

Wholesale&Retail

LEADERSHIP CHAIR

Collaboration opens the window to a world of opportunities



Transformation: evaluation of the
role of the W&RSETA in the last 10
years and the way forward
A SUMMARY

Increasing the participation of previously disadvantaged individuals (PDIs) across the board is an important facet of the current political dispensation's goal of creating an inclusive economy, hence the necessity of this study in assessing the SETA's contribution to that national goal.

Transformation is 'a process of radical change that orients an organisation in a new direction and takes it to an entirely new level of effectiveness. It gives an organisation a basic change of character, with little or no resemblance with the past configuration or structure.'

INTRODUCTION

Background

This report focuses on four programmes to measure the role and performance of the Wholesale & Retail Sector Education and Training Authority (W&RSETA) in the transformation of the retail sector.

The four programmes are the Bursaries, Graduate Placement, Rural Development, and the Disabilities Programmes.

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Study objectives

- **Purpose:** assessment of the W&RSETA's track record in transformation, and proposal of a way forward.
- **Identify:** what worked and why.
- **Recommendations:** proposals for carrying the transformation process forward more effectively.

METHODOLOGY

- Evaluation of the design and implementation of the four programmes to determine relevance, implementation efficiency, and impact.
- Qualitative and quantitative collection of data for analysis.
- Primary data collection: from interactions with key respondents via in-depth interviews and focus group discussions. Secondary data collection: review of international best practises and analysis of statistical information and relevant documentation from the SETA.

LITERATURE

Transformation definition

Transformation is 'a process of radical change that orients an organisation in a new direction and takes it to an entirely new level of effectiveness. It gives an organisation a basic change of character, with little or no resemblance with the past configuration or structure.'

The need for transformation in this context is triggered by the desire to bring about equity and allow previously excluded groups to participate meaningfully within the economy.

US/UK SUMMARY

USA

The US is one example of a developed country that has a long history of battling to redress imbalances in its workforce demographic. Various solutions have been tried, from government-enforced Affirmative Action programmes to business-focused Diversity Management initiatives.

UK

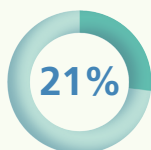
In the UK research on women in retail in particular highlights three different narratives regarding their inclusion:

- the business case – women provide improved capacity to innovate and respond to the requirements of a diverse client base.
- the moral case – it's the right thing to do.
- the paradox – the needs of the industry may not be conducive or attractive to women, e.g. unsuitable working hours.

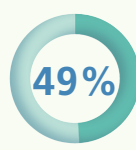
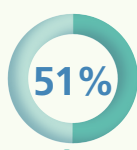
Hence, although many retailers actively attempt to be more inclusive in their promotion of women into managerial positions, their efforts are often met with very little success.

CURRENT STATE OF THE W&R SECTOR IN SA

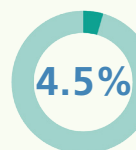
Below are some telling statistics about the sector:



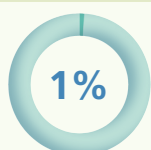
The wholesale and retail sector employs an estimated 21% of the country's total workforce.



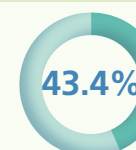
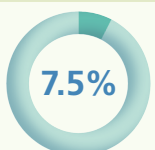
Overall gender employment ratio:
males 51%
females 49%



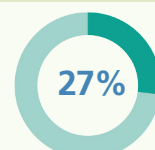
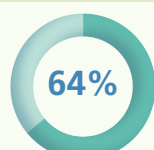
Black African men:
4.5% of senior management.



Black African women:
1% of senior management
Majority in lower echelons
of employment



Black African, Coloured and Indians
7.5% of senior management
43.4% of skilled workforce



White men:
64% of senior retail management
27% of skilled workforce

The skewed distribution of ethnicity and skill levels in favour of white males¹, with other ethnicities and women being severely under-represented, indicates a clear need for transformation in the sector.

1. The total white population (males and females) comprises 8.1% of the South African population (Statistics SA, June 2016).

STATISTICS ON TRANSFORMATION INITIATIVES

**190 000**

SKILLS TRAINING BY OCCUPATION

number of individuals trained in the Service and Sales occupation sectors in fiscal year 2013/14.

**3 500**

ADULT BASIC EDUCATION TRAINING PROGRAMME

amount by which the number of learners registering dropped off, between 2006/7 and 2009/10.

**400**

TRAINING AND MENTORING OF YOUNG PEOPLE TO START SUSTAINABLE WHOLESALE/RETAIL VENTURES

number of young people trained and mentored to form new ventures between 2006 and 2011.

**125**

DISABLED LEARNERS ENTERING LEARNERSHIPS AND SKILLS DEVELOPMENT PROGRAMMES

number of disabled learners entering learnerships and skills development programmes in 2012/13.

FINDINGS

THE BURSARY PROGRAMME

Major transformation in tertiary education is an integral strategy for developing and integrating South Africa into the international economy. Yet, less than 3% of retail workers in South Africa have degrees or post-graduate qualifications (W&RSETA 2014). This is because of the pervasiveness of the legacy of apartheid. Blacks and women were excluded from opportunities, whilst white males were unfairly advanced.

As evidence of a positive correlation between financial assistance and completion of studies exists, among the W&RSETA's primary interventions in promoting transformation is the awarding of bursaries to learners at public Higher Education Institutions (HEIs).

From 2013 to 2015 the bursary scheme sponsored 7 590 students in Gauteng, KwaZulu-Natal, and the Western Cape.



SUCCESSES

Nearly all the students in the focus group were adamant that they would not have been able to study had they not had the bursaries. Furthermore, they felt the bursary amount was enough to pay for essentials: tuition, accommodation, and food.

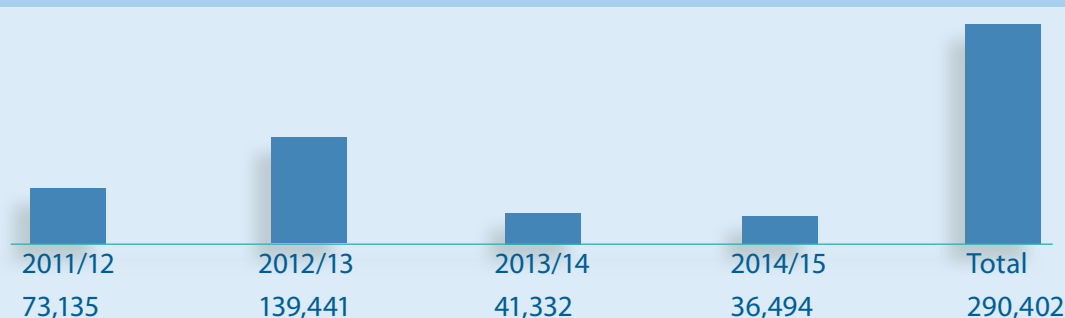
Students were confident that their qualifications would equip them to take up successful roles in the workplace or to start their own business – a firm indication that their studies had given them confidence in their abilities.



CHALLENGES

A particular challenge is the significant decline in the budget for the bursaries programme from 2011/12 to 2014/15.

W&RSETA Bursaries Programme Budget: 2011 – 2015 in millions of rands (R'000)



Another concerning realisation was that the SETA had not effectively communicated its transformation agenda to the bursary beneficiaries, as there was minimal awareness of the SETA's expectations for transformation in the wider sector, and less than 20% of the beneficiaries were aware of the SETA's graduate programme.

A major issue with students was that bursary payments were only made in the second half of the academic year (July and August 2016). This had serious implications for academic success, as pressure to source funds for the first half of the year proved distracting.

Interns who demonstrate entrepreneurial acumen should be assisted to access seed capital, franchise opportunities, mentorship, and business incubation programmes to increase the number of successful black retailers, who can in turn create jobs for the many unemployed youths.



RECOMMENDATIONS

As a matter of urgency, the possibility of paying bursary funds at the beginning of the academic year must be investigated.

There should be a properly structured orientation session at the beginning of the academic year. This could also serve as one of the SETA's platforms for communicating its transformation agenda.

Learners should be encouraged to take up vacation employment, as a way of getting vital work experience. Only two of the 17 students in the focus group were working part-time or had held a vacation job.

Learners should also be encouraged to pursue post-graduate studies, so as to develop highly skilled academics and researchers for the HEIs in which the SETA funds students.

THE GRADUATE PLACEMENT PROGRAMME

The primary function of graduate placements is the transfer of learning and knowledge by allowing graduates to apply the theory they have picked up in their studies, to the real world of business. This process is likely to improve their prospects of finding full-time employment, succeeding in their first jobs, and earning higher starting salaries.

Companies within the W&R sector participate in this programme that affords unemployed graduates work experience in their field of study. Completion culminates in a testimonial indicating the work areas to which graduates were exposed.



SUCCESSSES

This programme plays a highly enabling role in transforming graduates from students to knowledgeable employees. Valuable work experience is gained during the year-long internship. Some of the interns, mostly males, have been able to rise through the ranks and become managers approximately five years after completing their internships.

Along with enhancing their technical skills, the internship develops workplace skills, e.g., self-confidence, time management, telephone etiquette, interviewing, negotiation, decision-making, problem-solving, interpersonal, and customer service skills

About a quarter intended to own their own businesses in five years' time, thus reflecting their acquisition of the requisite competence to become independent retailers.



CHALLENGES

There is a severe shortage of participating companies, as the onus is placed on companies to voluntarily recruit students.

Both the human resources allocated to manage the programme at the SETA's head office and the internship stipend amounts are woefully low. The former affected the frequency and effectiveness of the site visits. The latter dampened the willingness of graduates to

remain in this sector. They complained that the workload was too heavy and the hours too long for the meagre stipend they earned.

The rate at which organisations keep interns on once the placement is completed is unacceptably low.



RECOMMENDATIONS

An online system should be developed on which companies indicate how many graduates they can take on, and on which applications can be made by graduates.

More Small and Micro-enterprises (SMMEs) and black retailers should be encouraged to appoint graduate interns, as they tend to provide wider ranging experience than larger operations.

Concerted efforts should be made to ensure that the white, mostly male, senior executives in the sector are trained in diversity management and the benefits of a workforce diversified at all levels.

To address possible hostility amongst permanent staff, they should be informed that the interns are there to learn, not to take their jobs.

The monthly stipend of R3 000 for interns has not increased in eight years and needs to be adjusted to catch up with inflation.

Interns who demonstrate entrepreneurial acumen should be assisted to access seed capital, franchise opportunities, mentorship, and business incubation programmes to increase the number of successful black retailers, who can in turn create jobs for the many unemployed youths.

THE RURAL DEVELOPMENT PROGRAMME

South Africa is classified as an upper middle income country, but the gap between the rich and the poor is massive and grinding poverty is widespread, especially in rural areas.

Internationally, studies show an awareness of the need to develop more rural entrepreneurs and many countries run such programmes. Their efforts are hampered, however, by lack of infrastructure, expertise, and customers.

Research regarding women and the youth in developing countries has shown some success in increasing business knowledge and practice through such programmes, but often without a lasting positive effect.

Realising that skills development programmes meant to effectively enable rural entrepreneurship must combine a more hands-on exchange of knowledge using both theoretical and practical elements, the W&RSETA has piloted the “Informal Small Business Practice,” a National Qualification Framework (NQF) Level 3 Certificate.

This intervention aims to put into place W&R Sector education and training of the highest quality for rural populations. Participants must either be involved in starting up a small retail business, or currently self-employed in an informal SMME business.

South Africa is classified as an upper middle income country, but the gap between the rich and the poor is massive and grinding poverty is widespread, especially in rural areas.

In South Africa studies have shown that people with disabilities are grossly discriminated against, given the few educational opportunities in the over-crowded townships, in comparison with the suburbs.



SUCCESESSES

The rural development programme helps to promote non-agricultural entrepreneurial activities, improving many women's self-sufficiency and food security.

Such entrepreneurial skills are spread to other family members, who are often involved in assisting the direct participants.

An increased level of economic activity, enthusiasm, and focus has been created among the educated but previously unemployed youth. Learned market research skills have helped participants to understand their target markets better and plan their efforts accordingly.

According to learners, anyone participating in the learnership, with a serious desire to own a business at the end, should be able to do so by the end of the year.



CHALLENGES

For some, out of school for a long time, the numeracy components of the programme represented an obstacle.

A number of participants felt the modules contained too much information to be covered during a five-day session.

The scarcity of mentors to give the learners advice and the absence of workplace experience caused dissatisfaction for many learners.

Rising numbers of foreign nationals arriving in the area were also seen as a problem. Many of them have already benefitted from entrepreneurship training in their countries of origin, giving them an advantage over locals.

The national annual target of 500 learners is too small to make a meaningful impact on South Africa's rural landscape.



RECOMMENDATIONS

The current stipend of R2 000 per month is inadequate, especially for those learners who will be starting their businesses from scratch, and needs to be increased.

Lengthening the learnership by a year, to allow for further mentorship, should be considered. The theoretical lessons are not sufficient preparation for entrepreneurial development.

A well-structured system for assisting learners to access capital, urban markets, and incubation programmes, in order to help fulfil their entrepreneurial dreams, needs to be developed.

The participants should be trained to pursue the business opportunities they have identified as potentially more lucrative for the villages, e.g. manufacturing furniture, cleaning products, and disposal diapers, instead of being restricted by the meagre funds to spaza shops and hair salons. Their ideal enterprises are capital intensive, but if implemented well, they could change the landscape of rural economies from lifestyle to high-growth industries.

As unemployment is rife in rural communities, the W&RSETA thus needs to partner with the manufacturing SETA, the AgriSETA, and the Department of Small Businesses, for instance, to stimulate the rural economy and create consumers who can benefit the

SMMEs that the SETA has funded. The number of accredited training providers should be significantly increased, to be able to deliver the learnership as far and wide, and as fast, as possible.

Stringent monitoring and evaluation protocols should be developed as part of the programme's roll out for the future, enabling planners to make informed decisions.

THE DISABILITIES PROGRAMME

Several international researchers challenge the notion that paid work is the best way to transform the lives of people with disabilities (PWDs). Research has shown that such measures can have negative effects: the amount of financial support available to them is eroded; they are forced to compete with able-bodied individuals; they end up in lowly jobs; they earn less; or they are less likely to be able to claim welfare. Alternative approaches have been suggested, e.g., providing special assistance with job retention by tackling health issues, and social enterprises offering flexible employment accommodations for PWDs.

In South Africa studies have shown that people with disabilities are grossly discriminated against, given the few educational opportunities in the over-crowded townships, in comparison with the suburbs.

Moreover, despite there being significant legislation regarding the rights of PWDs, barriers to employment for PWDs remain significant, and disabilities of a psychiatric nature are even less understood than those of a physical nature.

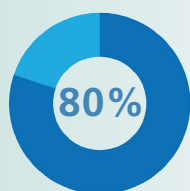
There is evidence to support the fact that the employment of PWDs can lead to higher consumer empathy and increased support for participating businesses.

The SETA successfully implemented a programme for PWDs 2008 to 2010. Learners were placed in a 12-month long learnership, made up of 30% theory and 70% practice.

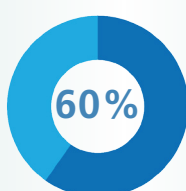


SUCCESSES

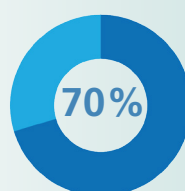
THE DISABILITIES PROGRAMME WAS DEFINITELY SUCCESSFUL:



pass rate over 80%



absorption rate 60%



offered mainstream jobs 70%

Exposure to a formal employment environment proved highly beneficial. New industry-relevant skills were learnt, e.g. merchandising, packaging, till operation, business management, and general computer skills.

'Soft' skills learnt included: telephone etiquette, customer-service, negotiation, interpersonal skills.

Another positive outcome reported by participants was that they were forced to get out of the house, to work under pressure, and to socialise at work and in their communities. This was a huge boost to their confidence.

Possibly the biggest challenge is that many learners completing the programme still did not have Grade 12. This has proved severely limiting in the type of roles they are able to carry out and the possibility of them ever being promoted to management.



CHALLENGES

Some learners, used to feeling sorry for themselves and living relatively inactive lives, struggled initially to adjust to the fast-paced, time-bound, and profit-driven retail environment.

Another significant challenge was a shortage of experienced training providers able to help with PWDs.

The SETA registered frustration at the perceived lack of interest shown by the Department of Social Development (DSD) in the Disabilities Programme.

Possibly the biggest challenge is that many learners completing the programme still did not have Grade 12. This has proved severely limiting in the type of roles they are able to carry out and the possibility of them ever being promoted to management.

Generally, co-workers at the various retailers were not well informed of the type of concessions that the PWDs would need.

Some large retailers have implemented their own programmes for PWDs, but these are co-ordinated with the SETA's regional offices.



RECOMMENDATIONS

Relevant stakeholders need to be engaged by the SETA to increase the pool of training service providers who can assist PWDs.

Human Resources departments of participating organisations should be briefed to sensitise co-workers to the needs of their PWD colleagues – preferably before they arrive.

A tracer study should be conducted to track the career progression of learners from the 2008 to 2010 cohort, to establish if they are currently active participants in the economy, to identify ways in which employers can best facilitate their incorporation into the company culture, and to improve the effectiveness of such interventions in future.

80%

Assistance with accessing capital and incubation for start-ups is critical, as some of the participants expressed a strong desire to own businesses (e.g. catering, dressmaking, etc.)

TRANSFORMATION VIA OTHER W&RSETA INTERVENTIONS

There are other major W&RSETA transformation interventions which are having an impact:

1. The Retail Management Development Programme

Seeks to impart and improve the skills managers need in order to be more effective in meeting W&R Sector organisational goals.

2. The International Leadership Development Programme

Seeks to increase the number of highly promotable, historically disadvantaged leaders, who have been earmarked for senior or executive positions.

3. The South African Disability Development Trust

Provided people living with disability an opportunity to undergo a two-year NQF Level 2 learnership in W&R operations.

CONCLUSION

There is no doubt that the four programmes that were reviewed could be even more successful if the numbers of beneficiaries were increased exponentially.

A dynamic, comprehensive strategy is required in order to communicate the SETA's vision for transformation. For such interventions to succeed, there needs to be significant engagement and partnerships with key stakeholders, to lock down their commitment to the programmes.

Such a strategy should accomplish the following:

Address the obstructive management mindset of many large retailers and change it, by communicating the benefits of a diverse workplace.



Ensure and monitor that retailers put in place the necessary measures to enable PDI candidates (PWDs, women, black, and rural people) with potential to become middle managers and senior executives.

Enable individuals who successfully complete SETA-sponsored skills development qualifications to indeed become retailers.



Exhort large retailers to contribute to the survival of the small businesses that the SETA has helped to establish. It is likely that without such support, they will not survive.

Better co-ordination between the SETA's head office and regional offices.



Maximise the use of information technology to communicate, improve business efficiency, and optimise administrative capabilities.

Radically improve the monitoring and evaluation of the four programmes.



Finally, it is clear that just providing access to education is insufficient to bring about transformation. Simply because someone is qualified is no guarantee that they will be given a job. It is thus also vital that there is a willingness to transform from within employer organisations.

Transformation does not automatically take place as a result of legislation being enacted. It is the result of multiple levels of intervention and also requires buy-in from industry.

THE W&R SECTOR

W&R is the fourth largest contributor to GDP and the 30 000 tax-registered retail enterprises employ about 20% of the total economically active workforce according to Stats SA.

About 86% of registered enterprises in this sector are small and micro enterprises, 9.5% medium size and 4.5% large companies. Only 66% of operational retail traders are formally registered and contributing to the fiscus, suggesting there are over 100 000 informal (unregistered) traders in the sector accounting for 10% of national retail turnover.

The main employment increase has been in the informal /SMME sub-sector.

Wholesale&Retail **LEADERSHIP CHAIR**

Cape Peninsula University of Technology Cape Town

THE WRLC

The Wholesale and Retail Leadership Chair (WRLC) at the Cape Peninsula University of Technology (CPUT) was established in 2013, based on an initiative by the Wholesale & Retail Sector Education and Training Authority (W&RSETA) to contribute towards sector research and professional qualifications development at Higher Education levels.

A national survey report entitled Priority Research Needs of the South African Wholesale and Retail Sector marked the first step taken by the WRLC towards the creation of a basis for relevant research in this dynamic business sector.



Dr. Siphokazi Koyana



Prof Roger Mason

The lead researcher is Dr Siphokazi Koyana, CEO of Siyazithanda Projects and Contract Researcher to the Wholesale & Retail Leadership Chair. She was supported in the research by Professor Roger Mason, Wholesale & Retail Leadership Chair, Cape Peninsula University of Technology.

http://wrlc.org.za/wp-content/uploads/2016/05/2015_12-WRSETA-TRANSFORMATION-Report-.pdf

APPLIED RESEARCH • LEADERSHIP DEVELOPMENT • SERVICE TO RETAIL COMMUNITY

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