

Name of Candidate	Jacqueline Veraness Stemmers
Student Number	2340639
Proposed Degree	Masters in Education (Intercontinental Masters – ICM)
Department	Centre for Adult and Continuing Education, University of the Western Cape
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Supervisor	Rahmat Omar
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Declaration

I declare that *Learnerships and Transformation in the Insurance Industry* is my own work, that it has not been submitted before to any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Jacqueline Veraness Stemmers

12 June 2005

Signed:.....

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TABLE OF CONTENTS

Section Nr.	Headings	Pages
	Glossary of terms and abbreviations	6
1.	Introduction	7
	1.1 Background and Research Rationale	7
	1.2 Aims and Objectives	10
2.	Literature Review	12
	2.1 Introduction	12
	2.2 The need for transformation	13
	2.3 Neoliberal and Global impacts	16
	2.4 Human Capital Theory	20
	2.5 Vocational Education and Training and Workplace Learning	22
	2.6 Insurance Industry Context	28
	2.7 The theoretical framework	32
3.	Methodology	34
	3.1 Methodological Approaches	34
	3.2 Research Methods used	35
	3.2.1 Documentary Analysis	38
	3.2.2 Learner Questionnaire Survey	39
	3.2.3 Focus Group Workshop	42
	3.2.4 Interviews	45
	3.3 Ethical Issues	46
	3.4 Limitations of research	47
	3.5 Dissemination & Policy relevance	48
4.	Research Findings	49
	4.1 Documentary Analysis	49
	4.2 Summary of Learner Questionnaires	52
	4.2.1 Work Experience	53

	4.2.2 Learners intentions of studying further	54
	4.2.3 Insprep Learnership Project experience	54
	4.3 Findings from Focus Group	57
	4.4 Findings from Interviews	58
	4.4.1 Recruitment and Selection	59
	4.4.2 Curriculum Development and Workplace learning	59
	4.4.3 Student Support	61
	4.4.4 Assessment and Moderation	61
	4.4.5 Job Placements	62
	4.4.6 Skills Shortages	63
	4.4.7 Cost of Implementation	63
	4.4.8 Transformation and Benefits of Learnership Implementation	67
5.	Conclusions and Recommendations	69
	5.1 Conclusions	69
	5.1.1 Processes and Systems for learnership implementation	69
	5.1.2 Learnerships as a mechanism for transformation of the insurance industry	71
	5.1.3 The feasibility of learnership implementation	73
	5.2 Summary	74
	5.3 Areas for Further Research	77
6.	Bibliography	78
7.	Appendices	
	7.1 Questions for Project Manager	
	7.2 Questions for Company SDF	
	7.3 Questions for Learner Counselor	
	7.4 Questions for Line Managers of Learners	
	7.5 INSPREP Learner Questionnaire	
	7.6 Insprep Learnership Curriculum	

Glossary of abbreviations and terms

Below is a table of abbreviations and terms used in this report:

Abbreviations / Terms	Definition
BEE	Black Economic Empowerment
CACE	Centre for Adult and Continuing Education
CV	Curriculum Vitae
FSC	Financial Sector Charter
FSC definition of “Black”	African, Coloured and Indian
GEAR	Growth, Employment and Redistribution
IEB	Independent Examination Board
INSETA	Insurance Education and Training Authority
INSPREP	Insurance Preparedness Programme
M.Ed.	Masters in Education
NQF	National Qualifications Framework
RDP	Reconstruction and Development Programme
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority

1. Introduction

1.1 Background and research rationale:

This case study explores the lessons arising from the implementation of the Insurance Preparedness Project (INSPREP). This was a pilot project funded by the Insurance Sector Education and Training Authority (INSETA) as part of a strategy for transforming the insurance industry and to establish a model for learnership implementation.

The rationale for INSPREP was that: “If not enough black applicants are moved into the industry at entry-level positions and then provided with opportunities for upward growth in accordance with their skills and abilities, the industry may fail to transform in a meaningful fashion” (Matthews, 2003: 6). Learnership implementation is seen as a transformation tool as it affords learners the opportunity of achieving an academic qualification together with workplace experience. It is hoped that this combination of knowledge, skills and experience makes the learner more employable.

The insurance industry has a general practice of entrants requiring tertiary education in order to enter the industry (Sector Skills Plan 2002/2003). Alternatively the entrants are expected to have a matriculation certificate and working experience. One of the transformational objectives of the insurance industry is that Learnership participants could become candidates for recruitment into lower level positions previously reserved for people with tertiary qualifications or working experience.

INSETA’s 2002/2003 updated Sector Skills Plan acknowledges that the sector is not representative of the country’s racial demographics and that little change has happened over the past few years. The INSPREP report (Matthews, 2003) confirms the urgency for transformation of the sector and indicates that only 12.65% of the workforce in the insurance sector consists of black managers.

The learnership (INSPREP project) was conducted with the dual purpose of supporting skills development and transformation in the insurance and investment sector of the economy. In this learnership fifty learners from previously disadvantaged communities, were enrolled into a six-month insurance orientation qualification. A pre-requisite was that all learners required a grade twelve qualification, in order to be accepted into the learnership. The focus was on business and insurance training, as well as workplace exposure. The training was aimed at equipping learners for entry-level positions in the insurance and investment industry such as call center, customer care and administrative positions.

This system of learning, referred to as learnerships, is fairly new and unexplored in South Africa and especially in the insurance industry. I therefore wanted to establish what was required for the successful implementation of a learnership at this level and whether this project has made learners more employable. The processes required for the implementation of learnerships will be explored using the INSPREP learnership project as a case study. The findings of the case study will then be related to the transformation objectives and targets of the Financial Sector Charter's learnership initiative.

This thesis explores whether "Learnership implementation is the vehicle that will drive and fast-track transformation in the insurance industry in South Africa". This paper argues that the individuals involved in the Learnership did benefit from the programme- they gained a qualification, skills, working experience and some of the learners employment. This learnership afforded some of these learners employment opportunities that would not have been possible before as the practice within the insurance industry was to only appoint learners with a minimum entrance criteria of grade twelve plus working experience. However, the insurance industry requires high technical skills and the development of Black managers. If the current process of Learnership implementation is applied to address the industry's critical transformational needs, the hypothesis will not hold truth as the challenges around costs and the time it will take to

develop an individual to address the true industry needs will have to be addressed as a matter of urgency.

The data obtained from the research indicates that the industry will recruit to meet specific industry business requirements, thereby excluding some previously disadvantaged learners. The insurance industry is market driven, the social needs of the poor and unemployed is secondary and can only be addressed if it falls within the business objectives of the industry. Another problematic consideration is that the 'return on investment' cannot be guaranteed. There is no guarantee that learnerships at lower levels will produce the right skills for the future development of high skills

One of the main concepts of human capital theory is the importance of investing in the development of people. Statistics from INSETA's 2002/2003 updated Sector Skills Plan indicates that 36% of people employed into clerical, sales and service and elementary level jobs into the insurance industry are black¹. However if only 12.65% of people in management positions are black a critical need exists to create pathways through which lower level black employed staff can be developed into management level jobs. Developmental pathways are required to create a pipeline of black talent from lower level jobs to management jobs.

The critical importance of skills development is definitely realized in the insurance industry where staff development is seen as an investment. Money is invested in the development of staff if it meets the business needs of the organization. If the industry's main objective is to develop high Black skills and remain competitive in the global markets, the high costs involved in the development of lower skills will impede this objective.

A broad interpretation of the concept of transformation refers to the acceleration of training and promotion of individuals from historically disadvantaged groups, addressing

¹ Black is defined as people coming from the African, Coloured or Indian race groups

of inequalities, mobilising the energy of all South Africans to contribute towards sustained economic growth. This broad definition of transformation is applied in order to address both issues of rectifying racial inequalities and the development of high skills within the industry.

The industry has transformed by relaxing the entrance criteria to allow previously disadvantaged people who only has a matriculation certificate and no working experience to be employed into the industry. The question this research raises is whether skills and a qualification, without employment, meet the requirements for national and industry transformation.

1.2 Aims and Objectives

The aim of this case study is to examine the following hypothesis:

“Learnership implementation is the vehicle that will drive and fast-track transformation in the insurance industry in South Africa”.

The main research questions posed for this study are:

- What processes and systems are required for the implementation of learnerships?
- Is learnership implementation positioned as a mechanism to address transformation? This question will also address the following sub-questions:
 - Can the scarce skills needs of the insurance industry be addressed through learnership implementation?
 - Do learnerships improve the employability of learners?
- What is the feasibility of learnership implementation in the light of costs involved in implementation? What are the benefits/advantages of learnership implementation for:
 - the insurance industry
 - the employer organizations
 - the learners

These questions focus on the insurance industry skills development needs and implementation processes required to implement learnerships.

The questions relating to cost has relevance to the hypothesis as it is important to see what the cost implications will be to develop new entrants into the industry. These cost considerations must be taken into account together with the industry's scarce skills needs to develop Blacks into technical and management positions. The Financial Sector Charter (2003) identifies a critical need for the fast-tracking of transformation in the insurance industry in South Africa, however this development of entrants into the industry must be done in the most cost effective way possible. Costs play another critical role in the industry as "rising organizational costs and increasing demand for lower premiums... links to sustainability of organizations in the sector (INSETA Sector Skills Plan 2002/2003 : 28)". If the cost of this level of development is enormous it will have a definite impact on the numbers that the industry will develop and limit the possibilities of fast-tracking transformation and will have implication for the sustainability of organizations within the industry.

One of the limitations of this study is that the findings are very specific to the implementation of lower level learnerships and to the insurance industry and might not apply to learnerships at higher levels and to other industries. Interpretation of the Financial Services Charter as a whole will not be explored. It is very complex and some of its proposals are open to different interpretations. I focused only on paragraph 5.7 of the charter that deals with proposals around the learnership implementation.

2. Literature Review

2.1 Introduction

Firstly, the Literature Review explores the national need for transformation. It then explores the influence that globalisation and neoliberalism has on the South African economy. The influence of globalization and neoliberalism is reviewed in relation to the implications for skills development and learnership implementation within the insurance industry.

The second main concept covered, is the concept of human capital, as this relates to the theoretical focus of my research. The transformation agenda of the Financial Services Sector and the insurance industry will be explored. This will relate to both the economic and social development agendas and the emphasis that the insurance industry places on people development. The type of skills required by the insurance industry will be explored through enquiring whether the INSPREP learnership project addressed the skill requirements of the insurance industry.

The third concept explored is learnerships in its relation to the vocational educational and training system. The realities of these systems of learning will be related to the insurance industry and the INSPREP project. The next section then provides an outline of the insurance industry context.

The final question to be explored is whether learnerships address the need to fast-track transformation of the insurance industry and open access to people who did not have access to jobs before.

The literature review concludes with the theoretical framework. This section provides a summary of how all the sections above fit together in the context of the research questions.

2.2 The need for transformation

When South Africa (SA) achieved democracy in 1994 in the first free and fair election, the government committed itself to “redistributing resources to address inherited inequalities” (Reconstruction and Development Programme Strategy, 1994:6). The need for a National Skills Development Strategy was identified that could improve the skills in the country so that people and the economy could become more productive and could make South Africa a place of equal opportunity for everyone ² (Department of Labour, 2001). National legislation was promulgated to ensure that new types of learning programmes and structures would be implemented to bring about the required changes. The aim of these changes was to improve the skills of South Africans so that the economy can grow and to improve the quality of learning. These changes also created the structures and the frameworks required to effect transformation nationally in all sectors in the country.

Brown *et al* (1997:7) state that: “(...) individual employability should reflect the talent, effort, and the achievements of individuals rather than ascribed characteristics such as socio-economic background, gender, religion, or race.”

When dealing with the concept of human capital (see below) in the South African context, it is not possible to apply Brown’s suggestion directly. The reason for this is that South Africa has a history of racial imbalances and therefore required for an affirmative action policy to be implemented. The purpose of this policy was to ensure that the workplace reflects the true racial demographic profile. In South Africa, the government has identified a need for social transformation that is aimed at redressing apartheid political and economic inequalities (Groener, 2000). The introduction of an affirmative action policy is a government intervention that tries to rectify past discrimination where only the people classified “white” were employed within senior, skilled and highly paid positions. The need for affirmative action is illustrated within one of South Africa’s most progressive insurance companies which currently employs 229 white, 13 indian / asian,

² (for people of all races, genders and geographical areas.)

15 coloured and 34 black senior managers. This situation arose when access to senior jobs was predominantly reserved³ for “whites”. Other “races” were allowed mainly, into jobs at lower levels and no specific development programmes existed to develop blacks, coloureds and indians into senior management positions.

The term “transformation” is used in the context of the change required in South Africa to rectify previous racial injustices. Legislation aims to “help redress the disadvantages emanating from past racial policies and as far as possible, to ensure the accommodation of differences between people in the workplace” (Employment Equity Green Paper, 1996:6). Tinarelli (2000) explains that the system of apartheid, and discrimination in the labour market against black people, women and the disabled have resulted in inequalities in income distribution and distribution of jobs.

This applies particularly to the insurance industry where “the sector is not representative of the country’s racial demographics... white employees tend to dominate the owner/manager, professional, technical and clerical/administrative occupational categories. African males are largely found in service or clerical occupational categories” (Sector Skills Plan 2002/2003:2). Most companies have affirmative action and employment equity policies in place that in some instances dictate that only blacks, indians or coloureds can be employed within certain positions. This practice will continue until the imbalances have been addressed.

However, it then becomes important to have a sound developmental process in place to address any skill gaps, as people employed into positions might not be sufficiently skilled. The urgent need for increased productivity cannot be achieved immediately, as time has to be factored in for development. In some instances the policy of employing people not suitably skilled for certain positions is proving to be costly. INSETA’s Sector Skills Plan (2002/2003) explains that there is a need to build an adequate pool of black candidates, especially at management levels. Reasons provided within the INSETA

³ The word reserved refers to the practice under the apartheid system where senior jobs were only filled by whites.

Sector Skills Plan (2002/2003:29) by leaders within the industry is that “it was difficult to recruit and retain skilled and experienced black candidates”. Black candidates might have the generic experience without the industry knowledge and context, therefore specifically customized developmental programmes are required. (The question raised is: Do talent, effort and achievement reflect the employability of the person or is the deciding factor race only?)

The insurance industry has identified the urgent need for transformation as progress for change was not happening at the desired pace (Financial Sector Charter,2003:1):

“Inequalities also manifest themselves in the country’s financial sector. A positive and proactive response from the sector through the implementation of BEE will further unlock the sector’s potential, promote its global competitiveness, and enhance its world class status...”

According to the INSETA Sector Skills Plan (2002/2003) change within the industry should include rectifying the demographic profile of the industry to be more representative of the country, open up access to matriculants without working experience into positions within the industry, develop blacks into technical and management positions. The introduction of new matriculants into the industry will happen through the transformatory instrument of learnerships.

Transformation in the insurance industry will happen through the introduction of the new system of learning, “Learnerships”. The concept of this new system of learning is explained in the Skills Development Act (1997). A learnership is a new programme or system of learning that consist of two elements, a formal learning component and practical work experience. A learnership relates to an occupation and leads to a nationally recognized qualification. Employed or unemployed learners can enter into learnerships and the process of learning is formalized with a Learning Contract. This is a new concept to the industry, especially to the development of lower level positions where aspects of formal learning and workplace experience applies.

2.3 Neoliberal and Global impacts

Globalisation has created an environment of a continually changing world of rapidly globalizing markets and industries. In a world where consumers' changing wants and needs regulate the market, where technology is rapidly spreading, costs have to be controlled and upskilling and productivity of the work force is critical for economic survival within this fiercely competitive environment (Ohmae 1990).

According to Groener (2000:161) "South Africa's transition from apartheid seems to have been caught in the maelstrom of the global shift to neo-liberalism which is reflected in the internationalization and globalization of the South African political economy". South Africa is faced with the paradox of being both a First World and developing country simultaneously. The realities of South Africa as a developing country can be seen in the continuing economic inequalities that plague our country. These inequalities are elaborated on by Malebranche (2001) when he says that half of the South African population, more than 22 million people enjoy First World standards of living while the other half lives in extreme poverty more suitable to that found in Third World countries. Statistic SA (2003) provides further evidence on South Africa's unemployment problem as it applies to people aged 15 – 65 and indicates that the total unemployment rate as provided by the 2001 Census results was 41.6%. The race breakdown for this statistic is 50.2%- black, 27% - coloured, 16.9% indian and 6.3% white. The unemployment rate is particularly high amongst African Black females, 57.8%. Further evidence is provided by Christie (1996) around the racial differences that indicate that on average, pass rates of the Senior Certificate Exams for white candidates equals an average of 95% while the pass rates for black learners equals between 40% and 50%. The Census 2001 results also confirm that in the age group 20 years and older 20.4% of people completed grade 12. Of this 20.4%, 40.9% are white, 34.9% are indian, 18.5% are coloured and only 16.8% are black.

Globalisation and neoliberalism impact on insurance companies who now operate within a global arena, as they have listed on foreign stock exchanges, operate offshore

investments and have international offices. Evidence of this can be seen in large insurance companies such as the Old Mutual and Sanlam having listed on the local and international stock exchanges and having changed from Mutual Societies to listed companies. These companies also, now have a range of offices in the United Kingdom, India and America. The insurance industry operates within the First World context with neo-liberalism having a direct bearing, as market forces act as primary drivers to ensure economic competitiveness. The strategies of these companies change constantly to incorporate initiatives that will ensure the economic competitiveness of the company.

In this global context one of the major focus areas in South Africa in the post-apartheid era is the government's stance to increase its economic competitiveness. This focus can be seen in the introduction of the Growth, Employment and Redistribution strategy of 1996 that stated one of its long-term objectives as seeking to create "a competitive fast-growing economy which creates sufficient jobs for all work seekers" (GEAR,1996:1). Youngman (2000:56) defines this shift as neoclassical economics, and states that, "Neoclassic economics centers on the idea that market mechanisms are the means to ensure an efficient and productive economy, and maximize welfare".

Another feature of neoliberalism that is evident in South Africa, is the need for education in South Africa to address market needs. This can be seen in the need for learners produced from the schooling system to be computer literate and to be able to communicate in the business language of South Africa, English. Youngman (2000:56), explains how this applies within the global context:

" (...) the education services provided by governments should be orientated to the needs, growth and successful competition in the world markets. In the context of globalization, technological change and more flexible work organization, schools are required to produce a workforce with the necessary skills and an educational base for future learning, all training is market orientated and Neo-liberalism

promotes training by the private sector and it also gives the Private Sector a more important role to play in education”.

One of the critical factors in transformation is therefore a sound educational basis where education prepares learners for the market. The problem around the government providing free quality education that meets market needs is complex when it is related to the South African context, as it deals with a host of problems. The first problem relates to lack of funds. This does not allow the principles of the Children’s Charter, that calls for “free education” to become a reality. Not all parents can afford to send their children to well resourced schools. GEAR (1996) confirms the need for enhancing the quality and educational opportunities of the historically disadvantaged communities. However, the RDP policy (1994:4) attempts to address these constraints by stating that “while both business and labour have the freedom in a democratic South Africa to protect and promote their immediate interests, it is the Government’s fervent hope that they will jointly pursue the broader challenges of extending opportunities to millions of adult South Africans who can currently find no place in the formal economy”.

The second problem that impacts on quality of educational output is that the schooling system is not producing what business requires. One example of this is the poor results for Mathematics and Science students produced by the schooling system. This is explained in the GEAR Strategy (1996:11), which indicates that, “inadequate pass rates in science and mathematics are cause for concern”. The GEAR Strategy (1996: 18) proposes a solution and calls for:

“Reforms consistent with accelerated access of new entrants to employment and training opportunities...for young trainees, increased incentives for more shifts, job sharing and other measures to support greater employment flexibility”.

The government responded to this problem by promoting the implementation of learnerships and calls for business to become the primary implementers of learnerships.

In order to motivate business, government provided incentives in the form of grants and tax rebates.

Youngman (2000) explains the important role of the economy in the neoliberal approach, where the world economic order dictates what initiatives need to be focused on, as these are the initiatives that will ensure economic growth of the country. As a result the market regulates what is important for the skills development of people within the sector and any imperative that falls outside of the priorities of the market is not critical. One of the imperatives of the government for increasing skills in the country is through encouraging learnership implementation. This can be seen in the GEAR and skills development policy documents. However, the neoliberal approach does not sufficiently address the needs of the poor, marginalized and unemployed.

The market remains the focus of initiatives for transformation, education, training and development. Kallaway (2001) sees the rural areas as critical areas of need not covered by the legislation. The main reason for this omission is that very few employment opportunities exist in the rural areas. Kallaway (2001) also cautions that this new system of skills development, in the learnership system, cannot be seen as the magic solution to the school-leavers' or youth unemployment problems. One of the reasons according to him is the fact that costs for the learnership system of education is much higher than traditional education.

The Financial Services Sector (Financial Sector Charter:2003) has now taken up the challenge of transforming the demographic profiles to include more blacks at management levels within the industry. This is critical as racial imbalances have to be corrected to address disadvantages emanating from past racial policies and to ensure that workplaces displays a representative view of the demographic profile of South Africa. Another transformation objective is to open up access to people who would not previously have been employed into the industry. This objective will be achieved through the transformation of the current education and training system with the

introduction of the learnership system of education training and development. The Financial Sector Charter (2003) sets targets for creating learning opportunities in the form of learnerships to increase the employability of learners. Learnerships is a route to bring new entrants into the industry and therefore creates possibilities for learners who would previously be excluded from the industry to become employed. According to the Financial Sector Charter:

“The financial sector undertakes to implement a learnership programme in terms of which, over one learning cycle of three intakes, each financial institution will employ up to 4.5% of its total staff in the form of black matriculants, or the NQF level four equivalent, in registered learnerships” (Financial Sector Charter-2003:8).

This would require the insurance industry to employ up to 4500 new matriculants in learnerships by 2008.

2.4 Human Capital Theory

One of the important aspects of human capital theory is the importance of creating a high skills economy. Brown (1997), uses the theories of Clark, Kerr and others to inform his views about the creation of a high skills economy, which he sees as:

“an evolutionary process of technological upgrading, compelling national governments and companies to invest in the workforce and in themselves, as the demand for technical, managerial, and professional ‘knowledge’ workers increases and the demand for low skilled jobs decline.” (Brown *et al*: 1997:7)

However, the push for a high skills economy highlights the need for the development of people. Brown *et al* (1997: 1), outline the importance of skills development by stating that:

“ it is widely argued that global economic competitiveness rests on the knowledge and skills of the workforce. Such ideas have led developed nations to find ways of upgrading the skills of the many rather than limiting the opportunity for high skilled work to an elite of executives, managers and professionals”.

According to Becker and Schultz in Brown *et al* (1997), the realization that quality and skills of the workers impacted directly on productivity and economic growth came with the development of human capital theory in the 1960's. The concept of capital was expanded to include skills, knowledge and know-how of workers.

Schultz in Brown *et al* (1997:7) also suggests that increasing individual employability is the key to creating economic opportunity and choice. This freedom of choice and upliftment results in a high skills economy. In Brown *et al*(1997:7), Schultz suggests that, “(..)by investing in themselves people can enlarge their range of choice available to them.” Schultz also emphasizes this point in what he refers to as one of the critical attributes of human capital and says that human capital is to be had by investing in people. The development of people must therefore be seen as an investment and not a cost to the organization.

Within the South African context, one of the National Skills Development Strategy's objectives is to transform the labour-force from a low skills base to one that is committed to high quality lifelong learning (Department of Labour: 2001).

The concept of human capital theory has direct applicability to the Financial Services Industry, where enormous value is attached to the development of people. This would have a direct impact on increasing productivity that affects the bottom line benefit of the industry. However, development priorities are dictated by business and not according to social imperatives.

The performance of the Financial Services industry has a direct impact on the economy of the country and therefore development must make good economic sense. It is therefore critical that learnerships implemented meet the skills shortage requirements of the industry and make good business sense. The current national and sectoral objective for learnerships, which is to create skills at the lowest level of the industry, might not be the appropriate strategy for the Insurance industry. The industry requires high skills in

specialized jobs such as black actuaries, chartered accountants, information technologists, claims assessors, trustees and such similar jobs (INSETA Sector Skills Plan:2002/2003). In South Africa when the skills shortages for learnerships are identified the process allows for national and sectoral needs to be identified together with organizational needs. If a company wishes to apply for a learnership grant, the type of learnership to be implemented must meet the sector need. However, if the company and national and sector needs do not match, the organizations can find that needs identified nationally and sectorally are not responsive to market and organizational needs and the company would therefore not qualify for a learnership grant.

Another problematic consideration is that the business economic need does not reconcile with the social transformational needs of the country. The business need might be for high/advanced industry skills but the level of learner cannot meet that need and therefore a costly developmental process has to be embarked on to up-skill people into lower-level jobs. In this scenario business might find that the “cost of development” cannot initially be seen as a “business investment”, but must be seen as either an expense to the business or as a “social investment”.

One of the main objectives of skills development in South Africa is to improve the employability of the country’s labour force through partnerships between employers, workers and communities. The objective of developing people previously excluded from the Financial Services industry, has now become more critical. This however calls for the world of business to take on priorities that might not be to the pure benefit of business but that is required as part of the National and / or Sectoral corporate social responsibility.

2.5 Vocational Education and Training and Workplace Learning

Gamble (2002:64) uses a definition by Coy to describe what apprenticeships are: “the means of imparting specialized knowledge to a generation of new practitioners. It is the rite of passage that transforms novices into experts. It is a means of learning things that cannot easily be communicated by conventional

means. Apprenticeship is employed where there is implicit knowledge to be acquired through long-term observation and experience (1989, p 11-12)”

Lave and Wenger (1991:122) refer to it as “a process of legitimate peripheral participation in a community of practice.... where a novice learner learns the practice from a master within a work context”. Gamble (2002) confirms that learning happens within the context of a community of practice and that the master is only a part of this learning process. Gamble (2002: 62) explains apprenticeships as “learning as social practice which foregrounds the informal practices through which learning occurs in every-day activity, with the ‘master’ in a symmetrical relationship of co-participation in a community of practice, has become a theoretical underpinning for learning that relates to what people must do in work.”.

The challenges facing South Africa around the inequalities inherited from the apartheid era and also having to meet the dual challenges posed by social development and the global economy. Social development posed challenges relating to high unemployment rates, racial imbalances in certain occupation levels within the workplace and a large number of low skilled workers with little or no formal education. The Global economy posed challenges relating to changing markets, increasing technological demands, the need for low costs and high production and a need to have a highly skilled workforce. These realities created a need to transform the labour force from a low skills base to one that is committed to high quality life long learning (Department of Labour 2001). Specific problems are experienced by unemployed people, especially those with no previous work experience or those who have been unemployed for a long period in finding jobs. These problems had to be addressed. In the review of policy the Department of labour identified a number of shortcomings and flaws in the apprenticeship based training system. Over a period from 1987 to 1999 only 77 969 people attained artisan status through the apprenticeship system” (Department of Labour 2001). With the Department of Labour (2001) projecting that between the periods 2000 and 2005 the number of new entrants to the labour market will rise from 511 000 to 576 000 per annum the apprenticeships system ability to provide the unemployed and

underemployed with skills and work experience that will make them more employable was reviewed. The Department of Labour introduced the learnership system to address some of the short-comings of the apprenticeship system, “the Skills Development Act introduced the concept of learnerships to expand the declining apprenticeship system” (Department of Labour 2001: 52).

Kraak (1997:2) outlines some of the following problems of the old apprenticeship system, as it was identified in a joint report of the National Training Board and the Human Sciences Research Council published in 1985:

- the old system of apprenticeships in South Africa did not cover all sectors or industries and the system was reserved mainly for trade jobs,
- unstructured and unsupervised provision led to low standard of output,
- mainly white artisans qualified
- the system of control over apprenticeship training was unstructured and sporadic.

Technological changes and the need for accelerated production processes called for a new system that allowed for both structured learning and monitored workplace training, something that the apprenticeship generally failed to achieve (Kraak,1994).

Omar (1998) also identified a major shortcoming in the system of apprenticeships as its inflexibility and inability to adapt fast enough to changing economic and employment needs. Omar (1998) identifies further problems with the duration of learning in the apprenticeship system where in some instances learning took up to four years to complete. She also identifies further problems with the apprenticeship systems where examinations were only held at the end of the year and where there was a dependence on colleges. A stronger institutional and financial framework was required to replace the Manpower Training Act of 1981.

Learnerships were introduced in the Skills Development Act (1998). The concept of Learnerships was based on the apprenticeship system that traditionally combined

structured learning with work experience (Department of Labour 2001). One of the reasons for introducing learnerships was that it could accommodate people already employed, as well as people who wanted to enter the workplace. Even though the learnership is similar to the apprenticeship system it now accommodates all areas of the economy. In a learnership the learners will spend time working under the guidance of skilled and experienced people and will also receive theoretical instruction. The basis of the learning experience within a learnership is that the learner follows a structured learning programme that is based on a nationally recognized qualification. The theoretical learning must however be provided by an accredited training provider (Skills Development Act 98). In a Learnership the learning for both the academic and practical elements are structured and has support factored in. Learnerships addresses the problem identified in the apprenticeship system around the long duration of learning, because in a learnership the minimum number of credits to achieve qualification at each respective level is 120 at ten nominal hours per credit” (Department of Labour 2001:52) The average duration of a learnership requiring 120 credits is there between 12 and 18 months versus the 3 to 4 years required to complete an apprenticeship. The assessment process of the apprenticeship was said to be very inflexible whereas in the learnership assessment is done continuously and focuses on determining applied competence (Department of Labour 2001). In a learnership the quality of learning is very strictly quality assured at both sectoral level, through the Quality Assurance Bodies, and nationally, by the South African Qualifications Authority (SAQA) (Skills Development Act 98).

When the question of the vocational training needs of the poor are raised, it becomes apparent that the current systems that provide vocational education and training are not addressing the actual needs of the marginalized. No attention is paid to the need for holistic development to equip people. This problem starts with what Christie (1996:410), identifies as “trade-people who do not have high levels of general education”. Evidence from the 2001 General Population Census, Stats SA (2003), states that people in the age group 20 years and older, only 2.1 million has higher education, 5.2 million completed grade 12, 7.8 million has some secondary education, 1.6 million completed primary education, while 4.08 million only has some primary education and 4.5 million has no

schooling at all. The higher education category consists of 29.8% whites and only 5.2% blacks while the No schooling category consists of 22.3% Blacks and only 1.4% whites. These statistics proves the urgent need for transformation to eradicate the past legacy of discrimination as outlined in the employment equity policies (1997). Groener (2000) states that illiteracy, unemployment and poverty seem to be linked and that interventions through adult education and training could address these problems.

Bennell (1999), agrees and states that in order for training to meet the needs of the poor it should encompass a broad range of skills (Bennell ,1999:3):

“ ... training to overcome economic vulnerability embraces a much wider set of skills than just conventional technical and managerial competencies. These include basic literacy and numeracy, social and political awareness (gender training being a prime example) and life skills”.

Current formal learnerships require a minimum pre-requisite around fundamental learning that includes Mathematics and Communication skills. In this way the poor would be excluded from this system of learning if they do not meet the literacy requirement.

An important principle of learnerships is that it is based on co-operation and partnerships, with a formal learnership contract entered into between the learner, the training provider and the employer (Skills Development Act:1998). A fourth party, the Sector Education and Training Authority (SETA), might be involved if funding was requested from the SETA.

Quality of provision is ensured with a learnership through the role of Quality Assurance Bodies and use of accredited training providers, thereby eliminating fly by night providers. Another aspect that is controlled by the quality assurance process, relates to the achievement of competence of the learner in terms of the national standards. An

important question that must be explored is how the national competence relates to the workplace competence requirements.

Guile and Griffiths (2001: 114), outline two critical aspects required for the successful implementation of workplace learning, namely the importance of the learner being taught the skill of negotiation and the support required by the learner:

“...two issues which we argue are not only critical to developing an understanding of the process of learning in workplaces, but which are also critical to the process of learning in formal contexts. They are the extent to which students have first, to learn how to ‘negotiate’ their learning during work experience...and, second, being supported in relating formal and informal learning, given that knowledge, and the knowledge embedded in work roles, is unevenly distributed in workplaces”.

These processes relate to the workplace support for the technical work related issues and mentorship being established, the workplace learning time contracted and the processes for assessment of the learner being formalized.

The concept of apprenticeships is completely foreign to the insurance industry. The only processes of development that bears any resemblance to this system relates to the process applied to the development of Chartered Accountants and Actuaries. These processes involved a formal qualification through a tertiary institution with the learner placed in an insurance institution for the workplace experience component that was overseen by a professional body. Participating companies had to meet stringent quality requirements and learners then qualified on the successful completion of a qualifying exam. Lower level entrants and workers generally had no further qualifications other than grade 12 and were only developed according to the specific job requirements and skills. This learning did not offer the learner further qualifications as it was informally done and the learning was very job specific. This process had certain shortcomings in that the employees had limited skills and were not very flexible, limiting the opportunities for movement within the industry.

2.6 Insurance Industry Context

According to the INSETA Sector Skills Plan (2002/2003) there are 5628 employers registered as levy payers with the Receiver of Revenue in the sector and it is estimated that the industry employs approximately 95 000 employees. The industry comprises of a wide range of employers, many of whom are very small, with ten or less employees. The INSETA Sector Skills Plan (2002/2003) estimates that 86% of the industry consists of small companies. The industry also consists of very large companies who employ more than 12 000 people. The INSETA Sector Skills Plan (2002/2003: 2) indicates that the majority of people are employed by large companies, “only 5 % of employers in the sector employ 69% of the employees”.

Key challenges facing the insurance industry addressed by this research focus on employment equity, employability and access and business related challenges. One of the key challenges facing the industry relates to employment equity. The INSETA Sector Skills Plan (2002/2003) explains that the insurance sector was historically made up of people from the white population group, with white males dominating the management levels. Another challenge was how access could be opened up to people without working experience or further qualifications. The INSETA Sector Skills Plan (2002/2003:28) explains that “due to the high skill levels required to enter the sector, there were limited opportunities available to people of colour to enter the sector”. This applies particularly to lower level positions requiring low skills, as the industry has downsized by outsourcing all the non-core skills (Sector Skills Plan 2002/2003). Some of the critical business related challenges that the insurance industry has identified relates to the development of more black managers and to empower blacks in the industry “...there is also acceptance that black employment and the upliftment of PDI⁴ skills is in fact a business imperative and will be a differentiating factor between those insurers who penetrate emerging markets and those that do not (INSETA Sector Skills Plan

⁴ PDI stands for Previously Disadvantaged Interest Groups

2002/2003:30-31)”. This links to the opportunities identified around untapped black markets as outlined in the INSETA Sector Skills Plan (2002/2003: 28):

“Market is not growing at a fast enough rate. There is a need to grow the local market – need more people to be insured.”

The insurance sector is a major player in the South African economy. However the 2002/2003 updated Sector Skills Plan acknowledges that the sector is not representative of the country’s racial demographics and that little change has happened over the past few years. The INSPREP report confirms the urgency for transformation of the sector (Matthews, 2003:6-7):

“It was generally acknowledged that the insurance sector had a long way to go as far as transformation of it’s workforce was concerned, with the insurance sector ranking twenty second out of the twenty five SETA sectors according to the Department of Labour’s analysis of the 2000/2001 Employment Equity reports. Only 12.65% of the workforce in the insurance and investment industry was found to comprise of black managers”

In order to continue operating in a transformational South Africa radical change initiatives were required. In line with the national initiatives proposed by the national regulations to promote skills development and speed up transformation, the Financial Services Industry also drafted a Charter that makes a commitment to “promoting a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa, and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy” (Financial Sector Charter, 2003:1). The need for transformation is highlighted in the INSPREP research report as per the 2000/2001 Insurance Sector Skills Plans statistics. These statistics illustrate the inequities of the past in the employee profile on the insurance industry across all levels in the table below:

Table 1: The demographics of the Insurance Sector as per 2000/2001 Sector Skills Plan

Race	% of Representation across all levels
Africans	25%
Coloureds	16%
Indians	7%
Whites	52%

The statistics highlight an under-representation of employees of the african, coloured and indian designed groups across the insurance industry as all three these racial groups equaled 48% of the industry. This was less than the white representation that equaled 52%. The INSETA Sector Skills Plan update (2002/2003:2) explains that, “White employees are far more prevalent ... in the sector. White employees tend to dominate the owner/manager, professional, technical and clerical administrative occupational categories. African employees only dominate in the labourer occupational category. However, most African personnel are employed in clerical/administrative occupations.”

One of the specific initiatives proposed by the charter, was to speed up transformation through the implementation of a learnership programme. This programme should bring in targeted numbers of “black” matriculants into the industry. Specific targets will be set for each organization, calculated at 4.5% of their total staff. These targets have to be achieved by 2008 (Financial Sector Charter, 2003:25). The logic of bringing in learners at lower levels is that, when blacks are developed from within the insurance industry for senior positions it will create gaps in the lower level. Another aspect that this initiative will assist with is the high turnover of skilled black staff (Sector Skills Plan 2002/2003). This lower level learnership is therefore meant as a mechanism that will effect long-term transformation. This initiative is also meant to improve the poor image of the insurance sector as it is not seen as an industry of choice for new entrants.

However, according to the sector skills plan of 2002/2003 the priority is not to bring black entrants into lower level jobs but rather to develop the scarce skills needed within

the insurance industry e.g. Black actuaries, chartered accountants, trustees, claims assessors and similar senior positions (Insurance Sector Skills Plan, 2002/2003).

INSETA explains the sector's developmental strategy in the Insurance Sector Skills Plan (2002/2003:6):

“Employment Equity and Black Economic Empowerment are seen to be strategic issues within the sector with alignment of skills development to support any initiatives to address imbalances. In light of the dire need for leadership development, INSETA has developed its Learning Strategy, making provision for learning and development from schoolroom to boardroom”.

According to the Green Paper on Employment Equity (1996) employment equity centres on two things, the first is for the eradication of unfair discrimination of any kind in hiring, promotion, training, benefits and retrenchment, while the second encourages employers to undertake organizational transformation to remove unjustified barriers to employment for all South Africans, and to accelerate training and promotion of individuals from historically disadvantaged groups. The INSPREP learnership addressed the second part of the employment equity definition.

In the Financial Sector Charter (2003:2) black economic empowerment is defined as “ the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies”. This definition is applied in the Financial Sector Charter (2003) to address inequalities and mobilise the energy of all South Africans to contribute towards sustained economic growth, for the development and social transformation of the sector and South Africa. This definition also broadly applies to the developmental initiatives of learnerships as it applies to economic empowerment of black youth empowerment by attempting to improve the employability of the youth insofar as it provides unemployed youth with work experience and a route to achieving a qualification.

The need to address some of South Africa's racial imbalances has resulted in the industry having to address previous policies and practices that may have unfairly excluded certain individuals. Current practice within the industry is to employ people with tertiary qualifications or matric and work experience. By contrast the learnership program in the Financial Sector Charter states that learners must have matric or an NQF level four equivalent, without working experience. This need arose from a situation where very few matriculants were able to find employment or to study further. The intent of the learnership section of the Financial Sector Charter is to provide these learners with an opportunity to gain access into the industry while obtaining a qualification and working experience within the industry.

The working experience gained during a learnership will allow learners to make themselves more employable.

2.7 Theoretical Framework

The theoretical framework discusses the following main points covered in the literature review, namely; transformation, human capital theory, globalization and vocational education and training.

Firstly, the literature review highlighted a great need in South Africa for change that will correct past inequalities where people did not have equal access and opportunities for jobs. Within the insurance industry a need has been identified for more blacks, coloureds and indians into senior jobs. Furthermore there is no access for young entrants who only have matric certificates and have no work experience. The Financial Sector Charter therefore commits the insurance industry to providing these young entrants with qualifications and work experience that would make them more skilled and employable in the job market.

One of the main concepts of human capital theory is the importance of investing in the development of people. The critical importance of skills development is definitely

realized in the insurance industry where staff development is seen as an investment. However, the important aspect is that money is invested in the development of staff if it meets the business needs of the organization. The reality within the insurance industry is that highly skilled black staff in specialist positions and in senior management positions is required.

One of the aspects placing urgency on the country's transformation agenda is the need for South Africa to become globally competitive. This has a direct impact on the insurance industry, as companies now operate within international markets. Two of the aspects that are driving the need for global competitiveness are firstly, the constantly changing markets and secondly, rapidly changing technology. As South Africa accommodated the market forces and the need to strengthen the economy, neoliberal policies were adopted. These policies have as its basis the idea that "market mechanisms are the means to ensure an efficient and productive economy, and maximize welfare" (Youngman, 2000:56). Neoliberalism also identifies the important role that education must play to address the needs of the market. Therefore, an important aspect of neoliberalism is that skills development within a business context must address the critical needs of business to ensure a return on investment. This investment refers to the investment in people and a financial return. One of the limitations of neoliberalism, as identified in the literature review, is the fact that it does not adequately address the needs of the poor⁵ and those who find themselves outside of the active economic boundaries.

One of the mechanisms identified to drive transformation for both business and social transformation is the system of learnerships. This is a system that allows for vocational education and training, where learners can acquire both formal academic learning and vocational / workplace skills simultaneously. The literature review raises the question of whether learnerships will be able to address business needs and the needs of the poor sufficiently. It also raises questions around entry requirements for learnerships –

⁵ The poor in this context refers to those people with no work, skills or education.

specifically the fundamental competencies of English Communication and Numerical ability that is required as a basis for any learnership.

The insurance industry is in urgent need of transformation to facilitate open access to young entrants and to bring more black senior managers into the industry. The main question posed by this research is whether learnerships can act as a suitable mechanism to fast-track transformation within the insurance industry.

3. Methodology

3.1 Methodological Approaches

The methodological approach used was mainly the qualitative method, however the quantitative method was applied in my analysis of statistics and data from certain documents, namely the INSPREP report, Sector Skills Plans and Census documents. This is based on the reconciliation approach adopted by Max Weber where he attempted to reconcile the two positions of the qualitative and quantitative methodologies (Seale, 1998). In Seale (1998), Max Weber's approach is explained as, "verification of subjective interpretation by comparison with the concrete course of events is, as in the case of all hypotheses, indispensable" (Weber:1978, Vol 1:10). Weber states clearly that both interpretation and scientific verification are essential.

I used the findings of the case study to interpret the Financial Sector Charter's learnership intent. I also used the data collected in the case study through the processes of interviews, surveys and documentary analysis, to establish whether the aspirations of legislation on learnerships has translated into practical application. The data has enabled me to see where there are gaps in the legislation. I will therefore validate the information and data received through the method of triangulation where the data received in interviews, will be checked against data obtained through the process of documentary analysis, and also against information received from learners. If any major biases are present it will be picked up through a triangulation process. The data gathered then assisted me to examine the hypothesis and to establish whether the learnerships can be used as a mechanism to fast-track transformation within the insurance industry.

I used the case study method for this research as it "allows one to examine how particular sayings and doings are embedded in particular patterns of social organization" (Seale,1998:107). The case study method allows me to use the lens of a particular instance, in this case the INSPREP learnership project, to study and understand what is involved in learnership implementation. A case study is defined by Stake (1995) in

Green (2003:2) as “the study of a particularity and complexity of a single case, coming to understand its activity within important circumstances”. This process of detailed investigation attempts to understand its activity within important circumstances. This case study will encompass different categories as defined in (Green, 2003). The first category as per Stenhouse in Green (2003) is evaluative in nature. The evaluative category is defined as “conducted to assess the impact of an intervention” (Green, 2003:2). In this case study the application of this category applies as it assesses what impact the INSPREP learnership project had on the industry, the companies that participated and the learners. Secondly, as defined by Stake (1995) in Green (2003), it will be intrinsic in nature. This category is defined as “undertaken primarily in order to understand the case itself” (Green:2003:2). This category will undertake mainly to understand the case and relates to all the questions attached to INSPREP learnership implementation. The last category according to Stake in Green (2003) will be instrumental as it undertakes to gain insights beyond the case. This category applies to my research, as I want to explore how the INSPREP implementation relates to the Financial Sector Charter.

Cohen *et.al* (2000:183) state that, “case studies frequently follows the interpretive tradition of research – seeing the situation through the eyes of participants – rather than the quantitative paradigm...”. I have selected the qualitative research methods, to enable me to explore all aspects of learnership implementation.

3.2 Research methods

The method used was mainly the qualitative techniques of, documentary analysis, focus group and interviews. However other techniques used were the analysis of data and statistics from various documents.⁶ These and questionnaire surveys provided me with quantitative data.

⁶ Documents that were analysed included the INSPREP report, Sector Skills Plans and Census 2001 report

The method of documentary analysis was used to analyse the INSPREP report and Sector Skills Plan documents. Information from these documents was then used to identify what information was required from the interviews and the learner questionnaires.

Questionnaires were administered through email surveys and were used to obtain information from employed learners. The questionnaires explored a range of information about the learnership experiences and process, the learning support process and how the learnership programme equipped the learners for the workplace. This method was used as the questionnaires could be sent to learners electronically and learners could complete the questionnaire in their spare time. The information could then be sent back to me electronically and the learners would not lose work time. Seale (1998) indicates advantages of the questionnaire method around the cost effective nature of this method, he also indicates that it is a useful method to use when people are dispersed and can save the interviewer time. He does caution that the questionnaire can become a chore and that no allowance is made to provide clarity on questions posed.

The method of a focus group session was used to obtain information from unemployed learners. The information sourced related to the learners working history, whether they embarked on any further studies, what their experience was of the learnership programme and whether they become more employable through the assistance of the learnership programme. As these learners would not have access to email this method would be able to access learners in the most time effective way as learners were spread across the Western Cape. The session would bring learners together and allow the learners to complete the learner questionnaire, allow me to obtain additional information, provide learners with guidelines to obtain a job and get paid for attending the session. The focus group method was a combination of the interview and questionnaire methods. One of the variations of the focus group session to the interview method is that the process was conducted on a group and not on individuals. This therefore allowed for savings of time and costs and confirms Seale's (1998) comments on the benefits of the interview and questionnaire. Seale (1998) indicates that when an interview contains a

questionnaire it allows the interviewees to record their thoughts that they might be too embarrassed to share in an interview context. The focus group method also allowed me to cover aspects that was of benefit to the learners and this established trust with the learners. Seale (1998) identifies the importance of trust as says that if trust is not established the interviewee is unable to talk openly.

The method of interviews was used to obtain information from important INSPREP stakeholders (Project Managers, Company Learnership Co-coordinators, Learning Support Consultant). However the interview questions were also sent to interviewees beforehand and some respondents provided me with the information electronically and no further interview was required. This method worked well as information obtained in the data analysis process needed to be clarified, especially with the Project Manager. Seale (1998:202) identifies the interview method as the most commonly used method. He indicates that one the strengths of this method is that "... the interviewee can report on a wide range of situations that he or she has observed, so acting as the eyes and ears of the researcher. This allows for this method to be more flexible and it can be used to gather information of greater depth. Another benefit specified by Seale (1998) is that the interviewer can explain questions to the interviewee. He also indicates that a better response is generally received by the interview method as questions asked by a sympathetic listener is experienced as more rewarding by the respondents. The main limitations identified by Seale (1998) is that it might be more time consuming and that interviewer bias could influence the responses of the interviewee if the interviewer reveals his or her own opinion.

As this research is specific to establishing what the employment and developmental requirements are for the Sector, the specifics around the educational details will not be explored. The INSPREP report did provide sufficient information around the learning process and the learning curriculum. Training Providers were therefore not included as stakeholders to gather data from.

As the learnership happened in specific learning blocks the need for structured workplace coaches was limited by the introduction of the Learning counselor. Coaches and Mentors were therefore not included in the stakeholder group.

3.2.1 Documentary Analysis

The main document analysed was the Insurance Employment Preparedness Project (INSPREP) research report that was released on 17 November 2003. This report was compiled by the project manager, on request from INSETA, to ensure that all experiences were recorded as lessons to take into account for future implementation. One of the interesting facts reflected in the reports is about the duration of the project. The INSPREP learnership project commenced in September of 2001 with marketing sessions. The intent was for the training to commence in January of 2002 and for the whole project to run for a year, however, the project only eventually concluded in November of 2003 with a final INSETA graduation ceremony where official national certificates of credits were awarded.

The project's assessment records were reviewed for the identification of learners for the survey questionnaires and for the focus group workshop. This record was not current, as some learners identified as unemployed were in fact on learnership projects and some learners who were on learnership contracts were now unemployed as their contracts had ended. I also found that some learners are already on their second learnership.

The INSPREP research report also provided me with an analysis of data from the INSETA Sector Skills Plan (2000/2001). This data related to the demographics of the industry that highlighted the need for more blacks required in the industry. However, only the total demographics were provided and not the demographical profiles for clerical and senior management levels. It also highlighted the fact that there was an unequal representation of senior black managers in the industry and that a critical skills shortage exists in the industry. No further details were provided around what skills are required and why. After taking these findings into consideration the INSPREP project felt that “a

school-to work programme sponsored by INSETA would be a first step in addressing some of these issues” (Matthews, 2003:8).

The INSETA Sector Skills Plan (2002/2003) also provide some useful data that explained why the INSPREP learnership project was aimed at young entrants and not middle to junior management level. INSETA saw the INSPREP learnership as the first step in their progressive development strategy. Phases two of the strategy would consist of an INSPREP advanced learnership, this would be a degree level learnership. Phases three and four that addressed the development of middle and senior level black managers in the insurance industry were launched in 2003. Phase four was for the development of board members (INSETA Sector Skills Plan, 2002/2003).

The INSETA Sector Skills Plan (2002/2003) also provides data on the insurance industry’s profile that indicates how many people currently occupies Senior Management and Clerical positions. The statistics from these two occupational categories provides interesting data around the number of senior level positions currently occupied and the projected need in the future, also how the lower level entrants brought in with the learnership process can address this future need.

INSETA also has to adhere to learnership targets set by the Department of Labour. INSETA’s 2005 learnership targets are the second lowest, as they have identified the fact that skills are required for senior levels positions and that as the industry is not a growing industry and therefore minimal opportunities exist for young entrants (INSETA Sector Skills Plan, 2002/2003).

3.2.2 Learner Questionnaire Survey

The INSPREP learnership and the INSPREP assessment reports were analysed and this information was used to develop the interview and learner survey questions. Questions were only posed around aspects that required validation or clarity of data analysed from the INSPREP project report. This related to instances where information provided in the

reports were either unclear or incomplete. The project manager assisted with the development of the questions for the learner survey as she requested that the research would serve an ideal opportunity for the collection of learner summative data.

In the Insurance Preparedness Report, Matthews (2003), the list outlining the employed versus unemployed learners were analysed and employed learners were identified according to the companies they are working in and unemployed learners were identified according to the schools they attended. Selection criteria considered the accessibility of learners.

Twenty learners completed questionnaires, the learners represented the following demographics:

Table 2: Demographics of INSPREP learners

As per INSPREP intake		Targeted for Research		
Race	%	Race	%	No. of Learners
Black African,	84%	Black African	85%	17
Coloured	16%	Coloured	16%	3

As per INSPREP intake		Targeted for Research		
Gender	%	Gender	%	No. of Learners
Male	50%	Male	40%	8
Female	50%	Female	60%	12

The original plan was to send survey questionnaires to five learners who were employed, in Santam and Sigma-Health, after the completion of the learnership. My original reason for only selecting these two companies was that they employed the highest numbers of INSPREP learners and I therefore wanted to use them as best practice cases. However, after the interview with the Project Manager I decided to target a bigger sample and to get responses from more companies. The survey questionnaires were then extended to a total of six organisations. I used the process of quota sampling (Cohen *et.al*;2000) to select

the learners as they were identified according to specified criteria and varying characteristics. These included employed versus unemployed, the companies employed learners were working for and the schools the learners were from. Table two outlines a list of the companies that employed learners and outlines how many learner questionnaires were obtained from each company:

Table 3: Companies targeted for Learner Survey questionnaires

Name of Company	Nr of questionnaires received	Gender	Race
Santam	4	4 Females	1 Black 3 Coloureds
Sigma-Health	7	5 Males 2 Females	7 Blacks
Old Mutual	1	1 Female	1 Black
Glenrand M-I-B	1	1 Male	1 Black
International Marine	1	1 Female	1 Black
Metropolitan	1	1 Male	1 Black
ISETT	1	1 Female	1 Black
Totals	16	9 Females (56%) 7 Males (44%)	13 Blacks (81%) 3 Coloureds (19%)

The questionnaire was sent to the company co-coordinators to distribute to the employed learners electronically and returned to me via email. An information notice was sent out with the questionnaire in which I explained that I had received permission from INSETA to conduct the research.

I received returns from sixteen learners who are or had been employed after the completion of the learnership. Fifteen were employed in companies and one is currently on an Information Technology Learnership. My request was for the learners to complete the questionnaire electronically and to email their responses back to me. Out of the

sixteen responses, only three were received electronically from learners. I had made an assumption that all employed learners would have access to email facilities. This proved to be an incorrect assumption as some learners only had access to companies' internal email facilities. Three of the returns were forwarded to me by the coordinators who had the learners complete the forms electronically and then emailed all completed forms to me. Six of the employed learners on existing and previous learnerships, attended the focus group workshop and completed the form in the workshop (see below). Four returns were collected from a company as the learners did not have any email facilities.

It was also amazing that some employed learners had received my form from other learners and then also acted as resources to me by forwarding the information to other learners with whom they had contact. (a full list of learner is available in the documentary analysis appendices).

3.2.3 Focus Group

A focus group workshop was held for the sixteen learners that were reflected as unemployed in the INSPREP reports. Eight of these sixteen learners attended the workshop, four were contacted but did not attend the workshop and the last four could not be contacted because the contact numbers provided had changed. A further three learners who were indicated as having been placed in companies also attended the workshop. Friends informed them of the workshop. One learner's contract had already ended and the one learner is currently completing another learnership, an Information Technology learnership that is ending soon. The final attendance number of the focus group workshop was eleven learners, however, only three remained unemployed after the INSPREP project.

In order to satisfy the research needs of the INSPREP project the target number of unemployed learners was extended from five to sixteen. As indicated above, a workshop was arranged because of time constraints involved in doing separate interviews with all unemployed learners. I therefore decided to have a focus group that would allow all

unemployed learners to complete the questionnaire and it would also allow me to pose additional questions. Over and above my objectives I also wanted the session to have direct benefit to them. Unemployed learners were identified from the INSPREP project report and I did an analysis of the schools that they came from. Table 4 shows a list of originally targeted unemployed learners:

Table 4: List of unemployed learners selected for the focus group workshop

No.	Name/s of Learner	Surname	School attended in Matric
1.	Thulanie Adison	Buhlungu	Oscar Mpetha
2.	Boniswa	Giladile	Luhlaza
3.	Linda	Goloda	Luhlaza
4.	Zolile Benjamin	Goniwe	Luhlaza
5.	Janine	Jacobs	Rosendaal
6.	Landelwa	Mabadi	Luhlaza
7.	Lungisa	Mabulana	Oscar Mpetha
8.	Lungiswa Terrecia	Mamile	Uxolo
9.	Lungiswa	Mdumaza	Kwamfundo
10.	Lathiswa	Nkabi	Oscar Mpetha
11.	Maphutheo	Nooi	Khanyolwethu
12.	Nolubabalo	Nthshwenya	Kwamfundo
13.	Mpoyakae Constance	Ramoleko	Uxolo
14.	Nomagcina Janine	Vanqa	Khanyolwethu
15.	Xolile	Xaki	Khanyolwethu
16.	Thulani Patrick	Zondani	Masiyile

Table 5 provides an analysis of targeted learners but classified according to the school names to reflect the percentages of learners not placed into employment after the completion of the INSPREP project. This data was important as I wanted to ensure that I targeted learners from all schools for the focus group.

Table 5: Analysis of Learners according to schools attended targeted for attendance to focus group workshop:

Name of School	Total Learners	Nr of unemployed	% of Learners
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	Recruited per school	Learners per school	not placed in Companies
Luhlaza - Khayelitsha	13	4	31%
Arcadia - Bonteheuwel	3	0	0%
Oscar Mpetha Nyanga ?	6	3	50%
Bulumko Khayelitsha	2	0	0%
Uxolo Mandela Park Khayelitsha	7	2	28%
Kwamfundo Khayelitsha	5	2	40%
Rosendal Delft	4	1	25%
Kayamandi Stellenbosch	3	0	0%
Masiyile Khayelitsha	2	1	50%
Malibu Malibu Village	1	0	0%
Khanyolwethu Grabouw	4	3	75%
Totals:	50	16	32%

As part of my targeting strategy I wanted to make sure that I get learners from all the schools, so that I could identify emerging trends.

The purpose of the workshop was also expanded to benefit both the research objectives and to benefit the learners. The workshop was divided into three parts. In the first part I explained the questionnaire to the learners and they completed the questionnaire. In the second part I asked them the additional questions about their experiences on the INSPREP project. The third part included getting a recruitment agency in addressing learners on how to find jobs and on CV construction. They covered the importance of goal setting, gave a motivational talk and allowed learners to update their CV's. Learners were also paid a travel allowance of R30,00 per Learner. This strategy was necessary to ensure that the learners could attend the workshop.

Of the seven schools originally targeted, learners from five schools attended the focus group, (refer to “table 4” for targeted schools). Table 6 below outlines how many learners per school attended the focus group.

Table 6: Attendees for focus group workshop per school

School Name	Number of Learners represented:
Oscar Mpetha	2
Luhlaza	2
Khanyolwethu	2
Kwamfundo	1
Uxolo	1
Total:	8

3.2.4 Interviews

I made use of the structured interview method and interviewed three key people who were involved in the project (project manager and company skills development coordinators from two companies). The interview questionnaires were developed using some of the categories covered in the Insurance Preparedness research project report (Matthews 2003). Different questions were posed to different stakeholder groups. The categories of questions were recruitment and selection, curriculum development, workplace learning, learner support, assessment and moderation and job placements. The same categories were used for the project manager and the company skills development coordinators. This allowed for the categories to be used to cross reference responses and validate the information received. Categories were not used in the questionnaires of the line managers and the learner counselor.

The interview questionnaires were drafted and sent to stakeholders before the interviews. This questionnaire then guided the interviews. The interviews were recorded and transcribed. The research proposal also indicated that the Recruitment and Selection Consultant and INSETA Manager and Consultant would be interviewed. However, with the information obtained in the Insurance Preparedness research project report (Mathews 2003) and with information obtained from the project manager, these interviews were not required.

An interview was first set up with the learning counselor where I explained the questions to her. She did not get the interview questionnaire before the interview as she was out of town. The learning counselor then felt more comfortable completing the questionnaire electronically.

The questions posed in the interviews and on the questionnaires originally related to the research project's question around the infrastructure required for the implementation of learnerships. It also addressed questions about whether the learnership addressed a scarce skill need of the insurance industry and whether learnerships can effect transformation. The process involved in implementation was explored and the cost of implementation was investigated. Another question explored was what the benefits of learnership implementation are. In the identification of the coding categories I again crosschecked that all these categories linked to the research questions posed. The data from the interviews was therefore analysed in the context of the research questions.

3.3 Ethical Issues

Firstly, I had to obtain permission from the Insurance SETA to use the Insurance Preparedness learnership as a case study for my research as they funded the INSPREP project. This was important, as my findings might not confirm the views outlined in the Insurance preparedness project research report. I drafted an information letter and sent it together with the INSETA permission to the target audience to obtain their permission for interviews and questionnaire surveys. The stakeholder group might not have provided me with information if this was not done. The target audience was given an opportunity to validate information, as copies of the interview transcripts were offered to them for review. Anonymity was guaranteed.

This research is primarily for academic purposes but also has direct application to my work context. I will be presenting my findings to a workplace audience. In my presentation I will have to indicate that when the INSPREP project started out it was not registered as a learnership program, however, the same process was followed as is now

required for learnership implementation. This distinction is an important one, as some of my findings in the INSPREP case study might not have direct relevance to company learnership implementation.

Race was another contentious issue as the INSPREP project was based on a lack of african and coloured learners in the insurance industry. In my focus group workshop learners discussed problems they experienced in the INSPREP project that were race related. The environment of the focus group had to be open to allow learners an opportunity to discuss these experiences without the learners feeling uncomfortable or exposed if what they share is contentious.

3.4 Limitations of research

The limitations of this study were that the findings from this case study might not have generic applicability to all other learnerships. This case study is a lower level learnership at NQF level two and the infrastructure required by learnerships at higher levels might be different. Interpretation of the Financial Services Charter document was explored, only in relation to paragraph 5.7 that deals with learnership implementation. The document is very complex and some of its proposals are open to differing interpretation.

The findings of this case study are of a preliminary nature as this project served as the first INSETA learnership to be launched in the insurance industry. However, the information obtained can be used as indicative data as it raises important questions that must be considered about learnership implementation. The research also points out avenues for further research.

As this research is specific to establishing what the employment and developmental requirements are for the Sector the specifics around the educational details will not be explored. The INSPREP report did provide sufficient information around the learning process and the learning curriculum. Training Providers were therefore not included as stakeholders to gather data from.

As the learnership happened in specific learning blocks the need for structured workplace coaches was limited by the introduction of the Learning counselor. Coaches and Mentors were therefore not included in the stakeholder group.

3.5 Dissemination & Policy relevance

Copies of the completed findings will be distributed to:

- INSETA
 - A presentation of findings will be done firstly to:
 - INSETA Project Manager and Consultant and then
 - Old Mutual ⁷ (committees impacted by Learnership implementation: Skills Development Forum, Employment Equity Forum, Financial Services Charter Committee, Transformation Committee, Learning Management Board and Learning Advisory Board
 - At an Industry (INSETA) forum
- Financial Services Charter Committee
 - As the findings are relevant to their Charter targets (policy relevance)
- Department of Labour's National Skills Authority
 - As the findings will have relevance to the new National Skills Development Strategy initiatives and Learnership targets (policy relevance)

⁷ This is the organization that employs me and who funds part of my studies)

4. Research Findings

4.1 Documentary Analysis

The main document analysed was the Insurance Employment Preparedness Project (INSPREP) research report that was released on 17 November 2003. This report was compiled by the project manager, on request from INSETA, to ensure that all experiences were recorded as lessons to take into account for future implementation and provided an analysis of data from the INSETA (2000/2001) Sector Skills Plan. The INSETA Sector Skills Plan 2002/2003 also provided some useful data that explained why the INSPREP learnership project was aimed at young entrants and not middle to junior management level.

Table 7 below indicates the demographical population figure statistics for South Africa and the employment statistics of the insurance industry. It highlights important comparisons of the demographical profiles within different occupational categories and indicates where imbalances exists.

Table 7: Demographical profile statistics for South Africa and the insurance industry

Profile Category	White	Black	Coloured	Indian
South African Profile	9.6 %	79%	8.9 %	2.5%
Insurance Industry Profile 51 954 people employed ⁸	53%	25%	14%	8%
Senior Management Profile 3900 people employed	75.9%	12.5%	12.5%	0%
Clerical Profile 20 919 people employed	43.9%	24.4%	21.95%	9.75%

If the statistics from the insurance industry is compared to the current Census 2001 racial demographic profile results (Statistics SA, 2003), it confirms that “the insurance sector had a long way to go as far as transformation of the workforce” Matthews (2003 – 6).

⁸ These are statistics form the INSETA 2002/2003 Sector Skills Plan for total employes within large companies

The INSETA Sector Skills Plan (2002/2003) indicates that 2000 Black⁹ learners are planned to be put through learnerships by March 2005. It is aimed that 1000 of the learners will be employed by the industry (Sector Skills Plan 2002-2003, pg 6 of Chapter 9). This is the number of new entrants that will enter the industry over a period of 5 years. The questions this raises is whether the pace of transformation will be fast enough to address the serious imbalances that exist at the senior management level within the industry.

With one of the needs identified to bring more blacks coloureds and indians into the insurance industry at clerical level the rationale for the implementation of a lower level learnerships was identified by the INSETA. The INSPREP learnership project “would support implementation of the Sector Skills Plan as well as the National Skills Development Strategy. It would take a tangible step in assisting a group of pre-employed previously disadvantaged youths to obtain relevant workplace skills and become employable in the industry” (Matthews, 2003:8).

According to the INSPREP report (Matthews:2003) the original project brief was to select 60 suitable candidates. However, even though one hundred and seventy eight candidates were interviewed only sixty-six candidates were assessed. A total of fifty learners could be found out of successfully assessed candidates. Only thirty successfully assessed candidates met all the entrance criteria and Twenty candidates were placed on a developmental program to develop numerical, verbal communication and interpersonal skills.

The INSPREP project was divided into two sections; a theory period of six months and a workplace application period of another six months. The project took about two full years to conclude as it was experimental in nature and started out even before specific learnerships had been developed.

⁹ The definition of Black applies to the Financial Sector Charter’s definition of Black that applies to (African Black, Coloured and Indian)

According to Matthews (2003) it was difficult to find accredited training providers as they were not yet accredited and the Insurance Quality Assurance Authority¹⁰ was also not yet officially in existence. One main accredited service provider was used who utilized subject matter experts and four non-accredited training providers were used. As the program advanced and all these aspects were set up additional criteria had to be met. This resulted in a host of additional quality assurance requirements for the awarding of the Level Two qualification and resulted in the extension of the project into year two.

The report indicated that seven companies were involved in the project and concluded that employers were generally satisfied that learners placed within their companies were adequately prepared for the workplace in terms of both skills and knowledge and that this resulted in a cost saving for the company as it reduced the company training time. Some of the feedback from employers according to the insurance preparedness report, (Matthews 2003:11), was that they were satisfied with the bigger picture understanding which the learners had of the insurance and investment industry as a whole, computer literacy skills levels of the learners, the attitude and enthusiasm of the learners towards the workplace and the selection and training of learners, as this assisted the company's recruitment process.

The INSPREP learnership project was meant to address the under-representation of black South Africans in the insurance sector. It was meant to address the fact that the industry did not have a pre-employment training programme and generally did not employ matriculants without any working experience. The INSPREP learnership project thus responded to the need for a pre-employment training programme and had as its main objective to "provide the sector with a pool of employable people/candidates from designated groups by equipping learners with entry level employment skills" (Matthews 2003:9).

However, according to the insurance preparedness report, Matthews (2003:7) the Insurance Sector Skills Plan of 2000/2001 specified that there was a serious under-

¹⁰ This is the name of the Quality Assurance Body for the Insurance Sector as stated in their (Sector Skills Plan 2002/2003, pg 11)

representation of black South Africans in the senior management category. The INSPREP learnership project did not focus on this skills shortage. It focused on creating learning opportunities for new entrants into the insurance industry.

Previous systems of development would ensure that people receive training linked to their jobs. This meant that people occupying lower level jobs were only trained on aspects required by their immediate jobs and this development would not have any formal value in terms of credits towards nationally recognized qualifications. This process limited the mobility of the person as the knowledge and skills acquired were specific to one application context. The previous system also promoted people based on the number of years in the industry and people would automatically move up the ranks. This process of development did not meet the urgent need for transformation required within the insurance industry. A developmental process was required that would allow for the fast-tracking of black employees in the insurance industry. In many instances black employees enter the industry, at both high and low levels, and they have no experience or knowledge of the insurance industry. Structured and customized programmes of development are therefore required. For the development of lower level positions the learnership programme provides one solution. For the development of senior level management the customization of learning to the industry and company context is the current process used to fast track the development of Blacks into the insurance industry.

4.2 Summary of Learner Questionnaires

The survey questionnaire covered questions pertaining to the following areas: work experience, further study intentions and INSPREP learnership programme experience. These questions relate to the research questions raised around transformation of the insurance sector. It also addressed questions about the process involved in learnership implementation and the advantages and disadvantages of learnerships. Of the twenty-one learners that participated in the research one learner, who attended the focus group

session did not complete a questionnaire. Twenty Learners responded to the questionnaires.

An interesting trend that impacts generally for all learners is poor English Communication skills and Numerical Literacy results in the initial recruitment assessment. The Line Managers and the Project Manager confirmed these trends. The Project Manager indicated that it was difficult to place the learners who did not meet these fundamental competency requirements originally. The requirements for recruitment were that learners should have a Matriculation certificate with Mathematics or Accountancy and should be fluently conversant in English. The requirement of Mathematics or Accountancy is a criterion that might not be required in some jobs within the industry. However, the requirement of English was critical as English is the business language of the insurance sector. This criterion can be used as a screening technique that will limit and control access and would be detrimental to the country's transformational objective as any black, coloured or indian learner who is not fluent at English will be disadvantaged.

4.2.1 Work Experience

Of the twenty learners who completed the questionnaire six have permanent jobs, one learner is on a current temporary contract, nine learners are on learnership contracts, while one learner had a minor temporary contract as a shop assistant. Three learners had no previous work experience at all.

Six learners have permanent jobs in Call Centres, Employee Benefits and Fund Administrators. Four of these permanent workers are now on a level four learnership, as part of their further training. The seventh learner is on his second temporary contract with the same company as an Administration Clerk.

A total of nine learners were placed on learnership contracts. Five learners are on a level three learnership contract working in Claims Assessing, Processing Clerk, Call Centre,

MVA Admin Clerk, Savings and Process Clerk departments. Two are on their second learnership, having completed the level two learnership; they are now on Level three learnership. One learner is now on a learnership funded by the Information Technology SETA. One learner already completed her level two learnership and is now unemployed.

Of the four unemployed learners, one had a temporary job as a Sales Assistant, and the other three had no work experience at all and continue their battle of finding work. One learner indicated “I buy the papers all the time looking for a job but everyone wants work experience (Nolubabalo Ntshwenya)”. These three learners were disadvantaged by the INSPREP process as a fully fledged learnership would require all learners to do a full workplace placement that should equal about 60% of the total learning time. These learners only received five weeks working experience in block one but did not receive the six months working experience in block two.

4.2.2 Learners intentions of studying further:

Most of the learners have intentions of furthering their studies. These studies have direct relation to the Financial Services Sector, and include courses on Business Studies (Commerce), Financial Management or Business of Commerce degree, Chartered Accounting, Cost and Management Accounting (Diploma), Bookkeeping, Insurance Institute of South Africa courses listed on the National Qualifications Framework in Levels five, six and seven. Others are interested in jobs that are still found in the Financial Services Sector eg; Law, Marketing Diploma, Business Administration Qualification, Information Technology qualifications and Public Relations. Many of the learners who are in employment are already busy with further studies, while others are saving up for further studies.

4.2.3 INSPREP Learnership Project experience

Seven questions were posed to learners in the learner questionnaire (see appendix 7.5). There was not a big difference between the responses from employed versus unemployed learners. When learners were asked about whether the INSPREP learnership project

assisted them to become more employable the surprising result was that only one learner indicated an unhappy response. This learner responded: “I didn’t have much interview experience” (Nolubabalo Ntshwenya: May 2004). Surprisingly, the other two learners who still remained unemployed indicated that they have become more employable even though they are still struggling to find jobs.

The second question asked employed learners if they were happy in their current jobs. All responses to this question were positive as learners felt they were gaining more experience. An interesting response from a learner was: “I’m very happy with my position but I’m a very ambitious person so I still want to gain more experience” (Linda Goloda: May 2004). One indicated honestly that the work could be boring sometimes: “I make my job interesting even if it’s boring and I make it easy for me to put more effort in” (Anele Mqongelwa: May 2004).

The third question asked whether the learner allowance paid during the INSPREP learnership project covered expenses. Nineteen responses indicated that learners felt that the allowance was sufficient and only one response indicated that the allowance was inadequate. One learner’s response indicated that the allowance had to provide for parents who were unemployed: “As we came from disadvantaged backgrounds and some of our parents are not working, we had to provide for them with the little money we received” (Zolile Goniwe: May 2004). Another general response was that the allowance assisted learners to attend the program without any financial problems: “It was enough to cover my transport expenses and my lunch money. It also helped me to attend the program with no financial problems” (Veronica Kambi: May 2004).

All the learners responded positively to the fourth question about whether the INSPREP learnership project was beneficial to them. Learners felt that INSPREP equipped them with skills: “Yes because it equipped me with skills needed in the workplace” (Linda Goloda: May 2004). Another learner liked the choices the INSPREP project provided: “It was broad, Long-Term, Short-Term and Medical aid. We’ve got a lot of choices. I’ve

got all the weapons, everything depends on me” (Mongezi David Kekana: May 2004). The choices that this learner is referring to relate to the broad overview of training they received in the qualification that covered all the different sub-sectors of the insurance industry, Long-Term ¹¹, Short-Term ¹² and Health-Care ¹³. An unemployed learner who indicated that the project was beneficial commented as follows: “ It was but it hasn’t helped me to find work” (Landelwa Mabadi: May 2004).

The fifth question was around whether the theoretical training equipped learners for employment in the industry. Nineteen responses were positive and one unemployed learner indicated negatively. Employed learners felt that the preparation equipped them well for the workplace experience. One learner said: “Yes because we first discuss the modules in the class then we went out to the companies to see what we discussed and learnt. In this it was really made things easy for us” (Zolile Goniwe:May 2004). A positive comment from an unemployed learner was: “I am ready to work in the insurance industry” (Mabulana Lungisa: May 2004). However the negative response indicated that workplace experience would have been an advantage to enable learners to get a better understanding of the theoretical knowledge: “If only we could all have had learnership work experience” (Janine Nomagcina Vanqa: May 2004).

The sixth question was about whether sufficient workplace experience time was allocated for learners to learn about the insurance industry. Only one negative response was received: “The time spent in companies were not enough to collect the information we needed. But it was fun and challenging to be there and seeing how people behave in the workplace” (Zolile Goniwe: May 2004). Reflecting back on the question and the learner responses I realized that the question was not clear enough as different workplace experiences were built into the project in block one and two.

¹¹ Long-Term is the sub-sector of the insurance industry that deals with the individual policies of clients.

¹² Short-Term is the sub-sector that deals with personal insurance e.g. when you insure your house

¹³ Health-Care is the sub-sector that deals with medical assurance e.g. medical aid benefits

The seventh question asked about whether the learners were interested in furthering their careers in the insurance industry. All responded positively. However, one person did not provide any information on this question. Employed learners saw the development opportunities of the industry: “I see that this is a wide and big industry where you can develop your skills and abilities” (Anele Mqongelwa: May 2004). An employed learner working in a small health-care organization wanted to work for a larger organization: “I would be very happy if I would work for the insurance company like Old Mutual and that’s the company I’m seeing myself working for in a few years to come” (Zolile Goniwe: May 2004). An unemployed learner saw the industry as an opportunity for employment: “If I can get a job from the insurance industry I will be glad so that I can learn more about the insurance industry because it is in high demand” (Nolubabalo Ntshwenya: May 2004)”. Other employed learners wanted to work in other parts of the insurance industry: “My career is to be an IT operator so it’s in Insurance Industry (Mabulana Lungiswa: May 2004)”.

Detailed learner questionnaire analysis is available in a separate report.

4.3 Findings from focus group workshop

This section will outline the findings from the focus group workshop but it will also outline how these findings corresponded to the responses provided in the learner questionnaires.

In addition to the questionnaire three additional questions were posed to the learners. They were asked what they enjoyed about their involvement in INSPREP project, what they did not like and what experiences from INSPREP project were most useful to them.

General responses to the first question about what they enjoyed highlighted some of the differences and gaps between their schooling experience of being treated as children and their work and learnership learning experience. They liked being treated like adults and enjoyed the group work, debating and discussion that took place as part of their formal

learning. They were thankful for the field trips as these allowed them to go to places like Robben Island. They would not have been able to visit these places on their own. They also enjoyed learning about insurance and their experiences within different companies.

At the workshop some of the learners complained that too little time was spent in companies. However only one questionnaire response indicated that this was a problem. Another issue raised at the workshop that learners were not happy with, was around the insufficient learner allowance. This response contradicted the general questionnaire response, as only one out of twenty learners indicated in the questionnaire that the learning allowance was not enough for traveling money. The project manager confirmed that the allowance was just meant to cover the learners direct learning expenses.

The overwhelmingly positive reaction to the INSPREP project experience was explained to me at the workshop. This comment was provided when learners provided comment on what they found most useful about the program. They felt that their time management; problem-solving and English communication skills had been enhanced. They also indicated that their newfound knowledge about the insurance industry has not only benefited them but their families and communities as well. They felt that with the knowledge that they gained about the insurance industry they were now able to assist family and friends with insurance-related queries.

4.4 Findings of Interviews

The information received in the interviews are provided under headings for the following categories: recruitment and selection, curriculum development and workplace experience, learner support, assessment and quality assurance, job placements, transformation, cost of implementation and scarce skills. These categories also featured in the INSPREP report and across all the interviews.

4.4.1 Recruitment and Selection:

The targeted recruitment and selection process worked well as learners were selected from the schools in disadvantaged communities that produced the best matriculation results in the Western Cape. Principals and teachers at these schools assisted with the recruitment and selection process.

All four-line managers who recruited learners, as they were very happy with the learners placed in their companies, confirmed this. The quality of learners emerging from schools within disadvantaged areas is questionable. Only thirty out of the sixty required learners were found for this level two qualification, even though they had passed Matric (Level four qualification). The gaps were related to the fundamental competencies of English Communication and Numeracy but also interpersonal skills and lack of business orientation. Line managers who felt that learners, who did not take English as a first language, needed additional assistance also highlighted the English communication gap.

The project manager confirmed that a future risk would be that bridging programmes, that cover the fundamental competencies, Literacy, Life Skills and Business skills, would be required. Learners from disadvantaged black communities, might not have the fundamental competencies required to embark on vocational qualifications, even though they have the formal qualification at the required level. The bridging training required to fill these gaps will result in additional costs over and above the cost of the vocational learnership implementation. If these gaps are not addressed then it might result in the learners battling to meet the competency requirements of the learnership.

4.4.2 Curriculum Development and Workplace Experience

The project manager provided information about the curriculum development process. She indicated that the course content was very comprehensive and covered more than the minimum requirements of the current level two learnership. The curriculum was structured according to nine modules that dealt with Mathematics revision, Computer Literacy, Basic Business Fundamentals, Career Life Skills, Behavioural/EQ Skills,

General Insurance knowledge, Specific Insurance, Customer Care and Call Centre Training, plus in-house company experience. The modules covered Unit Standards of both the levels two and three Insurance Administration qualifications and totaled 163 credits, excluding the bridging module. For a full qualification, one hundred and twenty credits are required.

Table 8 below outlines the theory to workplace experience time allocations:

Block	Theory	Workplace Application
1	85%	25%
2	15%	85%
Full Programme	48%	52%

According to the project manager the time allocation for the first block covered more theory as companies did not have the capacity to take learners for longer periods of time. Average workplace training versus theory time for Block Two allowed companies to provide training according to their own company needs. The majority of the learners' time was spent on workplace application in block Two. For the Seventeen learners who experienced both Block One and Block Two, this split was sufficient as the Skills Development Act indicates that the split should be thirty percent for theory and seventy percent for workplace application.

The company learnership coordinator interviewed in short-term sectors within the insurance industry felt that the curriculum was very comprehensive. However, the company learnership coordinator interviewed from the Health Care sector, companies that administer medical aid products, felt that insufficient health-specific information was covered. She indicated that the learners had only received very basic health-related information and that she had to cover the detailed information (about all the different legislation, systems and procedures) within company training.

The line managers' feedback from Metropolitan, Old Mutual, Glenrand MIB and Santam indicated they were very happy with the client care and computer training provided. They also found the company exposure received in the first block beneficial, as this development program equipped the learners with skills needed for recruitment into the insurance industry, as the industry generally only recruits people with a minimum of matric and work experience. According to the Line Managers this curriculum had a bigger impact as it provided the learners with general skills, knowledge and work experience that assisted learners in their general lives.

4.4.3 Student support

Information about the Student Counselor role was obtained from the INSPREP Student Counselor, who argued that this role is critical to the success of learnerships for matriculants from disadvantaged communities, as they face personal difficulties such as abuse, rape, divorce and unsuitable living conditions that might hamper their success. According to the Student Counselor racial problems experienced between black and coloured learners resulted from lack of exposure to different race groups and cultures while learners are at school. The counseling process assisted with the fast tracking of the emotional intelligence levels of learners. The emotional intelligence levels refer to the levels of maturity of the learners. This was a focus of the counselor, as some learners were very young and inexperienced. Workplace learning technical coaches was also allocated to assist the learners with any technical work-related issues. These coaches were responsible for assisting learners with the on-the-job training.

4.4.4 Assessment and Moderation

Information about the overall assessment processes was obtained from the project manager's interview. She indicated that the assessment process was very comprehensive, even though the assessments did not cover all the assessment criteria within the unit standards. Over and above the usual formative assessment, each training provider had to conduct a final summative assessment. The Independent Examinations Board (IEB) conducted an assessment of the fundamentals to assess the English Communication,

Numeracy and Financial Literacy competence of the learner at level two, whereas they had already achieved a level four qualification with their matriculation certificates. Out of the fifty learners assessed only twenty-six learners passed all their initial IEB examinations. A reassessment was done using the Portfolio of Evidence method of assessment. In the Mathematical Literacy re-assessment the assessor again found all learners not yet competent and found that the portfolio of evidence failed to show applied knowledge, evidence of critical thinking and the critical outcomes, and application of common sense in order to interpret mathematical situations as required by the mathematical literacy standards. A recommendation was made to again re-assess learner but against level one mathematical standards. In the Financial Literacy re-assessment five learners did not pass as the evidence submitted was lacking depth and content detail as prescribed by the unit standards. In the Communication reassessment seven learners did not achieve competence due to the fact that insufficient evidence was submitted and evidence submitted did not show application to language skills at the required level. A final decision was then made to drop the pass-rate to thirty percent. The final results was then that only three learners were not successful and one learner received a conditional pass.

The companies assessed the call centre module while the Steering Committee assessed the project. The training providers, in a combination of formative and summative assessment methods, assessed the other modules. Over and above this, the learners were also evaluated in a final exit level exam. The project manager indicated that the INSPREP learnership project had to take the Insurance Quality Assurance Authorities (INSQA) assessment requirements into account. Their requirement is that all assessment must take into account different methods of assessment, namely formative, summative and research based methods of assessment.

4.4.5 Job Placements

The project manager was responsible for the placements of learners for the block two six-month workplace experience component. The learners who were originally assessed as

competent and could communicate effectively, were highly employable. However the developmental group was more difficult to place. The main reason for this was their lack of English Communication skills. Two learners were placed in contract positions, nine learners were placed on learnership contracts and six learners were placed in permanent jobs. Their average income was identified as R3678 per month. They were placed in the following jobs; Call Centre Consultants, Fund Administrators, General Clerical and Customer Support positions.

4.4.6 Skills Shortages

The project manager explained the INSPREP learnership project rationale. In the Insurance Sector Skills Plan of 2001 no specific skills shortages were identified, only skills development categories such as technology, technical training, business acumen and life skills, were identified. A specific need addressed by the project, was to assist a group of previously disadvantaged youth to obtain relevant work experience and skills that will assist them in gaining a qualification and make them more employable. The INSPREP learnership project did not focus on the development of senior levels, as the rationale was to bring in lower level applicants and develop them within the insurance industry. According to the INSPREP project manager the critical skills shortages are addressed for higher-level positions in the industry through other INSETA interventions. The lower level learners brought in with the INSPREP Learnership will fill gaps left when blacks in lower level positions are developed into senior positions.

4.4.7 Cost of Implementation:

The cost of implementation was derived from input received from Santam and Sigma-Health and the INSPREP learnership project report. The average costs were calculated to reflect the minimum and maximum averages. When taking all costs of the INSPREP project into account the actual direct cost less any grants and other funding mechanisms were calculated. The indirect expenses incurred by the companies were also taken into account.

One of the limitations of this data is that the costs analyzed in this case study is for a lower level learnership and might not apply to learnerships at higher levels. The case study also applies to an insurance context and the data findings around costs might not apply to learnerships from non-insurance related sectors. The range of costs indicates that no definitive costs can be provided, as the indirect costs would differ from company to company. Costing scenarios might also differ between small, medium and large companies.

Some of the questions arising from the cost allocations were that the direct cost might be an overestimation as this was the first learnership pilot and therefore required some additional start-up costs. Another question is whether only the critical indirect cost of the workplace technical training was specified. The grant companies received from INSETA covered any other indirect cost incurred by companies to accommodate learners. Companies received this grant for the block two placements if they took on any learners for the six-month workplace application period. These costs are explained in table 10 below:

Table 9 : A breakdown of Learnership costs

Cost Item		
Project Direct Costs¹⁴:	%	Value
<i>Per learner for block, first 6 months</i>		
Training content ¹⁵	44%	R24 200
Project management costs	19%	R10 450
Learner allowance	11%	R 6 050
Teaching venue and infrastructure	10%	R 5 500
Selection and assessment	6%	R 3 300
Marketing, promotional material and functions	6%	R 3 300
Travel and accommodation	4%	R 2 200
<u>Total costs per learner</u>	<u>100%</u>	<u>R55 000</u>
Block 2 Direct Project Costs:		

¹⁴ Direct Costs are any costs incurred to the project for the implementation of INSPREP, this cost was completely covered by INSETA.

¹⁵ Training Content refers to the formal theoretical training done through training providers that were contracted by the Insurance SETA. This includes costs to the provider for any work related to the development of material in accordance with Unit Standards

<i>Costs per learners for block 2, second 6 months</i>		
Learnership Grant ¹⁶ from INSETA to companies		R20 000
<u>Project Indirect Costs¹⁷ per learner:</u> <i>Costs not covered by INSPREP Project</i>	Costs per day	Value
Technical Training ¹⁸ for Block 1 (X 25 days)	X R400 per day X R800 per day	R 10 000 R 20 000
Technical Training for Block 2		
- Companies who trained X 10 days	X R400 per day X R800 per day	R 4 000 R 8 000
- Companies who trained X 20 days	X R400 per day X R800 per day	R 8 000 R 16 000
<u>Total Indirect Costs for Blocks 1&2</u>		
Block 1 Technical Training Costs (25 days)	X R400 per day	R 10 000
Block 2 Technical Training Costs (10 days)	X R400 per day	R 4 000
<u>Total Indirect Costs (35 days)</u>	<u>X R400 per day</u>	<u>R 14 000</u>
Block 1 Technical Training Costs (25 days)	X R800 per day	R 20 000
Block 2 Technical Training Costs (10 days)	X R800 per day	R 8 000
<u>Total Indirect Costs (35 days)</u>	<u>X R800 per day</u>	<u>R 28 000</u>
Block 1 Technical Training Costs (25 days)	X R400 per day	R 10 000
Block 2 Technical Training Costs (20 days)	X R400 per day	R 8 000
<u>Total Indirect Costs (45 days)</u>	<u>X R400 per day</u>	<u>R 18 000</u>
Block 1 Technical Training Costs (25 days)	X R800 per day	R 20 000
Block 2 Technical Training Costs (20 days)	X R800 per day	R 16 000
<u>Total Indirect Costs (45 days)</u>	<u>X R800 per day</u>	<u>R 36 000</u>
Total Average Costs per learner		
- Block 1 X25days;	X R600 per day	R 15 000
- Block 2 X15days	X R600 per day	R 9 000
<u>Total costs for 40 days</u>		<u>R 24 000</u>
<u>Total Costs of INSPREP Programme:</u> <i>Direct + Indirect Costs</i>	Sub Total	
Direct cost per learner for block 1	R 55 000	
Direct cost per learner for block 2	R 20 000	
<u>Total Direct Cost per learner</u>		<u>R 75 000</u>

¹⁶ The learnership grant is allocated as a cost as it had to cover the learnership allowance of the learner and any other costs incurred by the company for the block 2 period of six months

¹⁷ The Indirect Costs refers to the costs incurred by companies that was not covered by INSETA

¹⁸ The Technical Training Costs covered the cost of company specific training. This cost was calculated differently in each company but would generally include the cost of materials, venues and facilitators.

<u>Total Direct + Indirect Costs per learner</u>		
Direct + Indirect (35 daysXR400pd)	75 000 + 14 000	R 89 000
Direct + Indirect (35 daysXR800pd)	75 000 + 28 000	R 103 000
Direct + Indirect (45 daysXR400pd)	75 000 + 18 000	R 93 000
Direct + Indirect (45 daysXR800pd)	75 000 + 36 000	R 111 000
Direct + Average Indirect(40days XR600pd)	75 000 + 24 000	R 99 000

The training content cost totaled 44% and was the largest expense within direct cost. The average indirect costs of R24 000, for the cost of company technical training, also totaled within the 40% range when compared to the training content costs. These estimates the total training cost (formal theoretical training and company technical training) to be in excess of R48 000. The average total cost is R99 000 therefore the training costs reflect 48% of the total learnership expense.

The project manager highlighted the fact that the costs are to be understood in the context of the project having been a pilot. It might therefore be an over-estimation of costs as some costs might not be incurred by implementing companies, depending on the existing capacity in the companies. If a company already has the project management capability for example, that additional cost might not be incurred.

In the INSPREP project INSETA actually “double funded” this project by paying for the direct costs of the first six months and then also providing learnership grants for the block two workplace placements.

A benefit to be taken into account when reviewing the cost of learnerships is the tax rebate. The tax rebate is where a company tax saving of approximately R15 000 per learner can be obtained for each learner who is registered on a learnership and then successfully completes it. The tax rebate amount allows for the learner to receive a maximum learnership allowance of R25 000 per annum. The calculation is arrived at when the R25 000 is multiplied by the average company tax rate of 30%. If the companies can set up systems to realize this benefit, it reduces the overall cost of the learnership.

4.4.8 Transformation and Benefits of Learnership Implementation

Company learnership coordinators who were interviewed confirmed that the insurance industry has benefited by being able to employ entry-level candidates from disadvantaged communities. This has contributed to the meeting of employment equity targets in both Santam and Sigma-Health. Andre Marais from Santam commented that: “the INSPREP project assisted with employment equity targets, to fill administrative positions with employment equity candidates where jobs were available” (SDF Interview, Andre Marais: May 2004). Ursula Buttress from Sigma-Health responded that the project made a contribution to transformation as “the kind of people that we would employ are those with experience i.e. nursing experience. People without nursing experience would only be appointed as switchboard operators, receptionists or in the mailroom. The INSPREP recruits have coped well, but they are learning all the time” (SDF Interview, Ursula Buttress: May 2004).

Both company learnership coordinators interviewed confirmed that the insurance context training was an advantage to learners recruited into permanent positions, as the new entrants already had the context knowledge required. Training time was not necessarily reduced but learners grasped the company specific training faster.

The company learnership co-ordinator interviewed from Sigma-Health confirmed that the industry has undergone a shift as the norm was to only appoint either people with matric and working experience or graduates. Now this process has proven that matriculants can be just as effective. The appointment of people without nursing qualifications within the Health-Care sector was an even greater shift in the recruitment practice of that sector. The INSPREP project provides evidence that lower level jobs can be filled by matriculants without work experience, if they undergo the necessary preparation.

The line managers reported that all learners placed in their companies are studying further. The project manager indicated that this would be an indication of more sustained measures of transformation, as it indicates that the lives of learners have been positively affected and that further learning can make these learners more employable.

All employed learners have an opportunity for further advancement, promotion and development to a variety of positions. The line managers from four insurance companies (Glenrand M-I-B, Metropolitan, Santam and Old Mutual) supported these findings and responded as follows:

“: To date they have been employed as tele-consultants, but have the opportunity to be transferred and promoted to various positions, like team leaders, assessors, administrators and future leaders in the insurance industry. (Line Manager from Santam: May 2004)

I believe that Pumlanani has done exceptionally well – and due to this he has been given assistance to study further through the IISA and will be doing his COP in September, he will continue to study on next year.(Line Manager from Glenrand MIB: May 2004)

He can progress from a junior drafter to a senior drafter and, if a vacancy arises, to a supervising or para-legal position. Provided off course he obtains the necessary experience, knowledge and additional skills needed.(Line Manager from Metropolitan: May 2004)

5. Conclusions and Recommendations

5.1 Conclusions:

The aim of this research study was to test the following hypothesis:

“Learnership implementation is the vehicle that will drive and fast-track transformation in the Financial Services Industry in South Africa”.

This hypothesis was tested through three questions. The first question explored what processes and systems are required for the implementation of learnerships, the second question explored whether learnership implementation is positioned as a mechanism to address transformation of the insurance industry and the third question explored the feasibility of learnership implementation in the light of costs involved in implementation and the benefits of learnership implementation.

5.1.1 Processes and systems required for the implementation of learnerships

In the research of the INSPREP learnership project it was found that processes and systems were required for the preparation of the learnership, achievement of the qualification and for the learner to gain workplace experience.

The first critical process is the recruitment and selection process. It is critical for the setting up a system that will select the learners with the required competencies and assessing learners in order to establish where competency gaps exists that require attention. However, this is done according to the neoliberal framework policies and will therefore exclude disadvantaged people, as a market-driven system does not sufficiently address the needs of the poor, marginalized and unemployed.

The second critical set of processes relates to the achievement of the qualification. A good curriculum must be in-place that links up with the requirements of the qualification and the learnership. The time allocated to theory and workplace application must have a bigger apportionment of the time allocated to the workplace application period. It is also critical to ensure that a good support system is established. This process must ensure that

technical workplace coaches are in-place to do the on-the-job training for the learners when they are in the workplace and have mentors to assist the learners with general queries. A formal assessment process is required that can assess all the credit bearing learning and ensure that the qualification is achieved. Registered assessors are required to authorize all assessments. It is also important to have a placement process to ensure that the learners can be supported with finding work after the completion of the learnership.

One of the findings of the case study confirmed that certain fundamental competencies were missing in some of the learners. This then required a bridging program that included aspects relating to English Communication, Numeracy specific to the business context, Business orientation, Teamwork and interpersonal skills, exposure to facilitation techniques of learning, Diversity and the concept of life long learning. The need for training to have a more holistic focus is outlined by Bennell (1999) when he says that training must focus on both the technical and literacy competencies if poverty to be addressed.

The time split for lower level qualifications should be 40 % time for theory, to allow for additional bridging training and 60% time for workplace application. It is critical for all learners to be placed within companies to gain the workplace experience. Learnerships should therefore have a compulsory workplace placement component to allow the learner to gain actual work experience.

The case study also identified the importance of sufficient learner support. This confirms the point made in the literature review by Guile and Griffiths (2001) about the critical importance of the process of support provided to the learner in both the formal and informal learning stages. The mentorship role might have to be incorporated into other appropriate roles such as into the role of the line manager. However, it is critical for each learner to have a technical coach appointed who can assist the learner with the on-the-job learning components. These support functions need to be integrated into the

organization's work structures as much as possible to prevent additional costs of implementation.

After the learnership the intention for the learners to be linked up with a placement agency to assist them with finding jobs. The SETA can only perform this function if the learnership is managed as a project, like in this INSPREP example. The normal functions of a SETA are not set up to perform this placement function. A potential problem identified by this case study that relates to the theoretical framework is the need for transformation at both national and industry levels. Therefore if learners are only skilled and qualified but not employed has transformation taken place?

5.1.2 Whether learnership implementation is positioned as a mechanism to address transformation

The industry has transformed by allowing previously disadvantaged people into the industry by opening up access to people who would previously not have qualified as they only had a matriculation certificate and no working experience.

One of the critical skills shortage requirements of the insurance industry to develop more qualified black candidates at middle and senior management levels and in specialists jobs such as Actuarial, Chartered Accounting and jobs in the Investment areas. Another industry requirement is to focus on providing young entrants with qualifications and skills requirement for entrance positions into the industry. It is the focus on learnerships targeted at blacks in more senior positions that will bring about faster transformation in the industry and initiate direct benefit and impact on business.

According to Insurance Sector Skills Plan (2002/2003) the current focus on implementing learnerships for lower level jobs will not effect the transformation required within the insurance industry, as skills shortages have been identified for middle and senior level management and specialist positions. Options for creating entrance points for matriculants can be explored by incorporating programs in the schooling system, possibly

funded by the industry that will improve the quality of fundamental skills and educate learners about career potential in the insurance industry.

Some of the short-term effect of transformation is when black learners are brought into learnerships and then appointed permanently. This will make an immediate contribution to the employment equity statistics of the company and the industry as a whole. Short-term transformation can also be brought about for the individual and the family of the individual with the help of the learner allowance that may provide the for much needed income. Another short-term effect for the learner might be when the qualification and workplace experience makes the learner more employable and leads to the learner finding employment opportunities.

Long-term effects of transformation will be when the industry changes its existing practice and start employing young matriculants without work experience into permanent positions. Long-term transformation will also be effected when these young people are eventually developed into more senior positions in the organizations and the industry.

The funding of bursary schemes with a work experience process attached that will take place in the insurance industry may be a more cost effective option for effecting transformation within the industry to open up access in the insurance industry to young people without any work experience. This option will have more beneficial consequences to the insurance industry. It will also allow matriculant learners to achieve higher-level qualifications, at certificate or degree levels, and obtain the work exposure of the industry.

Another option of effecting transformation at lower levels will be to address the problem identified in this case study around the lack of fundamental competencies. This problem can be addressed through industry-initiated and funded learning programmes implemented within schools that cover the fundamental competencies but also have an

insurance orientation. This will assist to bridge the current gap that exists where the output from the schooling system is so far removed from the workplace.

5.1.3 The feasibility of learnership implementation

In the light of the findings of this case study, it can be argued that learnerships could be very costly to implement when all of the costs are taken into account. Furthermore the current grants, that range from R10 000 for unemployed abled learners, to R20 000 for unemployed disabled learners and R25 000 for special National Skills Fund grants, only cover a part of the costs.

The cost of implementation to companies in this pilot project was contained as INSETA covered most of the costs. This will be different when INSETA decides to only allocate grants for implementation and not coordinate and manage the implementation process entirely. These coordination and learnership management functions would then have to be performed by the companies implementing the learnerships.

As explained in the findings section another benefit to be taken into account is the tax rebate, where a company tax saving of approximately R15 000 per learner can be obtained. Therefore for Financial Sector Charter learnerships a total benefit of R40 000 can be sourced per learner. This amount is made up of the Learnership National Skills Fund grant of R25 000 and the tax rebate amount of R15 000. If the findings of this case study are applied, then the company implementing a learnership will have a deficit on the direct costs of R35 000 and they will have to incur any indirect expenses for technical training costs (ranging from R14 000 to R36 000). Any other indirect costs for accommodating the learning within the company, not covered by the learnership grant would also have to be carried by the company. There are also certain aspects that may reduce the costs over time such as increased learner numbers, no developmental cost for material and where companies already have project management capabilities to manage and coordinate learnership implementation.

Learnerships have benefits, as it is a system that can effect transformation for the individual learners. Some of the evidence provided by this case study indicates that learners from disadvantaged communities were provided with learning opportunities that they would not previously have had access to. It also allowed learners to ‘earn’ money, either as part of the INSPREP project or for those learners who have secured permanent or temporary work or learning contracts. The impact of these ‘earnings’ was of such a nature that, in some instances these learners were supporting their families.

The companies interviewed indicated that they definitely did benefit from the productivity of these learners. The health sector company learnership coordinator interview indicated how much they came to rely on these learners.

5.2 Summary

Evidence provided by this case study also indicates that learnerships have affected some measures of transformation within the insurance industry in South Africa. In this case study the vehicle of learnerships worked very successfully to provide youth with both an option for attaining a qualification and work experience and that this combination provides the learners with skills that makes them more employable. It even allowed some learners to gain employment within the insurance industry.

The evidence from this case study indicates that it has created opportunities for these learners that they would not have had before. It has brought in much needed income that has sustained families. The learnership process allowed learners to gain skills and a formal qualification that made them more employable as the process afforded them real-time working experience. However, one of the limitations of the system are Another limitation was that the system is very complex, that real transformation can only happen over a long term and that the costs of implementation could be high. This raises the question of whether the pace of transformation will be sufficiently fast-tracked to meet the industry’s needs.

The concluding question for me is therefore: “Will learnership implementation develop critical mass of the kind of skills required in the Insurance industry?” The conclusion must be that learnerships can definitely not be used as the vehicle to fast-track transformation of the insurance industry in South African at a senior management level or other managerial positions. If learnerships are to commence at the lower levels it will take a long time for these lower level learners to progress through the system to be developed into managerial positions. However, consideration has to be given to the realities of human capital theory that indicates that the creation of high skills versus a low skill economy will benefit mainly educated people. This will then fail to meet the transformational objective of the country. There are also no guarantees that the system will produce the right quality of candidates required at senior level. An option to consider is the development of blacks into senior positions, which may speed up the transformation currently needed in the insurance industry.

The insurance industry would have to carefully review their noble commitments made in the Financial Sector Charter to commit to learnership implementation at the lower levels as the pace of transformation and benefit to business will not make good business sense. There is a need for more cost effective and meaningful ways to effect transformation in the insurance industry to open up access to these learners and for the industry to contribute towards national transformation.

The country’s objectives for economic growth as sketched in the GEAR strategy (1996) and transformation as introduced in the implementation of various Charters have become priority. The insurance industry’s commitment to the Financial Sector shows intent on the side of business to contribute to the country’s transformation. The specific learnership targets outlined in the Financial Sector Charter for the introduction of a learnership programme for unemployed youth links directly to the national transformation objectives of creating learning opportunities for youth that will provide them with a qualification and a working opportunity that makes them more employable. These intentions are very noble as they might not be according to the direct skills priority

needs of the Insurance industry. However, it is the insurance industry's contribution to effecting the transformation needed at a national level. Brown *et al* (1997) state that employees will only respond to what makes good business sense for them, and that stakeholder co-operation is needed. The learnership model does call for tripartite agreements between the learner, the training provider and the employer to allow the learner to achieve a qualification and get working experience and skills simultaneously.

Business will also respond to what makes good business sense. The data obtained from the interviews indicates that the industry will recruit to meet specific industry and business requirements. If this happens learners who does not meet the industry's learnership assessment criteria will be excluded. Also learners who do not meet the English and Mathematics or Accountancy subject requirements will also be excluded. As the insurance industry is market driven the social needs of the poor and unemployed must be a secondary objective and can only be addressed if it falls within the business objectives of the industry.

This case study suggests that the system required for learnership implementation is both complex and costly. So the question arises again, whether learnership implementation in the insurance industry for matriculants into lower level jobs warrants the expense of implementation and what solutions should be explored to ensure more cost effective transformation of the insurance industry.

Learnerships within the insurance industry will continue to be implemented for lower level qualifications as required by the Financial Sector Charter. The evidence of this case study does indicate that the INSPREP learnership project was successful as it contributed to the industry and to the individuals. However, the INSETA covered most of the implementation costs. The question is now how to implement the FSC learnerships and contain the costs of implementation to ensure impact and benefit to the industry.

5.3 Recommendations

5.3.1 Areas for Further Research

Further research is required in the following areas:

- Researching the real cost of learnership Implementation to get a better sense of real costs across sectors
- Exploring other models for learnership implementation
 - The feasibility of the whole qualification options that universities and other tertiary institutions offer.
 - Exploring the viability of joint venture options, where learnership implementation is conducted with partners.
 - Exploring the academy option where an academy is established to co-ordinate the learnership implementation for the Industry.
- Exploring what benefits the insurance industry will gain from the Financial Sector Charter's learnership implementation strategy.

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