

## Education

# Small business finds Setas wanting

A closer working relationship must be established between education authorities and employers

## COMMENT

Catherine Wijnberg

In spite of official recognition concerning education's vital role in improving global competitiveness, it remains a concern that the brightest sector in terms of growth and job creation — the small and medium business sector — is the least well served by our education system.

The health of the small and medium enterprise (SME) sector is increasingly crucial to our collective success as a nation. According to the Finscope 2010 survey, between 1985 and 2005 small, micro and medium firms created 90% of all new jobs in South Africa.

Professor Neil Rankin of the University of the Witwatersrand's school of economics and business science goes further, estimating that 73% of employed people in South Africa work for firms with fewer than 50 employees.

Tertiary institutions are under scrutiny globally for not preparing graduates adequately for work. But in South Africa, where dialogue between universities and the SME sector is all but absent, the chances of ever meeting these needs remain highly unlikely.

Even more concerning is that the sector education and training authority (Seta) system that is intended as a training support in the workplace is in practice unworkable for most small-business owners.

In her recent *Mail & Guardian* article, "Business won't buy skills plan" (February 8), Suzanne Hattingh outlined government's proposed changes to the Seta funding system and argued that problems would arise from an increased emphasis on accredited training and learnerships rather than skills programmes.

"Qualifications are important in the formal employment sector," she wrote, "but they are not a prerequisite for smaller employers, franchise and family businesses, NGOs/NPOs [nongovernmental organisations and nonprofit organisations], entrepreneurial ventures or the informal job market where employment opportunities are increasing. Here new applicants are asked: What skills do you have that we can use to provide services or produce goods?"

Collective data on the Seta roll-out is difficult to obtain but estimates are that only a fraction of the Setas' R7.68-billion 2012 training fund was expended on SMEs, which is where they should be focusing their very best efforts.



Estimates are that only a fraction of the Setas' R7.68-billion 2012 training fund was spent on SMEs.

Photo: David Harrison

**Small businesses are run on tight margins and their lean structures leave no room for the additional administrative burden of Seta compliance**

The reasons for this mismatch are numerous. Firstly, SMEs are unable to access the benefits of the Seta system because many are individually too small to comply with the strict administration criteria that govern these programmes.

Although some can claim back a portion of their skills development levy contributions for training, many generally fall outside the stringent administrative criteria required by the Setas, and some lack the resources or will to manage the convoluted official process. Small businesses by definition are run on tight margins and their lean structures leave no room for the additional administrative burden of Seta compliance.

Second, should the SME enter the system, the specific learning criteria of Seta-accredited training are frequently misaligned with the need for flexibility in a dynamic work-

ership. Having completed a degree or diploma, they don't want more formal training — they want to get into the workplace to learn about the practicalities of working life, improve their skills, hopefully get a decent job and move on with their careers.

Given the pressing need we have as a nation to improve education and to start providing more jobs for the youth, what is the solution? The starting point is to work together to develop a thriving economy, and to help to grow small and medium-sized businesses that can create genuine job opportunities. For this to happen, we need two things in place.

First, education needs to come closer to its ultimate client, the employer. We need more dialogue between universities and employers generally, and especially with those from the small and medium sector.

Such dialogue could be encouraged by an increased interaction and placement of students into internships and workplace opportunities as part of their course or degree requirements. Importantly, internships and work placement programmes should be seen as an opportunity to create mutual benefit and shared advancement for all parties — students, universities and employers — not just as an opportunity for student learning.

And if universities and secondary schools made more effort to bring the employer into the schools to speak about the real world of work — not only about the technical aspects of their industry but about the reality of what work is — students could be

tional administrative burden of Seta compliance.

Second, should the SME enter the system, the specific learning criteria of Seta-accredited training are frequently misaligned with the need for flexibility in a dynamic workplace environment. The emphasis of the Seta system, and of most of our tertiary education system, is on the graduate or learner attaining academic learning rather than delivering practical value in the workplace or to the employer.

This rigid structure may be important for uniform accreditation but it can cramp the style of graduates, so that their real value — fresh thinking, energy, creative new ideas — remains unused. This constrains the productivity of the small businesses, which require human resources to deliver practical, value-adding outcomes, not academic learning.

Third, the fixed year-long accredited learnership system is too inflexible for the staffing needs of many a small business, which may prefer a shorter internship of three to six months. In the changeable environment of small business, the ability to adapt systems, products and services to meet rapidly changing gaps in the market is important. Being tied into a year-long learnership with a candidate who is not a good fit can be very disruptive in this context.

Last, in my experience graduates themselves do not seem overly keen on doing a Seta internship or learn-

ing for student learning. And if universities and secondary schools made more effort to bring the employer into the schools to speak about the real world of work — not only about the technical aspects of their industry but about the reality of what work is — students could be better prepared for working life.

Second, graduates need to be properly matched to businesses in ways that focus on business needs. Taking more care in the placement of graduates into internships or work-experience opportunities, whether at corporate, government or SME level, will see a huge improvement in the success of workplace skills development as a growth strategy.

We need solutions that work for host businesses and young graduates and that address the gap between SME workplace needs and graduate capabilities. This entails considering options that complement the Seta process.

The graduate asset programme my own company, Fetola, has initiated, is one example. The programme seeks to unite stakeholders, service providers, funders, host businesses and graduates across a common platform to make sustainable inroads into youth unemployment.

Supported by the Jobs Fund, Old Mutual and others, the programme aims to place 24 000 graduates into working internships over the next three years and to create about 8 000 new jobs. This business-focused initiative will encourage host businesses to use young South African graduates to build growth from within, thereby boosting the SME sector and generating the job opportunities that we need to make inroads into youth unemployment.

By creating graduate workplace opportunities that meet the real needs of host businesses, developing the practical skills of young graduates and stimulating SME growth, we can really get our country working.

---

Catherine Wijnberg is the director and founder of Fetola ([www.fetola.co.za](http://www.fetola.co.za)), an economic development agency

## M&G Education

[www.mg.co.za/education](http://www.mg.co.za/education)

### Editor

David Macfarlane  
[davidm@mg.co.za](mailto:davidm@mg.co.za)

### Reporter

Bongani Nkosi  
[bonganin@mg.co.za](mailto:bonganin@mg.co.za)

### Reporter and webmaster

Victoria John  
[victoriaj@mg.co.za](mailto:victoriaj@mg.co.za)