

IMPLEMENTATION OF SKILL DEVELOPMENT ACT IN THE SOUTH AFRICAN CONSTRUCTION INDUSTRY[∇]

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Abstract

The study examined level of implementation and achievement of Skill Development Act 97 of 1998 (SDA) goals with a view to reducing skill shortage in the construction industry. Using quantitative approach, questionnaires were administered on stakeholders concerned with skill development in the construction industry. Mean Item Score (MIS) was used for analysis and ranking of identified variables. There are certain barriers to the implementation of SDA such as finance and low employer participation but if effectively implemented, it will improve performance of construction projects through skill development of the workforce. The objectives of SDA are currently partially achieved and there is a need to increase public awareness of the importance of skill training. This study has explored the drivers and barriers to the implementation of SDA and level of achievement of its goals. It will be useful for Sector Education and Training Authority (SETA), Construction Education and Training Authorities (CETAs) as well as other stakeholders in realising the goals of SDA, thereby improving performance and productivity of construction projects.

Keywords: *Construction skilled labour, Education and training, Skill development, Skills Development Act (SDA), Skill shortage.*

1. Introduction

The construct of skills development is a complex phenomenon, which most writers focus on defining and discussing, whilst others discuss its rationale and socio-cultural factors

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influencing it. Skills development is an urgent priority for any country as an integral part of overall objectives of reducing poverty, increasing employment, increasing economic growth and improving its international competitiveness (Du Plessis, 2006). The demands of a more complex and changing economy, characterized by an escalating use of information, more complex technologies and a general rise in skills requirements of jobs also necessitates the need for innovativeness and improve level of applied competence. A skilled workforce is an essential requirement for the growth of a country's economy and training therefore becomes increasingly significant. Furthermore, Noge (2010) stated that changes in education and training are imperative to the process of socio-economic transformation. The issue of skills shortages cuts across a range of market sectors, with the engineering and construction sector suffering particular constraints on growth and effectiveness (Rainbird, 2000, Strong, 2000).

Educational changes in South Africa, as with other African countries, are fundamental to the process of socio-economic transformation, hence the first democratic government inherited a 'mountainous' responsibility and was mandated with developing a comprehensive education and training system (Noge, 2010) that would benefit her citizens and enhance the country's global competitiveness. Against this historical background, the SDA came into existence as an innovative approach to skills development that sought to redress past educational imbalances (Kraak, 2007). Furthermore, laws, regulations and strategies were put in place with the intent of replacing the old fragmented and discriminatory frameworks for education and training of the past with a totally different and integrated non-discriminatory and democratically founded framework for the future (Ernst, 2000). New laws included the Skills Development Levies Act (Act 9 of 1999) (SDLA) and the Skills Development Act 97 of 1998 (SDA), in which the latter states that employment services should create education and training programmes for the previously disadvantaged groups, so as to afford them the opportunities to gain new skills in areas of shortages and be re-skilled so they can expand new markets and also exploit technological innovations (Peterson, 2006). Therefore, the purpose of this study is to assess the effectiveness of the SDA in improving the number of skilled construction workers in the construction industry. This will increase stakeholder's awareness of the need to access relevant education and training opportunities of highest quality, including enterprise-based learning (EBL) for citizens' effective participation in the economy.

2. Concept of Skill Development

Skills development is as an imperative within an institution (Mopeli, 2014). In addition, it is a major management tool that is used to improve the full effectiveness of the organization's most important resource. Nevertheless, for skills development to be fully efficient, (the) results must be measured in alignment with the firm's skills development and training requirements. Mopeli (2014) stated that skills development is an important element in ensuring that employees perform their tasks to the level that the job requires. As such, skills development echoes individual training or instruction in the workplace. According to Maimela (2006), the drive for skills development in South Africa is a crucial priority. This is evidenced by the establishment of the Joint Initiative Priority for Skills Acquisition (JIPSA) in 2006. Notably, this initiative aims to affirm the urgency of South Africa's skills demand, and also seeks to find quick and effective

solutions to this problem. It was further stated that individuals continued development contributes to improving their performance Qualifications Framework (NQF). Notably, this contributes to the development each learner, as well as socio-economic development of the country. In addition to the SAQA, the SDA provides an organizational framework to devise and implement national sector and workplace strategies to develop and improve the skills of the South African workforce. According to Beardwell and Holden (1997), international research on skills development supports the approach that South Africa needs to recognize the importance of integrating education, training and skills development as a way of creating an enabling environment for the country to develop workplace competence and stimulate growth for the country. Hence, Picard (2005) argues that current problems that plague the country are as a result of government's failed efforts to prioritize the implementation in their places of work.

In light of this, the South African government has set up a number of institutions, such as the South African Qualifications Authority (SAQA) whose prime objective is to ensure the development and implementation of the National of a baseline analyses with regard to the public service transition, affirmative action and the training and skills development of the country's labour force.

2.1 Skill Shortage in the Construction Industry

In a study conducted by the Construction Industry Institute (CII) it was revealed that about 75% of contractors worldwide are experiencing skilled labour shortages and that these are costing both the client and the economy a substantial amount of money yearly. Similarly, a study undertaken by the Business Round Table (BRT) construction committee also found that 25% of its member's construction projects encountered cost and / or schedule overruns caused mainly by a shortage of skilled labour (Kashiwagi & Massner, 2005). The Department of Labour (DoL) in 1997 introduced a *National Skills Development Strategy (NSDS)*, set to replace the old Apartheid 'skills' system. Also, Sector Education and Training Authorities (SETAs) were set up to replace the ITB's. Moreover, they were set up through a levy-grant system, through which employers would pay one percent (1%) of its payroll costs. The system was thus intended to create an incentive for employers to train, to support training, and also to supply much needed information on the training needs of each sector (as determined by the Minister of Labour) (Allais, 2014; Agumba, 2014). Further, the national DoL estimates that the industry needs to attract about 240,000 workers each year in order to replace the ageing workplace that is either retiring or simply leaving the industry. In addition, the DoL also reports that the current average age of construction employees is 47 years and increasing, which indicates the need for stakeholders to with one another to improve the overall attractiveness of the industry in order to attract and retain younger employees.

2.2 Skill Development Act (Act 97 Of 1998)

Haasbroek (2004) maintains that the development of skills through training and development has always been the most powerful lever for improving both individual opportunity and institutional competitiveness. This author thus asserts that government (itself) and employers recognize the role of a skilled and knowledgeable workforce in securing competitive advantages

in the labour market. According to Mohlala (2011), skills development in the South African context should be addressed against the broad social, political and economic background where reconstruction and development still dominate the highest status on the national agenda. Hence, it is logical therefore that national legislation should be addressed as a precursor towards addressing both provincial and local government training and development circumstances.

Grawitzky (2007) informs that the SDA came about as a fulfilment of section 23 of the 1996 constitution which in part provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce. Further, the Act intends to fuse strategies with the national qualifications framework as noted in the *South African Qualifications Authority Act (Act 58 of 1995)*. In addition, it also seeks to provide for learnerships that lead to recognized occupation (Skill Development Act, 1998). The Skills Act likewise emphasis the need to transform skills development through investment; turning the workplace into a democratic environment; and improving the quality and significance of education and learning for the workplace – this is because employers are often (too) hesitant to hire unskilled people. Byars & Rue, (2008) are of the same idea and state training and development involves the acquisition of knowledge, skills and abilities, such as interpersonal and communication skills necessary to perform a job. The goals of the SDA include *inter alia*: developing the skills of the South African workforce; encouraging employer participation in learning programmes; encouraging worker participation in learning programmes; and improving the employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and education (Skill Development Act, 1998). Importantly, the SDA aims to ensure the quality of education and training in and for the workplace.

3. Research Methodology

The study was conducted with reference to existing theoretical literature relating to legislative policy documents governing the education, training, and skills development of the South African construction labour force. Documentary reviews in construction education and training was also consulted to compliment the information from literature.

Using quantitative research approach, structured questionnaires were administered on 59 contractors, training providers, and other relevant government stakeholders through convenient sampling method. These respondents are from the following groups: Construction Education and Training Authority (CETA); CETA registered training providers; Council for Higher Education; Construction Industry Development Board; Department of Higher Education and Training; Department of Labour; Practicing construction professionals; Quality Council for Trades and Occupations; South African Qualifications Authority; and South African Council for Project and Construction Management Professions. The questionnaires were delivered personally after making the necessary appointments with the individual respondents. Using self-reporting structured questionnaire, it is necessary to engage respondents that could read in English and have adequate knowledge about the Skills Development practices within the construction industry. The instrument could not be translated into local dialects because of the 11 different

dialects spoken in the study area, which could have created difficulty in the accuracy of translation.

For ethical considerations, a covering letter was provided informing the respondents of the general aim of the study, purpose and confidentiality of data supplied as well as average duration it will take to complete a questionnaire. Also, research objectives were articulated verbally and in writing so they could be clearly understood by respondents. Thereafter, participants were invited to take part in the research, but only on the condition of voluntary participation. Equally important, participants were assured of their anonymity and this was guaranteed through the confidentiality of the study. They were also informed that they were free to disengage from participating at any stage of the research without fear of prejudice.

A 5-point Likert scale was used to solicit information on drivers and barriers to the implementation of the SDA and level of achievement of SDA goals. The adopted scales are: 1 = Strongly disagree (SD)/ Extremely unlikely (EU); 2 = Disagree (D)/ Unlikely (U); 3 = Neutral (N); 4 = Agree (A)/ Likely (L); and 5 = Strongly agree (SA)/ Extremely likely (EL). The five point scale was transformed to Mean Item Score (MIS) for each factor and the indices were employed to determine the rank of each variable.

For reliability test, Cronbach's Alpha was employed for internal consistence check. Table 1 indicate that the values for the three categories of factors ranges from 0.80 and 0.83. According to Sekaran (2000), an alpha coefficient of 0.80 represents a reasonable degree of internal consistence while George & Mallery, (2003) state that value above 0.70 is acceptable. This implies that the calculated Cronbach's alpha values are within the tolerable levels; hence all items in the research study were measuring the same construct.

Table 1: Internal reliability test

Category	Cronbach's Alpha
Barriers to the implementation of the SDA	0.82
Drivers to the implementation of the SDA	0.80
Achievement of SDA objectives	0.83

4. Findings and Discussion

Out of the 59 questionnaires distributed, 48 were retrieved while 3 were found unsuitable for further analysis. This implies that 45 questionnaires were analysed representing 76% response rate.

4.1 Demographic Information of Respondents

The results of analysed data revealed that respondents are equally spread in that, 53.33% were male and 46.67% were female with average of about 11 years working experience. Findings relating to respondents' age group revealed that majority are between 26 and 55 years. The study spread across all ethnic groups in that about 53% of respondents are Black, 27% are White, 11% are either of Indian or Asian descent and 9% are Coloured. On their current employer, about 47%, 26%, 16%, 7% and 4% are employees of contracting firms, state government, private sector clients, consulting firms and public universities. On the number of

skills development/training programmes respondents were involved in the last ten years, 26.67% were involved in 1-2, 15.56% were involved in 3-4, 44.44% were involved in more than 4, and 13.33% of the respondents were not involved in any training programmes.

4.2 Barriers to Implementation of SDA

Table 2 reveals the hindrances to the implementation of SDA. It could be observed that workplace opportunities, inadequate performance of the Construction Education and Training Authority (CETA), low employer participation, financial limitations and corruption of Sector Education and Training Authorities (SETAs) are major barriers to the implementation of SDA. Other factors are skills mismatch, long delays in the availability of occupationally directed qualifications, lack of articulation and progress as well as limited range of training programmes being offered. Barriers with least impact are poor image of the construction sector, burdensome training programmes, short period of training programmes, no tangible benefits and input issues (i.e. shortage of learners).

Table 2: Barriers hindering the implementation of the SDA

Barriers Hindering Implementation	MIS	σX	R
Limited workplace opportunities	3.80	7.649	1
Inadequate performance of CETA	3.67	5.148	2
Low employer participation	3.62	5.050	3
Financial limitations	3.60	5.874	4
Corruption of SETA officials	3.58	4.899	5
Administrative burdens	3.49	5.339	6
Poor industry capacity	3.44	6.964	7
Amiss attitudes towards skills development	3.42	6.205	8
Maladministration of skills programmes	3.40	5.148	9
Skills mismatch	3.40	6.782	9
Long delays in the availability of occupationally directed qualifications	3.36	7.176	10
Lack of articulation and progress	3.27	6.442	11
Limited range of training programmes being offered	3.20	5.148	12
Limited availability of information of the SDA Act	3.18	4.796	13
Non-completion of training programmes	3.16	4.528	14
Poor quality of training outcomes	3.16	4.528	14
Weak training provider systems	3.16	5.292	15
Lack of access to information of the SDA Act	3.13	6.671	16
Poor image of the construction sector	2.98	6.124	17
Burdensome training programmes	2.96	4.743	18
Short period of training programmes	2.93	4.690	19
No tangible benefits	2.67	2.915	20
Input issues (shortage of learners)	2.64	3.464	21

MIS = Mean Item Score; σX = Standard deviation; R = Rank

4.3 Drivers for Implementation of SDA

Increase public awareness of the importance of skills training is the major measure that can be undertaken to overcome the barriers to implementation of SDA in the construction industry as revealed in table 3. Other significant drivers are encouraging employer participation, encourage learner participation, encourage more employers to use the workplace as an active learning environment, creating awareness on the benefits of skills development and strengthen training provider system. The least important drivers are increase in the attractiveness of the construction sector, encourage entrepreneurs to start new construction businesses, improve access to information of the SDA, improve image of construction sector and increase duration of training programmes.

Table 3: Measures to overcoming the barriers to the implementation of the SDA

Overcoming the Barriers to Implementation	MIS	σX	R
Increase public awareness of the importance of skills training	4.29	7.810	1
Encourage employer participation	4.25	10.924	2
Encourage learner participation	4.24	10.243	3
Encourage more employer to use the workplace as an active learning environment	4.16	9.106	4
Create awareness on benefits of skills development	4.09	8.921	5
Strengthen training provider systems	4.02	8.367	6
Improve training provider capacity	3.82	8.602	7
Improve training provider competence	3.82	8.944	7
Improve performance of the CETA	3.76	5.500	8
Increase the availability of information of the SDA Act	3.73	5.612	9
Improve quality of training outcomes	3.69	8.689	10
Eradicate corruption in all SETAs	3.67	5.831	11
Increase the number of training programmes being offered	3.67	7.348	11
Change public misperceptions of “burdensomeness” of skills training	3.62	7.382	12
Reduce government red-tape on the implementation of training programmes	3.60	5.148	13
Increase attractiveness of the construction industry	3.58	6.131	14
Encourage entrepreneurs to start new construction businesses	3.53	6.042	15
Improve access to information of the SDA Act	3.53	6.928	15
Improve image of construction sector	3.36	7.450	16

Increase duration of training programmes	3.22	5.099	17
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MIS = Mean Item Score; σX = Standard deviation; R = Rank

4.4 Level of Achievement of SDA Goals

The section examines the extent of implementation of SDA by measuring the level of achievement of its specific goals as detailed in the Act. There are 45 respondents for the study and the frequency column in table 4 revealed the number of individuals that agreed with the implementation of each goal. On a general note, the goals have been partially achieved pointing towards continued shortage of skills in the construction industry. It could be revealed that only the first goal, that is, improve the employment prospects of especially black learners has been averagely achieved. To a considerable extent, SDA has also achieved the goals relating to development of skills of the South African workforce and encouraging skills programmes. On the other hand, the following goals have rarely been achieved: improve delivery of social services, monitor progress and efficiency of leadership, establish effective labour centres and implement effective SETAs.

Table 4: Implementing effective skills development through SDA

SDA goals	Frequency	Rank
Improve the employment prospects of especially black learners	23	1
Develop the skills of the South African workforce	22	2
Encourage skills programmes	21	3
Increase the levels of investment in education and training	18	4
Increase employer participation in learning programmes	17	5
Increase learner participation in learning programmes	17	5
Ensure quality of education and training	15	7
Improve productivity in the workplace	15	7
Improve the quality of life of workers	15	7
Promote self-employment	12	10
Redress educational imbalances	12	10
Implement effective learnerships	11	12
Reduce skills mismatch	10	13
Improve competitiveness of employees	9	14
Improve delivery of social services	8	15
Monitor progress and efficiency of learnerships	7	16
Establish effective labour centres	5	17
Implement effective SETAs	4	18

4.5 Discussion of Findings

In support of Aigbavboa & Thwala, (2014), funding and performance of Construction Education and Training Authority and low percentage of employer participation are the major challenges to the implementation of SDA. Similarly, Mumenthey & du Preez (2008) noted that enterprise training, attitudes and practices and training capacity and competence of service providers were the major barriers to the skills system. However, the study is not in agreement with Construction Industry Development Board, (2007) where input issues, the general attractiveness of the construction sector and the national pass rate in mathematics were the major problems to the skills system. It could be observed that the latter study is related to class activities than practical occurrence on the field.

On the drivers for implementation of SDA, the study is in agreement with the findings of Hall & Sandelands (2009). It was revealed that attracting and developing young talent, and incorporating an integrated approach to bridging the skills gap were the most dominant measures. The results also concurred with Marock (2010). However, the findings were in contrary to the study by South Africa Department of Labour (n.d.), where augmenting the image of the construction sector, increasing awareness of careers in construction related trades, and a long term investment for skills training and firms were identified as the common measures of overcoming the barriers to the skills system. However, this study ensured that practitioners and stakeholders that are concerned with SDA and its implementation were contacted and it is believed that they are in the better position to supply adequate and correct information for the study. Most of the goals of SDA have not been achieved although the major one achieved so far is in the improvement of employment prospects for black learners. Makhene & Thwala (2009) noted that the major success of SDA is in boosting the quality of life of workers, and increasing their employability through the implementation of skills training programmes.

5. Conclusion and Recommendation

Skilled labour shortages are the consequence of the interplay of several complex socio-political and economic factors. SDA is one of the regulations enacted to address this issues but it could be observed that most of the goals of the regulations have been partially achieved. The SDA has not been able to fully address this issue due to limited workplace opportunities, inadequate performance of Construction Education and Training Authority (CETA), low employer participation, financial limitations and corruption. There is therefore the need to increase public awareness of the importance of skills training and improve training provider's system. There is also a need for drastic change in existing skills legislation to mandate private sector participation in alleviating the skills problem and CETA should adopt a thorough screening processes in the selection and certification of its training providers, so as to optimise the quality of training outcomes. More so, CETA need to be proactive in order to achieve its 'vision and mission' to the industry's satisfaction. Finally, construction industry should be monitored by CETA and other concerned agencies to ensure that SDA provisions are enforced and adopted in order to address the problem of skill shortage.

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