission rates from year to year, suggesting potential shifts in the factors affecting grant outcomes.

Analysis shows that the highest submission for small firms was during 2021 with small firms at 2355 approvals, medium firms had the most approved submissions during 2019 and 2020 with 943 and the large firms' approvals were at their highest during 2020 with 581.

The common reason why companies are not approved is due to not submitting the grant application in time. Over the 4 years 75 Large companies, 159 medium companies, and 148 small companies' mandatory grants were received for record purposes. This means on average there are approximately 96 companies each year that submit their mandatory grants late. 8 Large companies, 13 medium companies, and 8 small companies were found to have submitted mandatory grants for record purposes more than once over the 4 years. Further analysis also found that 493 companies' mandatory grants have been rejected over the period due to training not being implemented, this indicates that the training they have planned never materialised. This could be a result of the COVID-19 regulations and lockdown rules which only allowed essential services to operate for a limited timeframe during 2020-2021. This could have caused various delays for companies not to be able to deliver on the implementation of their training commitments.

Building on the abovementioned analysis we looked at similar SETA mandatory grant submissions and found that the Chemical Industries Education and Training Authority (CHIETA), Mining Qualifications Authority (MQA) and Transport Education and Training Authority (TETA) had lesser quantities of clients that submitted mandatory grants however it would be in relation to their total stakeholder base of companies, which unfortunately a baseline could not be established. MQA mandatory grant submissions for small organisations were at their highest during the 2021 financial year with 386 companies (MQA, 2021), the medium companies' submission was at its highest during the 2022 financial year with 205 companies' applying (MQA, 2022), and large companies submitted most applications during the 2020 financial year with 285 companies claiming (MQA, 2020). CHIETA had the highest submissions for small companies at 245 and medium companies with 439 during the 2020 financial year (CHIETA, 2020) with large companies' submissions at 134 for mandatory grants during 2022 (CHIETA, 2022). TETA mandatory grant submissions were the highest in 2019 for large companies with 235 (TETA, 2019), for medium companies at 275 submissions, and for small companies submissions at 734 during the 2021 financial year (TETA, 2021).

Palmer (2020:19) indicated that smaller organisations could withdraw from participating in skills development due to the decrease in the grant that companies will receive for mandatory grants from 50% to 20%. However, analysing the merSETA annual training reports 2013-2015 was in line with the changes in the funding regulations. The data sketches a contrary picture, there was a rise in the number of small levy-paying participants. In 2013, the applications received and approved totalled to 1718. This figure saw an escalation to 2273 in 2014 and further climbed to 2315 in 2015 when mandatory grant submissions were made. The findings also contradict, Muller and Behringer's (2012) statement that smaller organisations are unmotivated to participate in the scheme. The merSETA annual report of 2021 further highlights that the majority of contributions to the skills development levy within the merSETA comes from smaller companies.

4.5.2 Distribution of grants

The distribution of received levies and grant funds to companies encompass both mandatory and discretionary grants. Over the period 2019—2020, data analysis reveals that merSETA paid R4 716 079 000, accounting for 88% of the merSETA skills development levies funds received and an average of R1 179 019 750 per annum. Despite the merSETA overpayment in the 2021 fiscal year of R213 898 404 as the merSETA only received R945 438 596 and payments of R1 186 344 000 were disbursed, gains from other financial instruments alleviated this overextension (merSETA, 2020-2021). In addition, it is noted that the skills development levies received in 2021 were much less than the norm. This reduction in levy income during 2021 was attributed to the suspension of payment of skills development levies for 4 months due to the impact of COVID-19 on the turnover of the companies (merSETA, 2020-2021,67).

The study further underscores that the SETA's are effectively allocating funds to their companies. Over the last four years, merSETA, CHIETA, and MQA have committed between 84% and 88% of the funds they received. TETA's performance stands out, having allocated and disbursed the highest proportion of funds at a remarkable 99.5% distribution rate, with R2 838 652 000 skills development levies received and R2826 694 000 paid out to their companies. Such results are inconsistent with Kraak et al.'s (2013) assertion that SETA's are ineffective in managing fund allocation. Contrary to Kraak, this investigation concludes that SETA has made significant progress since 2013 and has improved on the disbursements of paying companies their grants back for skills development initiatives. Muller and Behringer (2012) in addition indicated that should SETA's system not be resolved as companies find it to be a difficult bureaucratic process, the levy scheme may struggle to spend the funds allocated and result in surpluses on the side of the SETA's. Once again, this investigation suggests otherwise, as it found that SETAs have improved their processes since 2012, although it might still be bureaucratic due to compliance with legislative requirements, surpluses are at the bare minimum.

The subsequent section of this study will delve deeper into the performance of the Western Cape Region and its level of company engagement.

4.6 Skills development participation: Western Cape

It is essential to highlight that the Western Cape region ranks as the second-largest contributor to the skills development levy, making up 17% of the overall skills development funds allocated to merSETA (merSETA, 2023). An examination of management reports spanning from November 2020 to November 2022 reveals a consistent upward trend in the number of active companies and those actively contributing to the skills development levy within this region. In 2020, a total of 5,089 companies were classified as 'active,' with 2,480 companies actively contributing to the skills development levy. Over the subsequent two-year period, this landscape evolved significantly, with the number of active companies increasing to 5,221, and those contributing to the skills development levy rising to 2,681. This represents a noteworthy increase of 132 active companies and 201 contributing companies over the specified timeframe (merSETA, 2023).

This growth in both active companies and levy contributors is a significant development deserving of attention. Several potential factors could explain this phenomenon. Organisations within the region may have experienced growth in their operations, resulting in increased turnover and subsequently necessitating their participation in the skills development levy, as they may no longer qualify for exemption. Alternatively, companies may be demonstrating greater compliance with legislative requirements, driven by an awareness of the broader impact that such compliance has on various aspects of their business operations.

Given the insights provided by this analysis, it becomes imperative to delve deeper into the Western Cape's role in skills development and its broader involvement within merSETA. This investigation will allow us to gain a comprehensive understanding of the dynamics at play within this region and its contribution to the overarching goals of skills development in the merSETA framework.

4.6.1 Western Cape mandatory grant participation

Over four years, a total of 1,772 small companies, 328 medium-sized companies, and 123 large companies received approval for their mandatory grant applications, entitling them to claim a 20% grant. During this period, there were a total of 2,429 applications for mandatory grants submitted by companies. Notably, 206 of these applications were either rejected or received for record-keeping purposes, highlighting some level of variability in grant approval rates. Zooming in on the year 2021, it's observed that merSETA had 2,540 levy-paying companies within the Western Cape. However, the number of mandatory grant applications was significantly lower, totalling only 727. This could have been due to the companies that were no longer active or who now qualified for exemption. It should also be noted that this is a once-off process every year ending on 30 April yearly (DHET, 2012).

Further analysis reveals that out of these applications, 470 came from small companies, 187 from medium-sized companies, and 70 from large companies. This discrepancy underscores the presence of a substantial number of companies that are not actively participating in skills development initiatives. Companies contacted to get an understanding of their non-involvement in skills development it was evident that the clients want to participate and have started the process but were derailed along the way or there was an unresponsiveness from the SETA CLOs to guide and support the client further. The study at this point cannot confirm that companies that are not participating, are doing so due to treating the skills development levy as another tax as Kraak et al. (2013) suggested.

Our study proceeds to examine the experiences of companies participating in the skills development process. Table 2 provides an overview of the involvement of selected companies that acted as the case study. The majority of companies successfully had their grants approved and received grants throughout the four years, 2019-2022. However, some of these companies faced challenges. For instance, Company Rabbit had their mandatory grants rejected in 2022 due to the absence of training implementation, and they also did not apply for discretionary grants. Similarly, Company Cat encountered difficulties in 2020 when their mandatory grant application was rejected due to deviations from the planned training, with no accompanying motivation for the deviation. In this case, as well, they did not apply for discretionary grants in 2020 (merSETA, 2023).

In the realm of small-scale businesses, the consensus among these entities when evaluating the user-friendliness of the merSETA system was that it is deemed satisfactory to operate. Notably, Company Rabbit expressed that the system is workable, pointing out a few challenges without significant overall difficulty. Within the sphere of larger organizations, such as Company Owl, Eagle, and Hawk, the system also garnered a rating of satisfactory. While Company Hawk encountered some initial system issues, they reported that the submission process became effortless after resolving these concerns (SDF, 10/08/2023). Company Owl emphasized the valuable assistance provided by merSETA Client Liaison Officers (CLOs), which contributed to a smoother process. The SDF interviewed of company Owl indicated that:

> You always have an option to sit with the merSETA Client Liaison Officer and if you do not have a dedicated CLO then the administrators can also assist. However, I have always been blessed with good CLOs. (SDF, 11/08/2023).

Medium-sized organizations, including Company Whale, Shark, and Dolphin, collectively scored the merSETA system nearly close to frustrating, however, indicating it became acceptable once problem areas were resolved. Company Shark expressed frustration with both the system and the support provided by merSETA CLOs, citing technical issues and a lack of collaborative support “the technical system issued that occurred and not having the support required to apply and it was not collaborative” (SDF, 11/08/2023).

It is important to note that all mandatory grant submissions from large and medium-sized organizations were approved over the four years. However, two out of the three small entities faced non-approval for their mandatory grants in specific 2022 and 2020 financial years. Company Cat and Rabbit were both questioned about the reasons for the non-approval of their mandatory grants, Company Cat indicated that they could not remember why they had not recorded the training as training was implemented. Company Rabbit mentioned that the training they added to the mandatory grant report was outside of the financial year. They became aware of this discrepancy only after merSETA brought it to their attention.

Overall, the NSDMS system used for mandatory grant submissions was experienced as manageable, although, challenges exist and need resolution. An interviewee from Company Owl stated that:

> The system is phenomenal you do struggle a little, but you always have the option to sit with the merSETA Client Liaison Officer (CLO) and if you do not have a dedicated CLO then the administrators can also assist. However, I have always been blessed with good CLOs. I normally do my capturing after hours as there are fewer people on the system (SDF, Owl).

Furthermore, interviewees identified moments when meSETA could have been more accommodating in assisting organizations experiencing system issues when interacting with the NSDMS system: An interviewee from Company Shark said: “The technical system issues that occurred and not having the support required to apply [were problematic]”. The interactions during such moments “was not collaborative” (SDF,11 August 2023).

The finding that some companies have identified challenges with the grant submission system was to be expected since Palmer (2020) has pointed out that levy distribution schemes have their share of challenges. Having said that, companies should pay greater attention to the information included in their grant applications, as this can have a significant impact on the approval process, as exemplified by Company Rabbit who indicated that the information they submitted was for the wrong year and therefore their mandatory grant application was rejected as well as Company Cat who did not include the training they have done, this too has led to Company Cat forfeiting their mandatory grants.

While Kraak indicated that only large organisations are in a position to allocate resources to claim funds from the SETA (Kraak et. al., 2013), this investigation found that even medium and small organisations outsource the function of claiming back the mandatory and discretionary grants.

Table 4.2: Selected participating companies

Company Name	Internal or External SDF	Company size	Mandatory grants applied for 2019-2022	Discretionary grant applied for 2019-2022
Company Rabbit	Internal	1-49	Yes	2019 and 2021
Company Dog	External	1-49	Yes	Yes
Company Cat	Internal	1-49	Yes	Only 2019
Company Eagle	External/Internal	150+	Yes	Yes
Company Owl	Internal	150+	Yes	Yes
Company Hawk	Internal	150+	Yes	Yes
Company Whale	Internal	50-149	Yes	Yes
Company Shark	Internal	50-149	Yes	Yes
Company Dolphin	External/Internal	50-149	Yes	Yes

Source: National Skills Development Management System

4.6.2 Western Cape discretionary grant participation

Focusing on the analysis of Discretionary Grants (DG), an examination of the number of DG submissions from Western Cape companies across five distinct funding windows reveals a relatively consistent trend. In the 2018-2019 financial year, an additional funding window was introduced by SETA to solicit applications for specific targets that had not been met (merSETA Western Cape, CLO 2, 8 August 2023).

The expectation was that this initiative would lead to an influx of applications, ultimately aiding SETA in meeting its unmet targets. However, it is noteworthy that, considering the considerable number of active levy-paying companies within merSETA, the number of discretionary grant applications remains relatively low. Nevertheless, this number of discretionary grant applications received has remained consistent over the four years. This could be due to the limited platforms used for advertising the available opportunity for grant applications. The discretionary grant application process takes place every year at any time and as has been mentioned before, there could be more than one grant application funding window launched by the SETA.

In specific terms, during the 2018-2019 period, there were 415 applications for discretionary grants, this figure includes the second grant funding window. In the subsequent year, 2019-2020, merSETA received 335 grant applications, followed by 357 applications in 2020-2021, and 331 applications during the 2021-2022 financial year. In addition, surprisingly, the number of applications during the COVID-19 pandemic did not decrease. It is also worth highlighting that, each year, the majority of these applications originated from small companies, which counters the assertion made by Muller and Behringer (2012) that smaller organisations lack the motivation to participate in skills development initiatives.

Examining the discretionary grant data for the nine companies involved in the study, their collective applications over the past four years amounted to R158,000,000. Their combined potential grant allocation, at 49.5% of this total, equates to R15,000,000, yet the funding received from merSETA surpassed this amount, totalling R27 000 000. Notably, small organizations received approximately five times the value of their 49.5% allocation. For instance, in 2019, Company Rabbit received funding of R165,000 for one apprentice, despite their 49.5% allocation being only R4,062.48. In 2021, Company Hawk received funding amounting to R1,700,000, while their 49.5% allocation stood at R951,087. This discrepancy suggests a common misconception among companies that SETA will fully fund their requested discretionary grant applications, potentially reflecting an inadequate understanding of the SETA’s role and processes. When participants were asked if the grant funding received from merSETA was sufficient, the majority expressed dissatisfaction. Here are some of the responses:

> *Company* Owl "the funding provided by the SETA is not enough; it covers 30% of the cost of the learner" (SDF, 11 August 2023).
>
> Company Dolphin "I don't think it is enough, it does not cover the salary of a 1st-year to 4th-year apprentice, the company needs to cover the cost" (SDF, 16 August 2023).
>
> Company Dog "the discretionary grants do assist financially a bit. However, we will train even if we do not get the grant from merSETA" (SDF, 14 August 2023).
>
> Company Hawk "we can do with a bit more discretionary grant" (SDF, 10 August 2023).
>
> Company Shark "I immediately said no, but after thinking about it, we have been able to cover a lot with it, could it be more…. yes" (SDF,11 August 2023).

Company Dolphin echoed this sentiment, noting that it falls short of covering salaries and specific training needs. Company Dog acknowledged that discretionary grants assist financially but emphasized their commitment to training even without SETA funding. Company Hawk indicated that they could benefit from more discretionary grant funding, while Company Shark initially said "no" but later admitted that additional funding could be advantageous. The prevailing sentiment among participants was that the funding received from SETA was inadequate and did not cover the full costs associated with employing an apprentice or a learner for an apprenticeship or learnership programme.

Smaller companies frequently encounter a lack of allocated budgets for training and often heavily rely on SETA grants. Both Company Rabbit and Dog affirmed the absence of an established training budget. On the other hand, Company Cat specified having a training budget supplemented by funds from merSETA. This observation aligns with Muller and Behringer's findings from their research, suggesting that smaller organizations face challenges in affording the expenses of releasing workers for training without sufficient financial support.

Conversely, medium and large companies reported having established training budgets. While companies anticipate substantial coverage of their training expenses through the SETAs, they continue to conduct training initiatives, albeit often on a reduced scale.

This is evident from the figures recorded in their mandatory grant applications and discretionary grant requests. The projected expenditure, outlined in their Work Skills Plans (WSPs), often includes an amount that factors in the discretionary grant application. However, the actual expenditure seldom matches the projected amount. For example, Company Hawk in 2019 projected an expenditure of approximately R8,000, 000 but their discretionary grant request amounted to approximately R6 million. Actual training expenses for that year were approximately R2,000,000, with R1,400,000 sourced from discretionary grant funds, and the remainder funded by the company. This trend appears consistent across all companies, not limited to Company Hawk. It is thus noted that the funds for training are allotted by both the SETA and the companies, however, it found that the SETA is the majority contributor.

> Company Dolphin "There is a budget in place, […] training takes place with or without the funding from merSETA" (SDF, 14 August 2023).

> Company Whale "there is a budget that we work against" (SDF,10 August 2023).

4.6.3 Claiming discretionary grant

The following elucidation of the evaluation and disbursement procedures within the merSETA grant application system offers an in-depth understanding of how grants are allocated. It also contextualizes the perspectives held by the interviewed participant.

We proceed to explain the merSETA grant application evaluation and claiming process which are based on the merSETA grant policies of 2019 to 2022.

Levy-paying organizations can access 49.5% of their levy value by applying for discretionary grants. These applications undergo scrutiny and assessment at the regional level, where compliance with merSETA's discretionary grant evaluation criteria is a prerequisite. Companies are promptly informed of the outcome during the compliance visit. Subsequently, all applications are forwarded to the Senior Manager for Client Services for further processing. Recommended applications then proceed to the Senior Manager for Programme Implementation, who submits them to merSETA management for final approval and allocation (merSETA administrator 1, 24 August 2023).

Quality assurance checks are an integral part of the process to ensure the eligibility of recommended companies. Each company receives an allocation in accordance with the 49.5% levy or as per the grant criteria. The next phase involves contracting successful applicants, who receive a Memorandum of Agreement (MOA) outlining grant terms and conditions. Throughout this phase, close collaboration with the merSETA Client Liaison Officer (CLO) is essential, as the MOA specifies timelines for implementation, progress monitoring, and completion (merSETA administrator 2, 24 August 2023).

Upon the signing of the MOA by company representatives, it is submitted to merSETA for processing, marking the start of the grant-claiming process. Following merSETA's approval, companies receive the first tranche payment within 30 days, designed to facilitate initial implementation activities. Previously, this payment depended on learner registration, but due to feedback from companies regarding recruitment costs, merSETA revised the criteria, increasing the payment from 10% to 25% of the MOA value. Companies then have 60 days to implement interventions, including registration on the NSDMS system (merSETA Western Cape CLO 2, 8/08/2023).

The payment-claiming process elicits varied opinions among participating companies. Some participants mentioned that while not always seamless, they do receive payments and are generally satisfied with the process:

> The claiming process is working much better for us […]. The milestones are there, and I might not get the grant payments on time, but at least there is a good system so that you know when you should be getting your grant. So, I do not see any issues on that side" (Company Dolphin, SDF,16 August 2023).

Similarly, Company Hawk stated: "we work with the CLO to ensure that payments are processed as per the milestones we just cannot reconcile the payment received against the learner it was paid out for" (SDF, 10 August 2023).

However, the majority expressed varying degrees of frustration with the procedure: "The grant-claiming process is very frustrating" (Company Cat, SDF, 15 August 2023); "My frustration is that it is a lengthy process and for a system that works electronically I cannot see why because something needs to be flagged" (Company Whale, SDF, 21 August 2023).

The merSETA grant application evaluation and claiming process, as outlined, underscores the complexity and multi-tiered nature of grant allocation. While some companies express satisfaction with the system, the prevailing sentiment among the majority of participants is one of frustration. This suggests potential areas for improvement in streamlining and enhancing the grant disbursement process to better serve the needs of levy-paying organizations. This finding further corroborates Lee's (2004) assertion that the levy system presents challenges, with many organizations perceiving it as cumbersome, bureaucratic, and occasionally impractical.

4.7 Training and development

Companies acknowledge the indispensability of training in maintaining their competitiveness within their respective markets Even smaller companies, which contribute significantly towards the skills development levy, recognize the significance of training. When queried about their motivations for engaging in training initiatives, participants frequently cited factors such as nurturing talent, augmenting skills, meeting safety prerequisites, and staying adaptable to technological advancements: "Training takes place for the continued existence of [the company]. By training younger persons to fulfil positions where others might be retiring" (Company Eagle, SDF 1, 2023). Another company stated:

> We identified and realized that we need to impart skills to our team members. To ensure that they can produce our products to specifications and compliance with our standard operating procedures. Secondly, safety requirements are also a need and we also realized that in addition we also need to grow our management and supervisor team. (Interviewed, Company Hawk, SDF,10 August 2023).

Yet another company asserted that the:

> The reason we are training is due to the scarcity of qualified artisans and all the innovation that is taking place. We cannot move over to participating in that space without having the right skill sets. We are participating 100% in it as it is the right thing to do, and it aligns with our values. (Interviewed, Company Shark, SDF,11 August 2023).

Similarly, Company Dog maintained due to the "scarcity in the industry" for "skilled artisans" they are training, as well as introducing youth into the industry: "It's also nice bringing youngsters [in]". (Interviewed, Company Dog, Owner,14 August 2023).

The perception of training has shifted from being optional to being a vital component for organizational survival and growth. This viewpoint supports Palmer's (2020:119) claim that companies recognize the importance of a skills development levy scheme. It also highlights how companies understand the significance of training, not only for the learners' benefit but also for broader societal and national interests.

Regarding the preferred training method within organizations, it varies, with smaller companies primarily focusing on training unemployed individuals, often through apprenticeships. In contrast, medium and large companies take a more diverse approach, catering to both employed and unemployed learners, and tailoring their training interventions to meet specific organizational needs. Across all participants, there is a unanimous preference for outcome-based learning programmes, emphasizing 70% workplace learning and 30% fundamental knowledge, which aligns with Franz et al.'s (2022) study highlighting prevalent workplace programmes like apprenticeships, learnerships, and skills programmes.

Company Shark mentioned that due to staff turnover, year-on-year contracts made implementing learnerships easier, enabling easy replacement and qualifying for grants ending in a trade test. This flexibility was seen as an advantage. Company Dog solely focuses on implementing apprenticeships. Company Cat highlighted a mix of skills programmes, Artisan Recognition of Prior Learning, and Apprenticeships. Company Whale expressed a strong preference for apprenticeship training.

Participants unequivocally concurred that training represents a valuable investment, with tangible returns becoming apparent. While exact figures were not provided by the companies, they conveyed observable differences within the workplace. Notably, the behaviour of individuals who have undergone training markedly differs from those who have not received such instruction. Company Dolphin, supported by Company Hawk and Eagle, highlighted enhancements in production efficiency, reduced wastage, and fewer client complaints as discernible benefits. Company Owl emphasized the transformative growth and increased confidence of individuals within the organization as indicative of returns on training. Meanwhile, Company Shark underscored the pivotal role of workplace mentoring, noting its substantial influence on training outcomes and learner development.

Company Dog further underscored that the impact of training extends beyond the confines of the workplace, emphasising its broader societal ripple effect. It was noted that the benefits of training are not confined solely to the employee and employer; rather, they radiate outward to benefit a wider community. This perspective received support from both Company Shark and Company Owl, affirming the broader positive social implications associated with training initiatives.

The companies' feedback supports the study by Kunjiapu and Yasin (2015) and Franz et al. (2022) indicating that opportunities provided in the workplace result in elevated levels of efficiency, competitiveness, capabilities and advanced learner credentials amongst other benefits as well. Furthermore, according to James (2009), many companies have not experienced substantial advantages from their contributions to the skills development levy. However, the results of this study indicate that companies are beginning to recognise the benefits of training when it is backed by funding, even if such funding does not fully cover all the associated costs.

> Company Dog "Broader sense it is a social return on investment as it is more than just the company it is that person's family as well. The students assist with the productivity of the work as it can be felt if the apprentices are not at work." (Owner, 14 August 2023).

> Company Cat "The return on investment is there. We have trained apprentices who are now mentoring other learners and other staff

members that will head up our next branch we are opening." (SDF, 20 August 2023).

Company Hawk "yes, defects are tracked, and the training assisted in a decline of the defects. Supervisors and Management training we can see the change in behaviours, and they plan better once they have gone through training." (SDF, 10 August 2023).

4.7.1 Demographics of learner registration: Western Cape

This analysis explores the demographic composition of learners registered with merSETA in the year 2022. The data was categorized based on programme type, employment status, ethnicity (African, Coloured, White, Indian), and gender (Male, Female). The data reveals that merSETA registered a total of 730 learners in 2022. Among these, the majority, accounting for 53% of registrations, were enrolled in skills programmes. Learnerships constituted the second-largest group, representing 34% of the total registrations. Apprenticeships made up the smallest segment, with 13% of the registrations. In terms of employment status, there was a noticeable discrepancy in learner demographics. Most of the registered learners, totalling 70%, were employed individuals seeking to enhance their skills. This category included both males and females. The remaining 30% were unemployed learners, reflecting the efforts to provide skills development opportunities for job seekers.

Analysing the data by ethnicity, it becomes evident that African learners constituted the largest demographic group, comprising 74% of all registrations. Coloured learners accounted for the second-largest group, representing 21% of registrations. In contrast, White and Indian learners were in the minority, with 4% and 1% of registrations, respectively. Gender distribution across the registered learners also displayed notable trends. Male learners were more prevalent, making up 71% of the total registrations, while female learners accounted for the remaining 29%. This gender disparity was consistent across all programme types, indicating a potential area for further investigation regarding gender-based enrolment patterns.

Examining programme-specific trends, it was observed that in the skills programmes category, a significant majority of learners were employed, with 87% of registrations belonging to this group. Additionally, a notable gender imbalance existed, with male learners constituting 78% of the total in this category. In the learnerships, there was a more balanced distribution of employed and unemployed learners, with each group representing around 50% of registrations. Gender representation was also more equitable, with a nearly even distribution between males and females. The apprenticeships category had a higher proportion of unemployed learners, making up 91% of the total. Moreover, this category displayed a substantial gender gap, with male learners accounting for 97% of registrations.

The analysis of learner registration demographics for merSETA in 2022 provides valuable insights into the composition of the learner population. It highlights the predominance of unemployed learners, particularly in the apprenticeships categories. Furthermore, it underscores the significance of African and Coloured learners within merSETA's programmes for the Western Cape. The gender disparity seems to still be prevalent and a need for concern as it seems transformation in the mer-sector needs specific attention.

4.7.2 merSETA learner administration and grant claims

merSETA adheres to the learner registration approval process in accordance with the Workplace-Based Learner Agreement Regulations of 2018 (DHET, 2018) and the technical indicator descriptors outlined in the Annual Performance Plan, a document approved by both the merSETA CEO and the Minister of Higher Education, Science, and Technology. Deviating from these requirements in the approval/registration of the learning programme could potentially result in significant audit findings for the SETA.

The SETA undergoes audits conducted by various entities, including the Auditor General of South Africa, the Department of Higher Education and Training, external auditors appointed by merSETA, and the internal monitoring and evaluation unit of merSETA.

Now that we have gained an understanding of both the discretionary grant claiming process and the learner registration process, it becomes clearer why companies might experience frustration with the merSETA procedures.

The participating companies communally agreed that the merSETA grant submission process is reasonably user-friendly but still presents certain challenges. However, when it comes to the registration of learners in the merSETA systems, companies expressed notable frustrations.

Given that learner registration is conducted through the merSETA NSDMS system, one might assume it would streamline the process for clients to enrol learners. However, the reality differs, and as a result, there are implications for claiming discretionary grants based on the milestones outlined in the MOA. Notably, this procedure has become an entirely manual process.

The challenges encountered in learner registrations primarily revolve around non-compliant documents. For instance, merSETA exclusively accepts a copy of an identity document if it includes both the front and back sides. In cases where this requirement is not met, applications are rejected, and clients receive feedback.

However, it has been observed that clients often fail to thoroughly examine the rejection reasons for learners and subsequently resubmit the same documents, resulting in repeated rejections. Regrettably, there is no available data to quantify how frequently the same incorrect documents are resubmitted to the SETA.

Some of the challenges noted by the participating team members include:

- Insufficient evidence provided: Claims lack the necessary supporting documents;
- Duplicate claims submitted: Claims that have previously been submitted to the grants unit are resubmitted; and
- Incoherent reports: The number of allocated learners does not align with the information recorded in the CLO site visit report.

However, from a regional perspective, frustration arises when processes are not communicated from the Programme Implementation (PI) team, and there is a lack of feedback regarding grant claims that exceed the 30-day timeframe. Simultaneously, CLOs encounter difficulties with claims returned as incoherent due to a lack of clear understanding of claim parameters.

All of the aforementioned issues contribute to client frustration and can result in delays in the payment process, which is expected to occur within specified timeframes.

4.7.3 merSETA counter measures – Improving compliance

To aid clients in achieving registration compliance standards, capacity-building sessions have been incorporated into the quarterly Skills Development Forums. Additionally, a similar approach has been applied to the Training Provider meetings, recognizing that it's not solely companies that engage in learner registration.

Company Owl “the session presented at the forum with regards to compliant documentation was great it should have been done earlier” (SDF, 11 August 2023).

To maintain consistency and alignment across all regions, ongoing workshops are conducted with staff members. Moreover, information dissemination via email has been implemented as a supplementary method.

With regards to the discretionary grant claim submission on a regional level, the accountability lies with the Client Relations Manager who signs the site visit report as recommending the payment as correct. Clear turnaround times do not seem to exist at this point when it comes to the processing of claims which in turn cause frustration.

Taking into consideration the intensity of the administration process it does support the statement by Muller and Behringer (2012) that the administrative challenges of the levy scheme are bureaucratic, and SETAs may struggle to spend the funds allocated accordingly. However, buy-in from employers to overcome this is important.

CHAPTER FIVE

SUMMARY AND CONCLUSION

5.1 Introduction

This chapter covers a comprehensive review of the major findings that were drawn from Chapter 5. The investigation into the efficacy of the grant-claiming process as experienced by the merSETA levy paying companies' point of view is insightful and has brought a basket of mixed findings. In addition, we looked at the companies that apply for the skills development funding, what type of training is preferred, and who are the beneficiaries of the training. The chapter is structured as follows: summary, conclusion recommendations, limitations of the study, and suggestions for further research.

5.2 Summary of the findings

The study reveals a prevalent misunderstanding regarding the role of small companies in fostering skills development. Research findings indicate that small companies collectively contribute significantly to the skills development levy and are responsible for training the highest number of learners. Over the years, there has been a consistent increase in smaller companies engaging in skills development through both mandatory and discretionary grant programmes.

The research also identifies improvements in the processes employed by SETAs (Sector Education and Training Authorities) since 2012/2013 in terms of disbursing skills development funding and effectively allocating resources to companies. However, this does not entirely absolve SETAs from their bureaucratic reputation. Certain aspects of SETA processes are inherently bureaucratic due to legislative policies and procedures they are obligated to follow.

Additionally, participating companies expressed the belief that SETAs should play a more substantial role in providing skills development training within organizations, as they perceive the current funding provided by SETAs as insufficient. Companies noted that the funding received only covers approximately 30% of the required training costs, specifically for apprenticeships and learnerships. Nevertheless, companies indicated their willingness to invest in training, even without SETA funding, as they have their own budgets. Interestingly, research discovered that a significant portion of the company training budgets relies on SETA funding obtained through approved grant applications.

Companies across the board acknowledge the essential role of training in enhancing competitiveness within their respective markets. Even smaller organizations recognize the paramount importance of training, moving from viewing it as optional to considering it vital for organizational survival and growth. This perspective underscores their understanding of the significance of a skills development levy scheme for individual development, company progress, and national prosperity.

The study found unanimous support for outcome-based learning programmes among all participants, emphasizing a 70% focus on workplace learning and a 30% emphasis on foundational knowledge. The research identifies the preferred training interventions within the "mer-sector" as apprenticeships, learnerships, and skills programmes. Companies extend training opportunities to both employed and unemployed individuals. Nevertheless, the research also highlights a gender-related transformation limitation within the "mer-sector."

Furthermore, the study brings to light the administrative challenges faced by SETAs, both internally and externally with their clients. Internal processes lack clear definition and communication, leading to frustration among both staff and clients. Companies are urged to pay closer attention to SETA requirements to ensure eligibility for SETA funding.

5.3 Limitations of the study

This study acknowledges certain limitations, including the selection of the research region, which was influenced by the researcher's location in the Western Cape and affiliation with the relevant SETA. The challenge experienced was that companies could not divorce the researcher from the SETA.

5.4 Suggestions for future research

Future research endeavours could consider exploring the impact of geographical demographics on skills development across various regions and its implications for national skills development. Additionally, a study could investigate best practices in

SETA administration processes that could be generalized across different SETAs as well as progress made with regard to transformation within the mer-sector.

REFERENCES

Aguinus, H. & Kraiger , K. (2009). Benefits of training and development for individuals and teams, organisations and society. *Annual Review of Psychology*, 60, 451-474.

Allias, S. (2012). Will skills save us? Rethinking the relationship between vocational education, skills development policies, and social policy in South Africa. *International Journal of Education Development*, 632-642.

Asci, M. (2017). A Strategy Differentiator in GLobal Competitive: Talent Management. *International Journal of Commerce and Finance,* 3(1), 51-58.

Blaine, S. (2007, June 26). *Spend more to boost skills*. Business Day, p.5. Retrieved from https://allafrica.com/stories/200706260360.html

Boud, D. & Garrick, J. (1999). *Understanding Learning at Work.* New York: Routledge.

Bowen, G. (2009). Document Analysis as a Qualitative Research Method. *Qualitative Research Journal,* 9(2), 27-40.

Bryman, A. & Bell, E. (2011). *Research Methodologies: Business and Management Context.* South Africa: Oxford University Press.

Campbell, S. (2014). What is Qualitative Research? *Clinical Laboratory Science,* 27(1), 3.

Chemical Industries Education & Training Authority. (2019). *Annaul Report 2018/2019.* Gauteng: CHIETA.

Chemical Industries Education & Training Authority. (2022). *Annual Report 2021/2022.* Gauteng: CHIETA.

Clarke, N. (2004). HRD and the challenges of assessing learning in the workplace. *International Journal of Training and Development,* 8(2), 140-156.

Cohen, L., Manion, L. & Morrison, K. (2018). *Research Methods In Education.* London: Routledge.

Dar, A., Canagarajah, S. & Murphy, P. (2003). Training Levies: Rationale and Evidence from Evaluations. Washington, DC: World Bank.

Department of Higher Education and Training. (2012). *SETA Grant Regulations Gazette 35940.* Pretoria: Government Printers.

Department of Higher Education and Training. (2017). *SETAs Skill Journal.* Gauteng, Pretoria: Government Printers.

Department of Higher Education and Training. (2018). *Sector Education and Training Authorities (SETAs) Workplace-Based Learning Programme Agreement Regulations*. Pretoria: Government Printers.

Department of Labour. (2004). *National Skills Development Strategy: Implementation Report 1 April 2003 - 31 March 2004.* Pretoria: Department of Labour.

Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of Convenience Sampling and Purposive Sampling. *American Journal of Theoretical and Applied Statistics*, 5, 1-4.

Franz, J., Dulvy, E.N., & Marock, C. (2022). *Engagement of Micro and Small Enterprises in the Workplace-base Learning In South Africa.* World Bank Group.

Galhardi, R. (2002). Financing Training: Innovative Approach in Latin America. *Paper presented in International IVETA 202 Conference*, (pp. 1-13). Mauritius.

James, S. (2009). The Skills Training Levy in South Africa the Workforce or Just a Nother Tax? *Economic and Social Research Council*, 1-4.

Jelsma , J., & Clow, S. (2005). Ethical Issues Relating to Qualitative Research. *Journal of Physiotherapy,* 69(1), 3-6.

Johanson, R. (2009). A review of the National Training Funds. *Social Protection and Labour World Bank,* 0922, 1-122.

Keep, E. (2015). *Policy Report: Unlocking workplace skills: What is the role of employers?* United Kingdom: Chartered Institute of Personal and Development.

Kleynhans, E. (2006). The role of human capital in the competitive platform of South Africa. *SA Journal of Human Resources Management*, 55-62.

Kraak, A. (2008). A critical review of the National Skills Development Strategy in South Africa. *Journal of Vocational Education and Training,* 60(1), 1-18.

Kraak, A., Jewison, R., Chidi, M., Pillay, P., Bhagwan, N. & Makgolane, M. (2013). *Review of the current skills development system and recommendations towards the best model of delivering skills in the Country, South Africa.* Pretoria: Human Resource Development Council.

Kunjiapu , S. & Yasin, R. M. (2015). Skills development and job satisfaction through workplace learning in small and medium tourism enterprises in Malaysia. *Malaysian Journal of Chinese Studies,* 4(1), 15-29.

Kuruvilla, S. (2007). Adjusting to globalization through skills development strategies. In D. a. Rondinelli, *Globalisation and change in Asia* (pp. 127-148). Lynne Reiner Publishers, Inc.

Lee, G. (2004). Participation of forms in the skills development levy system. *South African Journal of Economic and Management Sciences,* 7(2), 242-257.

Lee, G. J. & Davison, A. (2018). Designing payroll levies for firm training. *International Journal for Manpower,* 39(6), 766-781.

Letseka, M. (2004). Understanding skills development in South Africa. *The Development of Education Journal,* 119(1), 19-20.

Manufacturing, Engineering and Related Services SETA Western Cape. (2021). *Mandatory Grant Support Report.* Cape Town: merSETA.

Manufacturing, Engineering and Related Services SETA. (2016). *Research as a conduit in closing the skills gap: An overview of merSETA research in action.* Pretoria: merSETA.

Manufacturing, Engineering and Related Services SETA. (2019). *Annual Report 2018/2019.* Pretoria: merSETA.

Manufacturing, Engineering and Related Services SETA. (2021). *Annual Report 2020/2021*. Pretoria: merSETA.

Manufacturing, Engineering and Related Services SETA. (2022a). *Annual Report 2021/2022.* Pretoria: merSETA.

Manufacturing, Engineering and Related Services SETA. (2022b). *merSETA management accounts*, November 2022. Pretoria: merSETA

Manufacturing, Engineering and Related Services SETA. (2023). *merSETA mandatory grant data 2019-2022*. Pretoria: merSETA

McGrath, S. & Badroodien, A. (2006). International influences on the evolution of skills development in South Africa. *International Journal of Educational Development*, 483-494.

Mining Qualifications Authority. (2020). *Annual Report 2019/2020.* Pretoria: MQA.

Mining Qualifications Authority. (2021) *Annaul Report 2020/2021*. Pretoria: MQA.

Mining Qualifications Authority. (2022). *Annual Report 2021/2022*. Pretoria: MQA.

Mohamed, A., Rasli, A. & Mansor, N. (2012). Business Impact on ROI: A proposed approach to Learning and Development Investment. *Procedia Social and Behavioural Sciences*, 596-603.

Muller , N., & Berhringer, F. (2012). Subsidies and Levies as Policy Instrument to Encourage Employers- Provided Training. *OECD Education Working Papers,* 80, OECD Publishing, 1-58.

Mummenthey, C. (2010). Skills Development In South Africa: A reader on the South African Skills Development Arena. *German Development Servies DED Reader*, 1-43.

National Planning Commission. (2012). *National Development Plan 2030: Our future make it work.* Pretoria: Government Printers.

Noe, R.A., Clarke, A.D.M. & Klein, H.J. (2014). Learning in the twenty-first-century workplace. *Annual Review of Organizational Psychology and Organizational Behavior*, 1, 245-275.

Palmer, R. (2020). *An Assessment of the Skills Development Levy Systems in Southern African Development Community.* South Africa and Lesotho: German Development Services (DED).

Qu, S.Q. & Dumay, J. (2011). The qualitative research interview. *Qualitative Research in Accounting and Management*, 8(3), 238-264.

Queiros , A., Faria , D. & Almaida , F. (2017). Strengths and Limitations of Qualitative and Quantitative Research Methods. *European Journal of Education Studies,* 3(9), 369-387.

Rashid, Y., Rashid, A., Warraich, M. A., Sabir, S. S., & Waseem, A. (2019). Case Study Method: A Stepby-Step Guide for Business Researchers. *International Journal of Qualitative Methods.* 18, 1-13.

Republic of South Africa. (1995). *South African Qualifications Authority No 58 0f 1995.* Pretoria: Government Printers.

Republic of South Africa. (1998). *The Skills Development Act, Act 97 of 1998.* Pretoria, Gauteng, South Africa: Government Printing Works.

Republic of South Africa. (1999). *The Skills Development Levies Act, Act 9 of 1999.* Pretoria: Government Printing Works.

Republic of South Africa. (2009). *National Qualifications Frame Work Act No. 67 of 2008.* Pretoria: Government Printers.

Salas, E., Tannenbaum, S. I., Kraiger , K. & Smith-Jentsch, K. (2012). The science of training and development in organizations: What matters in practice. *Psychological Science in the Public Interest,* 13(2), 74-101.

Schmidt, W. S. (2007). The Relationship Between Satisfaction with Workplace Training and Overall Job Satisfaction. *Human Resource Development Quarterly,* 18(4), 481-498.

Smith, A., & Billett, S. (2003). Making employers pay: how do they do it overseas? Changing Face of VET. *Australia: Australian VET Research*, 1-15.

Transport Education Training Authority. (2021) *Annual Report* 2020/2021. Pretoria: TETA.

Transport Education Training Authority. (2022). *Annual Report* 2021/2022. Pretoria: TETA.

Whalley, J. & Ziderman A. (1990). Financing Training in Developing Countries: The Role of Payroll Taxes. *Economics of Education Review,* 9(4), 377-387.

LIST OF INTERVIEWEES

- Company Eagle, Skills Development Facilitator, 10 August 2023
- Company Eagle, Training Manager, 10 August 2023
- Company Hawk, Skills Development Facilitator, 10 August 2023
- Company Shark, Skills Development Facilitator,11 August 2023
- Company Owl, Training Manager, 11 August 2023
- Company Dog, Owner, 14 August 2023
- Company Dog, Skills Development Facilitator, 14 August 2023
- Company Cat, Skills Development Facilitator,15 August 2023
- Company Dolphin, Training Manager, 16 August 2023
- Company Whale, Skills Development Facilitator, 21 August 2023
- Company Rabbit, Skills Development Facilitator, 22 August 2023
- merSETA, Western Cape CLO 1, 8 August 2023
- merSETA, Western Cape CLO 2, August 2023
- merSETA, Administrator 1, 24 August 2023
- merSETA, Administrator 2, 24 August 2023

ANNEXURES

Annexure A: Ethical clearance

UNIVERSITY *of the* WESTERN CAPE

Directorate: DVC: Research and Innovation
Research Development & Postgraduate Support
Tel: +27 21 959 4111
Email: research-ethics@uwc.ac.za

20 June 2023

Mrs B Abrahams
IPSS
Faculty of Education

HSSREC Reference Number: HS23/3/10

Project Title: Exploring the efficacy of the grant funding process of a SETA within the context of South African skills development

Approval Period: 15 June 2023 – 14 June 2024

I hereby certify that the Humanities and Social Science Research Ethics Committee of the University of the Western Cape approved the methodology and ethics of the above-mentioned research project.

Any amendments, extension or other modifications to the protocol must be submitted to the Ethics Committee for approval.

Please remember to submit an annual progress report at least two months before expiry date. Failure to submit your annual progress report on time will result in the immediate lapse of your ethics approval and you will have to resubmit an entirely new ethics application.

For permission to conduct research using student and/or staff data or to distribute research surveys/questionnaires please apply via: https://sites.google.com/uwc.ac.za/permissionresearch/home

The permission letter must then be submitted to HSSREC for record keeping purposes.

The Committee must be informed of any serious adverse events and/or termination of the study.

Ms Patricia Josias
Coordinator: Research Ethics
University of the Western Cape

NHREC Registration Number: HSSREC-130416-049

University of the Western Cape, Robert Sobukwe Road, Bellville 7535, Republic of South Africa

Annexure B: Information letter

FACULTY OF EDUCATION UNIVERSITY OF THE WESTERN CAPE

Private Bag X17, Bellville, 7535, South Africa

INFORMATION SHEET

Project Title: Exploring the efficacy of the grant funding process of a SETA within the context of South African skills development.

What is this study about?

This research project is being conducted by **Bronwin Abrahams,** student number 3522355, a registered student at the University of the Western Cape. I am currently doing my Masters in Adult Learning and Global Change (MALGC).

The purpose of this study is to explore if the SETA grant funding contributes to the human development of the organisation and whether it is adequate for the training that is required by employers to upskill employees so that they will be competitive in the mer-sector. Since you have been actively participating claiming grants for the last four years, your insight will assist me to answer my research question. You are invited to participate in this project because it will help us to identify if the grant is beneficial to participating organisations.

What are the interviews about?

The interview explores if the SETA grant funding contributes to the human capital development of the organisation and whether is it adequate. It will in addition give us an understanding of the types of companies applying for funding as well as what types of interventions are embarked on.

Will my participation in this study be kept confidential and do I have the right to withdraw form this investigation after I have agreed to participate?

Participation in this research project is completely voluntary. You can withdraw your participation at any stage of the research process. You also have the right to choose not to answer specific questions put to you, while continue to answer other questions.

Your participation will be treated with confidentiality, with respect and integrity. All personal information will be kept confidential, and you will remain anonymous in all reports related to the study as well as any subsequent publication that may flow form this inquiry.

You will be required to sign a consent form before partaking in the study to protect your privacy and confidentiality. The researcher shall not reveal the identity of the participants and will safeguard the confidential information obtained in the course of the study. Only the researcher and my supervisor will have access to your interview. The researcher and the supervisor will keep all the documentation safe in an office at the University of the Western Cape. The findings of this research will be used for academic purposes only.

What are the risks of this research?

There are very limited to no risks anticipated from participating in this study.

What are the benefits of this research?

There are no material benefits for the participants.

Do I have to complete the whole interview proceedings, or may I withdraw from the process at any time?

Your participation in this research is completely voluntary. Should you feel the need to withdraw from the study, you can do so at any time.

How long will it take to complete the whole interview process?

A full interview session will take about 45 minutes to one hour to complete.

Do I need to bring anything to the interview?

You do not have to bring anything; the interview will take place at a place, date and time that will be convenient for yourself or someone that you have identified to speak on your behalf and the same principles will applies. They are welcome to withdraw at any time.

What if I have questions?

You should feel free to ask any questions or raise concerns during or before the interview. This research is being conducted by **Bronwin Abrahams**, a registered student at the University of the Western Cape. If you have any questions about the research study or if you have any questions regarding your rights as a research participant or if you wish to report any problems you have experienced related to the study, please contact my research supervisor, Dr Natheem Hendricks, at the Institute for Post School Studies, (IPSS), University of the Western Cape.

Supervisor: Dr M.N. Hendricks
mnhendricks@uwc.ac.za
0741527502

This research project has sought ethical approval from the Humanities & Social Sciences Research Ethics Committee of the University of the Western Cape. They may be contacted at Tel. 021 959 2988, E-mail: research-ethics@uwc.ac.za if you experience any issue that has any ethical implications.

Annexure C: Participants consent form

FACULTY OF EDUCATION
UNIVERSITY OF THE WESTERN CAPE
Private Bag X17, Bellville, 7535, South Africa

Participant (interview)

Consent form

Project Title: Exploring the efficacy of the grant funding process of a SETA within the context of South African skills development.

Researcher: Bronwin Abrahams

Please <u>initial</u> the boxes to show your agreement and understanding of what is expected for this study.

1. I confirm that I have read and understood the information sheet explaining the above research project and I have had the opportunity to ask questions about the project. ☐
2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason and without there being any negative consequences. In addition, should I wish to withdraw, I may contact the lead researcher at any time to do so. ☐
3. I understand my responses and personal data will be kept strictly confidential. ☐
4. I give permission for members of the research team to have access to my responses without revealing any part of my identity. ☐
5. I understand that my name will not be linked with the research materials, and that I will not be identified or identifiable in the reports or publications that result for the research. ☐
6. I agree for the anonymized data collected to be used in future research. (Circle the appropriate answer). Yes / No
7. I hereby agree to be audio recorded. (Circle the appropriate answer). Yes / No
8. I hereby agree to be video recorded. (Circle the appropriate answer). Yes / No

Annexure D: Request for information

FACULTY OF EDUCATION
UNIVERSITY OF THE WESTERN CAPE
Private Bag X17, Bellville, 7535, South Africa

Request for information
28 June 2023

Ms Disa Mpande
Acting merSETA Chief Executive Officer
Via e-mail: dmjikeliso@merseta.org.za

Dear Ms Mpande
RE: request for information in aid of my research study

My name Bronwin Abrahams a registered student at the University of the Western Cape student number 3522355. I am presently doing my Masters in Adult Learning and Global Change (MALGC) and busy with my research.

The purpose of this study is to explores how merSETA affiliated companies/organisations experience the grant claiming process and whether the grant is beneficial to the organization and those receiving it. The focus will be on companies within the mer-sector across the Western Cape and who have actively participated over the last 4 years. The research will add to existing knowledge and bring about fresh findings for consideration by the researcher around how companies experience the grant application process, and whether the grant funding provided is beneficial to organisational development.

My research will entail collecting data from organisations and their employees and doing a document analysis. I therefore request permission to get access to merSETA database, list of clients and any other information that might help to assist in a rejoinder to my research. In addition, I would like to invite individuals from your organisation to participate in this study specifically the staff members of the Client Services Division and Program Implementation. If they agree they will be interviewed for approximately 45 min and responses will be audio recorded at a convenient time for the participant.

Participants will be asked to give their written or verbal consent before the research begins. Their responses will be treated confidentially, and identities (their names and the name of the organisation) will be anonymous unless otherwise expressly indicated. Individual privacy will be maintained in all published and written data resulting from the study.

Participants will be required to sign a consent form before partaking in the study to protect your privacy and confidentiality. The researcher shall not reveal the identity of the participants and will safeguard the confidential information obtained in the course of the study. Only the researcher and the supervisor will have access to your interview. All the documentation will be kept safe in an office at the University of the Western Cape. The findings of this research will be used for academic purposes only.

The research participants will not be advantaged or disadvantaged in any way. They will be reassured that they can withdraw their permission at any time during this project without any penalty. There are no foreseeable risks in participating in this study. The participants will not be paid for this study. The research findings will be communicated though the researcher's thesis. All collected data will be kept on an electronic password protected devise in a secure location arranged with my supervisor for 5 years. The research will responsibly destroyed after the prescribe period.

I therefore request permission in writing to conduct my research at your organization. The permission letter should be on your organization's letterheaded, signed and dated, and specifically referring to myself by name and the title of my study.

If you have any questions about the research study or if you have any questions regarding your rights as a research participant or if you wish to report any problems you have experienced related to the study, please contact my research supervisor, Dr Natheem Hendricks, at the Institute for Post School Studies, (IPSS), University of the Western Cape.

Supervisor: Dr M.N. Hendricks

mnhendricks@uwc.ac.za

0741527502

You may also contact the University of the Western Cape's Humanities & Social Sciences Research Ethics Committee at Tel. 021 959 2988 or email, research-ethics@uwc.ac.za , if you have a complaint regarding the conduct of this researcher.

Annexure E: Permission to conduct research

merSETA
MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA

7 July 2023

Dear Ms Abrahams

RE: PERMISSION TO CONDUCT RESEARCH AT THE MANUFACTURING, ENGINEERING AND RELATED SERVICE SETA

The merSETA grants permission to Ms Bronwin Abrahams to collect information as fulfilment of the requirements of her Masters in Adult Learning and Global Change degree. The merSETA consents to her use of merSETA information and staff members as participants of the project, subject to Ms Abrahams obtaining each parties' s consent to collect their personal information as defined in the Protection of Personal Information Act.

The merSETA's permission is further subject to Ms Abrahams compliance with the Protection of Personal Information Act.

With Kind Regards

DISA MPANDE (Mrs.)
ACTING CHIEF EXECUTIVE OFFICER

merSETA Head Office
8 Hillside Road, Metropolitan Park Block C
Parktown, Johannesburg, 2193
P O Box 61826, Marshalltown 2107
Telephone No: 010 219 3000
Website: www.merseta.org.za