



The perceived value of the return on investment of accounting learnerships for employers

NADINE KATER

STUDENT NUMBER: 2858004

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

11 November 2009

ABSTRACT

Learnerships were introduced by the South African government as a mechanism to address the shortage of skilled people in the workplace. The aim of this research was to determine the perceived value of the return on investment (ROI) of the Chartered Accountant (CA) learnership – specifically from the employers' point of view. Despite there being 934 learnerships registered in South Africa, there has been minimal ROI that relates directly to learnerships.

The research was conducted in three phases. During the first phase, a focus group was convened to identify the components of the financial and non-financial benefits and costs of the CA learnership. These components were included in a survey questionnaire that was completed by 127 respondents during the second phase. In-depth interviews were conducted with eight employers in the third phase to determine the monetary value of the costs incurred in the implementation of the CA learnership.

The key findings of the research include the identification of the specific components of the ROI of the CA learnerships, i.e. the financial and non-financial benefits and costs. From a holistic viewpoint, employers perceive the value of the ROI of the CA learnership.



DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for a degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Nadine Kater

11 November 2009

ACKNOWLEDGEMENTS

My heartfelt thanks go to my supervisor, Margie Sutherland for her enduring patience, expert advice and personal commitment to this research project.

I would like to acknowledge the support and encouragement from all my colleagues at Fasset, but especially Cheryl James for being my mentor throughout the process.

Thank you to Earl, Dyana, David, Esther, my mother, Yvonne, Debbie, and Wesley, as well as many other members of my family, for all their prayers, support and words of encouragement. Thanks for being the most wonderful family in the world.



CONTENTS

Abstract.....	ii
Acknowledgements.....	iv
Contents.....	v
1 Definition Of The Problem.....	1
1.1 Background to the problem.....	1
1.2 Learnerships.....	2
1.3 Return on investment on learnerships.....	5
2 Literature Review.....	6
2.1 Skills shortage.....	6
2.2 Legislative framework.....	7
2.3 Learnerships.....	9
2.4 Return on investment for training and development.....	13
2.5 Return on investment in learnerships.....	21
3 Research Questions.....	23
4 Research Methodology.....	25
4.1 Purpose.....	25
4.2 Phase 1: Exploratory Research.....	25
4.2.1 Focus groups.....	25
4.2.2 Sampling method and size.....	26
4.2.3 Data gathering.....	27
4.2.4 Analysis.....	28
4.3 Phase 2: Survey Research.....	29



4.3.1	Survey Method	29
4.3.2	Sampling method and size	29
4.3.3	Data gathering	30
4.3.4	Analysis approach	32
4.4	Phase 3: In-Depth Interviews	33
4.4.1	In-depth interviews	33
4.4.2	Sampling method and size	34
4.4.3	Data gathering	34
4.4.4	Analysis approach	35
4.5	Research limitations	35
5	Results	37
5.1	Phase 1: Focus Groups	37
5.2	Phase 2: Survey Questionnaire	39
5.2.1	Profile of the respondents	39
5.2.2	Question 1	42
5.2.3	Question 2	44
5.2.4	Question 3	47
5.2.5	Question 4	49
5.2.6	Question 5	52
5.2.7	Cross Tabulations	55



6 Discussion Of Results	60
6.1 Question 1	60
6.2 Question 2	63
6.3 Question 3	65
6.4 Question 4	67
6.5 Question 5	70
6.6 Learnership ROI components	73
6.7 Learnership ROI Framework.....	75
7 Conclusion	77
7.1 Research Findings	78
7.2 Recommendations for stakeholders.....	80
7.3 Future ideas for further research	83
7.4 Conclusion	85
8 References.....	87
Appendix 1: Focus Group Discussion Guide.....	92
Appendix 2: Focus Group Participants.....	94
Appendix 3: Survey Questionnaireintroduction	95
Appendix 4: Phase 3 Questionnaire.....	102
Appendix 5: Summary of Open-ended question comments	105

1 DEFINITION OF THE PROBLEM

Learnerships were introduced in South Africa in an attempt to alleviate the skills shortage. Employers are an integral part of the implementation process of learnerships, as they have to provide the structured, practical workplace component. The uptake of learnerships has been slow and has thus affected the government's objective to address the skills shortage. Government has also introduced financial incentives to encourage employers to take on learners. The question that arises is: Do employers see the value of implementing learnerships?

1.1 Background to the problem

After the first democratic election in 1994, government inherited a labour market with inequalities and a workforce that was inadequately educated (Smith *et al.* 2005; Mummmenthey, 2008). Despite the fact that government has achieved remarkable macro-economic stability since 1994 (Smith *et al.* 2005), the shortage of skilled labour remains an obstacle to the global competitiveness of South Africa. The country ranks 44 out of 131 countries according to the Global Competitiveness Report (World Economic Forum, 2007). Government has responded to the skills shortage by implementing a human resource development framework that will produce an accelerated skills development programme (President Mbeki, opening of Parliament in February 2001). The new policy was supported by a new legislative framework (including the South African Qualifications Act of 1995; the Skills Development Act of 1998; the Skills Development Levies Act of 1999).

Sector Education and Training Authorities (SETAs) were established to implement the skills development legislation and the Department of Labour (DoL) set up the SETAs to play a crucial role in registering, monitoring, managing and facilitating the implementation of learnerships (Learnership Regulations, 1998).

1.2 Learnerships

The learnership is regarded as the “centrepiece innovation” of the skills development system (Kraak, 2008, p. 1). Learnerships provide opportunities for workers and the unemployed to learn new theoretical and practical capabilities, acquire new skills, and gain work experience to improve their employability (Smith *et al.* 2005). What is more, the practical aspect of the learnership should help address the shortage of skilled people in the workplace.

The practical nature of the learnership relates to the general agreement that “adults learn best through experiential learning that is both active and collaborative” (Carmichael and Sutherland, 2005, p. 2). Learning methodologies for experiential learning have many models but, in the 1990s, South Africa reinvented the notion of modern apprenticeships (MAs) based on United Kingdom and Australian contexts (Kraak, 2008). As MA models evolved into learnerships, different learnership methodologies were applied (Mummenthey, 2008).

The practical experience component of learnerships requires that employers play a

pivotal role in the implementation of learnerships through the provision of a practical training environment (SDA, 1998; Learnership Regulations, 1998). The focus of this research is to examine learnerships from the employers' point of view. Numerous incentives have been provided for employers to encourage the uptake of learnerships (Smith *et al.* 2005). "The incentives for companies that undertake learnership programmes are significant. In many cases, these incentives can match and even surpass the cost of the learnership programmes" (Schussler, 2006, p. 3). However, the implementation of learnerships by employers does not reflect an increase in the uptake of learnerships. According to research conducted by the Human Sciences Research Council (HSRC) in May 2007, the numbers of learners registered on learnerships decreased by 35% in year six of the existence of SETAs. SETAs were established in March 2000. No learnerships were registered in the first year of establishment (1 April 2000 to 31 March 2001). Table 1 below indicates the number of registered learners from 1 March 2000 to 31 March 2006.

TABLE 1: ANNUAL LEARNER REGISTRATIONS

FINANCIAL YEAR	NUMBER OF REGISTRATIONS	PERCENTAGE GROWTH
1/03/00 – 31/03/01	NIL	0%
1/03/01 – 31/03/02	7814	0%
1/03/02 – 31/03/03	17670	126%
1/03/03 – 31/03/04	43092	144%
1/03/04 – 31/03/05	83534	94%
1/03/05 – 31/03/06	54617	-35%

Table 1 includes the total registrations of learners across all learnerships. However, for the purposes of this research, the learning methodology selected will relate to a specific learnership only; i.e. the Chartered Accountant (CA) learnership. The reasons for selecting this learnership specifically are noted here:

- Specific skills shortages in the accounting sector have also been documented independently of the Fasset Sector Skills Plan (SSP) research by the South African Institute of Chartered Accountants (SAICA: 2008).
- Employers in the accounting sector will have had the opportunity to experience the completed learnership process. Seventy-two per cent of the learners that completed learnerships were registered on accounting learnerships (Smith *et al.* 2005).
- Learning methodologies can be applied differently by employers and thus there would not be a consistent experience across different learnerships. The CA training process is strictly monitored by Fasset and SAICA and is thus consistently applied across all employers. Fasset is the SETA that is responsible for, inter alia, managing the reporting on the CA learnership to the Department of Labour (DoL). SAICA is the professional body that is responsible, inter alia, for the quality assurance of the CA learnership training process.

1.3 Return on investment on learnerships

The purpose of this research is to determine what the perception of employers is with regard to the ROI for learnerships. Research has already been conducted with regards to the broader learnership system regarding factors that “help and hinder” (Babb, 2004. p. 2). Mummenthey (2008) has also examined the efficiency and effectiveness of the learnership system. The Department of Labour (DoL) released research in 2008 regarding “the internal and external efficiency and effectiveness of learnership and to assess their impact on the labour market outcomes of beneficiaries” (HSRC report: 2008). There is thus a gap in the current research in the form of an investigation of learnerships from the employers’ perspective.

The literature also indicates that ROI in training has been applied across different types of training programmes. The purpose of this research is thus to identify the financial and non-financial components that apply to the ROI of accounting learnerships. As indicated by Carmichael and Sutherland (2005), the traditional ROI models for calculating education interventions examine the costs and benefits of such interventions in financial terms. This research intends to take a more holistic view of the value of learnerships by exploring the perceptions of employers on the non-financial components as well as the financial components. The results of the research may contribute to determining the overall value that employers obtain by engaging in learnerships. Communicating this value to employers might encourage them to participate in more learnership programmes that could alleviate the skills shortage that the literature points to.

2 LITERATURE REVIEW

It is clear from previous published research that, although learnerships are regarded as the cornerstone of the skills development strategy, the role of employers has only been addressed based on what they put into the learnerships process. The value of their participation in the learnership system has not been documented and researched. The literature review provides a supporting theory base to illustrate the important role that learnerships play with regard to reducing the skills shortage in South Africa, the role of employers, and the broader context of ROI in training. After the discussion of these topics as they appear in the literature, the specific ROI on learnerships is discussed.

2.1 Skills shortage

The backdrop of learnerships is the National Skills Development Strategy (NSDS) (DoL: NSDS, 2001), which is based on broader government policies like the Accelerated Shared Growth Initiative of South Africa (AsgiSA) that have been developed since 1994 as a result of the urgency around the skills shortages (McGrath and Akoojee, 2007). It is essential to understand the implications of the skills shortages as documented in the literature so as to see in perspective the importance of learnerships, especially as learnerships are regarded as an important mechanism for addressing the imbalance between the availability of skilled labour and the skills requirements of the economy (Smith *et al.* 2005).

In their evaluation of the success of ASYDA, MUGTANI and Akoojee (2007) confirm that the identification of education and skills as central elements of South Africa's national development strategy is in line with international trends that indicate to policy makers that education and skills are crucial to global competitiveness.

In a critical review of the NSDS, Kraak (2007) indicates that there are conflicting assessments of the successes of the NSDS. He indicates that there is a need for "more reliable data to counter the critics, particularly more persuasive micro and meso accounts of the successes of the NSDS" (Kraak, 2007, p. 16). This research presents an in-depth account of learnerships as one of the micro elements.

As the research is based on a specific learnership in the financial sector – that is, the learnership for CAs – an understanding of the education and training environment for CAs is necessary. The review thus includes research on skills shortages that are specific to the CA learnership in the financial sector (Fasset, SSP: 2007) and research done by SAICA. "The South African Institute of Chartered Accountants' (SAICA) awareness of the skills shortages in the financial and auditing sector prompted the need to know the magnitude of the problem in order to establish effective intervention strategies". (SAICA: 2008, p. 1).

2.2 Legislative framework

As noted in the previous section, the broader government policies address broad

stroke policy issues but these are bolstered by an extensive legislative framework to facilitate the implementation of the policies (Smith *et al.* 2005).

The learnership system can only be examined by understanding the respective roles of all the various stakeholders. These stakeholders are the Department of Labour (DoL), SETAs, training providers, employers, learners and professional bodies in the skills development environment in general. Previous research undertaken by Babb (2004), Mummmenthey (2008) and Smith *et al.* (2005) have already examined the role of these various stakeholders. Various pieces of legislation have been examined, including the South African Qualifications Act (SAQA) of 1995, the Skills Development Act (SDA) of 1998, the Skills Development Levies Act of 1999), the National Qualifications Act (NQF) of 2008, and the Income Tax Act 58 of 1962 (section 12H).

A legislative structure similar to South Africa's skills levy system was introduced in Quebec, Canada. The legislative structure was referred to as the 1% Wage Bill Law, and was introduced in 1995 to "improve qualifications, skills and performance of workers in firms" (Charest, 2007). The Charest (2007) article debates similar issues to those that South Africa faces with regard to the skills shortage. In Canada, since the 1980s, the training of workers had also become an issue as it affected worker employability, employers' competitiveness, and the country's economic performance. These challenges are similar to South Arica. (Kraak, 2008a).



2.3 Learnerships

The system of learnerships is complex and an understanding of the system is central to the overall framework of this research. Learnerships are referred to in Chapter Four of the Skills Development Act of 1998 and are defined as follows:

- a) The learnership consists of a structured learning component
- b) The learnership includes practical work experience of a specified nature and duration
- c) The learnership would lead to a qualification registered by the South African Qualifications Authority (South African Qualifications Act of 1995) and
- d) Related to an occupation

According to Babb and Meyer (2005, p. 19), “A learnership is by its nature a multi-stakeholder entity”. However, on the basis of the learnership agreement, there are three direct participants in the learnership. The learnership agreement is a legislated document that is signed by three parties – the learner, the employer and the training provider (SDA, 1998 and Learnership regulations, 1998). For the purposes of this research, the focus is on the learner and the employer.

Role of the learner

In the learnership, the learner is an active participant in the learning process, thus adult learning methodology is an important consideration. There are four learning theories that relate to adult learning – action learning, experiential learning, project-based learning, and self-directed learning (Conlan, Grabowksi and Smith, 2005). The research conducted by Mifflin (2004) presents a critique of some of these adult learning theories and thus provides a balanced view of adult learning methodology. Keller (2008) suggests a specific blended approach to learning, coupled with the practical implementation of a learning plan and links the learning plan directly to determining the impact of a training programme. Keller (2008, p. 42) proposes a “performance-development-plan process” that incorporates intangible benefits. For instance, increased job satisfaction, employee motivation and establishing a career path. This learning methodology is in line with the CA training programme where the learner is managed through a process of a development needs analysis (SAICA, 2008).

Furthermore, the supervised work that the learner completes during the training, forms part of the structure of fees that the employer charges for work done for the employer’s clients. Thus, the work product (for example, financial statements) produced by the learner while in training is converted to billable hours.

Role of employers in training and development

The learnership structure relies on the employer for the provision of practical work experience and the learnership relates to an occupation. The employer has an indispensable role to play in the training and development of the learnership process (SDA, 1998). In the DoL: HSRC report (2008), the uptake of learnerships was investigated. Mumenthey's (2008) research, although conducted in the construction industry, has also give an indication of the general level of satisfaction of employers in the learnership system. Khayyat & Elgamal (1997) indicates that training "...is a human resource development activity that is closely related to increasing or maintaining the productivity of employees." From the employers' perspective, the importance of training thus relates to productivity.

"Training is an important tool to use in the workplace.....and will impact the organization in a positive way" (Keller, 2008, p. 43). This research measures the impact that is referred to by Keller (200) by listing the financial and non-financial benefits of the learnership as a training programme. Smith (2001) indicates that in a study done by Earnst and Young in Australia with thousands of organisations, that companies experienced the greatest economic benefits when management practices were innovatively integrated into employee training and empowerment programs. This statement also indicates the role of employers in a workplace training programme and that their positive involvement in such a programme leads to benefits.

Employer's role in the structure of the CA learnership

The employer plays an indispensable role in the implementation of the CA learnership in South Africa. The employer has to follow a formal and structured process with SAICA before being permitted to train learners. The initial steps involve an accreditation process where the employer has to apply to SAICA and prove that the organisation has the capacity and quality assurance structures in place to provide quality training. Once the employer has been accredited, the learnership can commence after the learner has been registered with SAICA.

The duration of the practical training component of the learnership is at least three years. During this time, the learner performs duties that relate to accounting work that is completed for clients and included in the billable hours. The employer has the responsibility of monitoring the work that the learner completes on a daily basis. Learners also have to be assessed at least every six months to ensure that they are making progress according to the outcomes as indicated in the learnership training programme. The employer takes on the role of administrator, mentor, supervisor and assessor, which involves time, effort and money. This research was set out to quantify the ROI in terms of time, effort and money and also to determine the employers' perception of the value of learnerships in view of the costs involved.

2.4 Return on investment for training and development

The rationale for ROI in training

According to Phillips (2002), ROI has been used by organisations for centuries. Furthermore, Smith (2001) notes that since the early 1990s, ROI and cost-benefit studies that illustrate the bottom-line contribution of training have received increased attention. In 2002, Philips (p. 22) identified three main trends that motivate the rationale for focusing on ROI in the United States. Firstly, at that time, training focused on technical skills as there was a shift from the manufacturing industry to the services industry. Secondly, there is a change in the focus of training and a wider variety of training programmes are offered in order to address more complex issues. Training programs include “technical skills training, management and leadership development, diversity awareness, and wellness training”. Thirdly, management’s view of training has changed along with the type of training programmes. Even though the “softer” issues can be more difficult to measure, management still requires tangible evidence of the training programme’s impact. Training delivery options have also changed and include distance programmes (Simonson, 2007) and e-learning programmes (Peak and Berge, 2006).

According to Peak and Berge (2006), there has been an increased interest from business leaders in preparing their employees for the fast pace of change and

results-driven nature of the global economy. Bartel (1997, p. 522) indicates that “knowledge of the rate of return on an employer’s investment in employee training provides guidance to firms on their human capital investment decisions and can aid government policymakers in decisions regarding subsidies of private investment”. But if there is a lack of information on ROI, this could be a cause for underinvestment in training. Results from the research findings of the Australian National Training Authority (Smith, 2001) also indicate that “increased investment in training at the enterprise level appears to be poorly understood by many employers”. (Smith, 2001, p. 5)

The rationale for determining ROI is not only strategic, as indicated by Smith (2001), Bartel (1997) and Peak and Berge (2006), but also involves basic evaluation at an operational level. Shepherd (1999, p. 1) summarises the main arguments for determining ROI as follows: “to validate training as a business tool, to justify the costs incurred in training, to help improve the design of training and to help in selecting training methods”, Although initially, ROI evaluation was applicable to technical training programmes and performance improvement programmes it is now also applicable to other types of human resource programmes – for example, change programmes, distance programmes (Simonson, 2007) and e-learning programmes (Peak and Berge, 2006).

The use of ROI for the last two of these three types of programmes is of particular interest to this study as they present case studies of the use of ROI in new and

alternative methods of training. This study presents a further opportunity to test the use of ROI in another new and alternative training programme – the learnership programme. Furthermore, there is an attempt in this study to conduct ROI on a systemic level as well as on an individual employer level.

Smith *et al.* 2005 indicate that skepticism with regard to the success of MAs stems from the fact that they “failed to provide integrated training models and thereby ensure ‘the complementarity of on-and off-job training’”. These authors’ research findings have been compared with the ROI on learnerships.

ROI defined

The literature has been reviewed to understand the meaning of the term “return on investment”. The basic method for evaluating training and performance has been for a number of years, the cost-benefit analysis process (Phillips, 2002; Smith 2001), which compares the benefits of a training programme to the costs of the training programme. The result is expressed as a benefit-cost ratio (BCR).

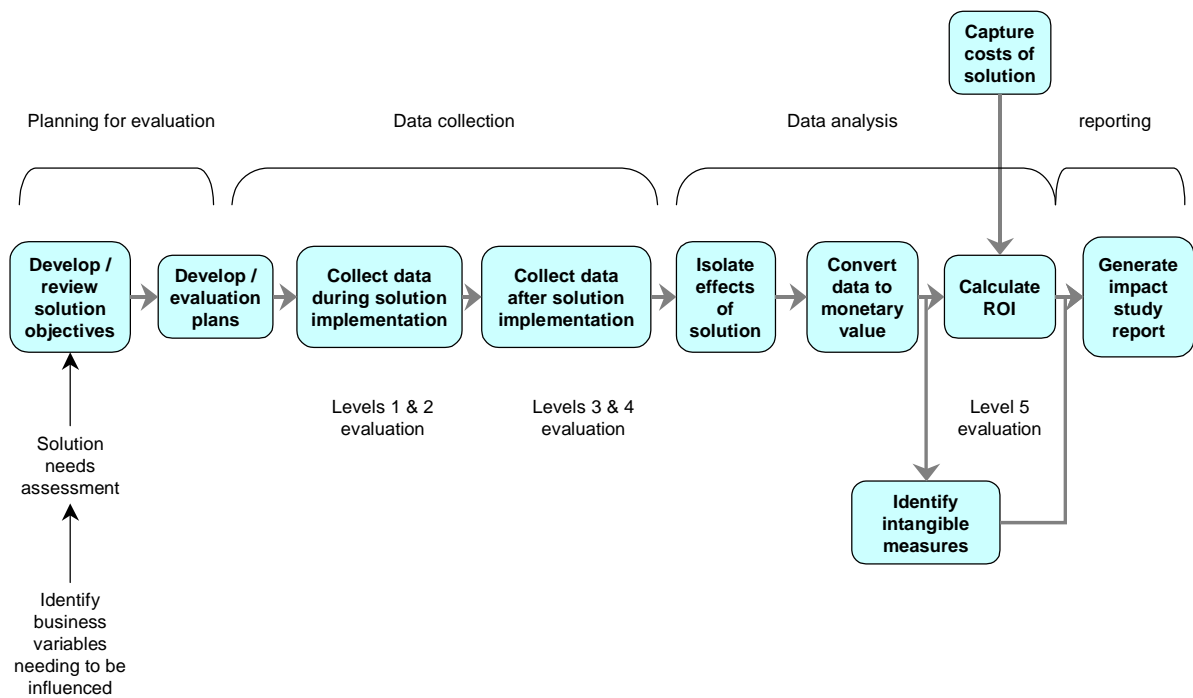
$$\text{BCR} = \text{programme benefit/programme costs}$$

If the BCR is 1:1, then the benefits equal the costs or, if it is 2:1, the benefits double the costs.

However, Kirkpatrick’s levels of evaluation have been the most popular method since 1959 (Peak & Berge, 2006; Keller, 2008; Smith, 2002; Simonson, 2007).

The four levels can be outlined as follows and are illustrated in Figure 1: (Kirkpatrick, 1996; Simonson, 2007; Keller, 2008; Carmichael & Sutherland, 2005).

FIGURE 1: PHILLIPS' MODEL FOR THE CALCULATION OF ROI FOR A HUMAN RESOURCE INTERVENTION (SOURCE: CARMICHAEL AND SUTHERLAND, 2005)



Step 1: Reaction. At this level, the participants' feelings are measured to determine how they feel about the programme. Typical checklist-type questions would be about whether they liked the training or not. Likert responses or open-ended comments could also be used to determine participants' feelings.

Step 2: Learning. Even if the learners are satisfied with the training, it cannot be assumed that learning has taken place. Evaluators will want to assess whether

there has been an increase in knowledge acquired or capability. Typical questions could include: What and how much did participants learn? What skills did they possess before and after the training? (Simonson, 2007).

Step 3: Behaviour. After the knowledge has been acquired, evaluators will need to know if the skills and knowledge have been transferred to the workplace. Typical questions would relate to the application of new knowledge or skills. Evaluation at this level becomes more difficult and requires a more scientific approach. Examples of evaluation include before-and-after job appraisals or performance tests. Another difficulty is the timing of the evaluation as it is difficult to ascertain when the transfer of skills occurs.

Step 4: Results. Evaluation at this level attempts to measure the direct and indirect impact of the training. The objectives of the training programme should be stated as the desired results. For example, increased productivity, reduced costs, increased sales volumes and improved quality. Phillips (2002) refers to “business impact changes”. One of the challenges at this level relates to the difficulty of isolating the impact of the training programme as there are numerous factors that could relate to the impact.

Kirkpatrick’s four levels provide the initial framework for evaluating training and job performance programmes and indicate the benefits of the programme in terms of

measurable business results (Kirkpatrick, 1990). However, Peak and Berge (2006) present a critique of Kirkpatrick's model. They argue that level-four evaluations are difficult to implement because there is not always a clear understanding of organisational or business results. It is also difficult to prove that the improved business results were a direct result of the training and that the training programme was the only reason for the improved business results.

Phillips (2002, p. 46) introduces a fifth level of evaluation that "compares the monetary value of the business impact with the costs of the program". Phillips thus converts the benefits identified in level four (results) to monetary value and compares the monetary benefit to the costs of the programme. The following formula applies:

$$\text{ROI \%} = \text{Net programme benefits/programme costs X 100}$$

The net programme benefits include another important feature in that the calculation requires the isolation of the specific costs of the training programme. Managing this challenging aspect of ROI is one of the unique features of the Phillips ROI model.

It is important to isolate the effects of the training programme by excluding in the evaluation all the other factors that could have influenced the business results. (Keller, 2008; Simonson, 2007; Peak & Berge, 2006). Phillips (2002) recommends

a number of strategies to isolate the effects and thus lend more accuracy and credibility to the ROI results. Examples of isolation techniques include using a pilot group, examining trends, estimations of results before the programme and customer satisfaction inputs (Phillips, 2002).

In the Phillips ROI model, an attempt is made to address other criticisms by Peak and Berge's (2006). This fifth level strives to illustrate the "correlation between the money spent on the training and the monetary benefits produced." (Peak and Berge, 2006, p. 126). However, these authors note further that converting business results into monetary values is a "thorny problem" (p. 127) that prevents organisations from attempting ROI evaluations.

ROI calculations are not only difficult but time consuming as well (Simonson, 2007; Peak and Berge, 2006) and require skilled evaluators (Simonson, 2007). Phillips (2002) and Peak and Berge are quick to counter this criticism with practical implementation ideas. For instance, Peak and Berge (2006) indicate that the 5th-level ROI could be limited to only the critical training programmes that relate to critical business results. Phillips (2002, 60 - 62) presents a list of criteria for an effective ROI methodology. It must be simple, economical, credible, appropriate, flexible, applicable and consider all costs. The ROI methodology should culminate in a successful track record where the organisation starts devising its own ROI measurements bank. (Phillips, 2002; Peak and Berge, 2006).

Peak and Berge (2006) indicate that professionals see ROI as a financial outlook only. Smith (2001) indicates that the ROI approach has resulted from the problem with conventional accounting systems in providing information for decision making regarding the use of training programmes. In accounting terms, training is regarded as an expense (cost) item rather than as an investment. The general term “ROI” is one that executives and managers are already familiar with, as suggested by Phillips (2002). The challenge, however, as indicated in the literature is that the same senior executives are still not convinced about the investment aspect (Keller, 2008; Peak and Berge, 2006; Simonson, 2007, Phillips, 2002).

The introduction of a fifth level, in the Phillips model attempts to go beyond a cost-benefit analysis and add a monetary value to the training impact. Traditionally, this only related to tangible benefits. However, the softer issues should also be converted in the calculation and are referred to by Phillips (2002) as “intangible benefits” – improved public image, greater job satisfaction, reduced stress, and better teamwork. As indicated by Carmichael and Sutherland, the existence of intangibles supports the basis for a look at ROI as all-inclusive process. These authors indicate that from a learner’s viewpoint such intangibles can include greater confidence, an improved sense of ethics and greater job satisfaction. From the employer’s viewpoint, which is the focus of this research, the intangibles could include increased employee retention, improved public image, and reduced stress as these could benefit the employer by resulting in increased productivity (Phillips, 2002; Keller, 2008).



Various ROI methodologies

The Phillips model is not the only ROI model that could be used for ROI on learnerships. But comparison with other models indicates that the Phillips ROI is a basis for a more holistic approach (as documented by Carmichael and Sutherland (2005)) that is specifically related to the measurement and evaluation of training (Smith, 2001; Phillips, 2002; Simonson, 2007). Other models include Balanced Scorecard (Smith, 2001), measuring Return on Expectation, “time-to-competency” model and the three-pronged approach as noted by Peak and Berge (2006). Phillips (2002) also compares the fifth level ROI model with Kirkpatrick’s four level model and Cost Benefits Analysis.

2.5 Return on investment in learnerships

Despite the challenges relating to measuring ROI in training, there is general consensus that ROI for training is necessary for human resource interventions. ROI is used as tool in to evaluate the success of training programmes that meet strategic corporate goals and that address the employees training needs (Kirkpatrick, 1997).

This research intended to replicate the holistic ROI framework used by Carmichael and Sutherland (2005) for students that completed the Masters in Business Administration and thus incorporates non-financial and financial components of the learnership model. The framework proposed by Carmichael and Sutherland (2005)

incorporates the four-level ROI model of Kirkpatrick (1997) as well as the work of Phillips (1996), which includes a fifth level of measurement of ROI and thus allows for the inclusion of the financial components of ROI on learnerships. The inclusion of financial components is of specific relevance to the learnership system as the skills development legislation (SDA, 1998) and tax legislation provides for numerous financial benefits (Mummenthey, 2008) for employers but the non-financial benefits also need to be taken into account.

3 RESEARCH QUESTIONS

The literature review has indicated the importance of learnerships as a mechanism for skills development. Based on the structure of the learnership, the employer is an integral part of the practical training. It is thus imperative that the employer participates in the learnership positively. This research explored whether employers perceive that there is value in implementing the CA learnership. Although there is literature relating to ROI in training in general, there is no literature that relates to ROI in learnerships specifically.

Research questions 1 to 4 seek to explore the respondents' identification and understanding of the various components of the ROI for the CA learnership.

- 1) What are the financial benefits of implementing learnerships?
- 2) What are the non-financial benefits of implementing learnerships?
- 3) What are the financial costs of implementing learnerships?
- 4) What are the non-financial costs of implementing learnerships?
- 5) Do the benefits outweigh the costs?

The challenge in the literature is whether there is a more holistic view of ROI. Research question 5 will consolidate the various ROI components and translate the findings into a practical ROI framework to determine whether the employer has

an overall view of the perceived value of the CA leadership for employers.

4 RESEARCH METHODOLOGY

4.1 PURPOSE

The purpose of this research was to determine the perceived value of financial and non-financial ROI of accounting learnerships. This section of the report provides an in-depth discussion of the research design, including the identification of research participants and the methodology for collecting the information and analysing it. The research was conducted in three phases: exploratory research, survey research, and in-depth interviews.

4.2 PHASE 1: EXPLORATORY RESEARCH

4.2.1 Focus groups

The research that has been conducted on ROI in training (Smith, 2001; Phillips, 2001; Carmichael and Sutherland, 2005) has not been specific to the ROI in learnerships. Phase one of this research took the form of exploratory research for obtaining a list of the ROI components that employers consider in the implementation of learnerships. These components were used as input into the questionnaire design for phase 2.

According to Zikmund (2003), exploratory research in the form of experience surveys can be conducted as informal discussions with knowledgeable people.

Carmichael and Sutherland (2000) used this approach in their study on ROI for MBA students. Another approach is individual unstructured interviews that Welman and Kruger (2004) refer to as being important for uncovering variables in a particular area when this area is unfamiliar. Where more than one individual is interviewed at a time, this is referred to as a “focus group interview”. Zikmund (2003) refers to a “focus group interview as an unstructured, free-flowing interview with a small group of people”. Due to the exploratory nature of the research questions, the focus group interview was selected as the method that would allow and encourage the participants to discuss the topic freely and allow the researcher to solicit open expression of the participants’ experiences, feelings and beliefs.

4.2.2 Sampling method and size

The scope of the research has been limited to the CA learnership. The focus group was selected from the population of CA employers that have implemented the CA learnership. This sampling method is non-probability sampling and is referred to as “purposive sampling”. In purposive sampling, “researchers rely on their experience, ingenuity and/or previous research findings to deliberately obtain units of analysis in such a manner that the sample they obtain may be regarded as being representative of the relevant population” (Welman and Kruger, 2004).

Zikmund (2003) recommends that the focus group be limited to six to ten individuals because participants feel intimidated if the group is too small, or cannot

participate adequately if the group is too large. Ten participants were invited to the focus group discussion and eight participants attended. Appendix 2 presents a list of focus group participants but their specific individual comments remain anonymous. The focus group included six CAs as these individuals have similar academic backgrounds, have experienced the learnership themselves, and have had similar experiences with the implementation of the learnerships based on SAICA's quality assurance processes. However, two non-CA employers were also invited to the focus group in order to incorporate a broader view of the ROI in learnerships in general.

4.2.3 Data gathering

One of the respondents who was not available for the focus group volunteered to be interviewed separately. The researcher took the opportunity, therefore, to test the focus group interview guide during the individual interview. Adjustments were made to the interview guide with regard to the order of questions. Leading questions were deleted. The leading questions that were deleted had included examples of ROI components of learnerships and thus these questions would have limited the spontaneous responses from respondents. The final discussion guide is attached as Appendix 1.

The phases for conducting focus groups as outlined by Welman and Kruger (2004) were followed: the topic was introduced by the researcher, rules for the discussion

were set (e.g. one person talks at a time), each participant made an opening statement, the researcher guided the open group discussion by linking comments, and the session ended with each person giving a final statement that was not allowed to be challenged by other group members. The researcher initiated the discussion by suggesting the general theme for the discussion. The discussion guide included “written prefatory remarks to inform the group about the nature of the focus group and an outline of topics or questions that will be addressed in the group”. (Zikmund, 2003, p. 120). The researcher developed a rapport with the group and the discussion was interactive and informative. Questions unfolded in a spontaneous way as the interaction between the researcher and the participants developed. (Welman and Kruger, 2004). “A bandwagon effect often operates in a group interview – one individual often triggers a chain of responses from the other participants.” (Zikmund, 2003, p. 118)

4.2.4 Analysis

Focus groups present a number of advantages as a method of exploratory research. They are flexible in format, easy to manage, inexpensive and, most of all, quick to analyse (Zikmund, 2003). The researcher used flipcharts to record the participants’ comments during the discussion. As participants identified a ROI component, this was written up under one of the four appropriate categories – financial cost, financial benefits, non-financial cost, and non-financial benefits. For example, tax deduction was written under “financial benefits”. The recording of every individual contribution encouraged more participation and also allowed the

researcher to confirm that the components were written under the appropriate category of ROI. Due to the education level and expert nature of the participants, they were able to articulate their views clearly and this resulted in rich data from the participants. The results of the focus group discussion are captured as specific components in each category of ROI components and are detailed in Chapter Five.

4.3 PHASE 2: SURVEY RESEARCH

4.3.1 Survey method

The research methodology for this phase was based on the survey method described by Zikmund (2003), who defines it as “a method of gathering primary data based on communication with a representative sample of individuals. It is a research technique in which information is gathered from a sample of people by use of a questionnaire or interview.” This methodology was suited to the research problem as surveys are typically used to “attempt to describe what is happening or to learn the reasons for a particular business activity” (Zikmund, 2003, p. 175). The survey method was thus used to determine employers’ opinions and experiences with regard to the financial and non-financial costs and benefits of implementing accounting learnerships.

4.3.2 Sampling method and size

The target population included all chartered accountant employers that have

implemented the CA learnership. This included all employers that have met specific criteria and have thus been accredited by SAICA to implement the CA learnerships. Practically, it was not possible to do research on the target population. It was thus necessary to draw a sample of the population for analysis.

The questionnaire was administered at workshops across four provinces that were specifically arranged by SAICA for individual employers that assess the learners on the CA learnership. The workshops ran countrywide between August and September 2009 and the data collection was included in the workshop agenda. All employers were invited and thus “each member of the population has the same chance of being included in the sample....” (Welman and Kruger, 2004, p. 53). The completion of the questionnaires was voluntary but the researcher had the advantage of group contacts and thus could exercise more control over the completion of the questionnaires, which increased the response rate of completed questionnaires that were handed in.

4.3.3 Data gathering

The constructs from phase 1 were included in the questionnaire (Appendix 3). The Likert scale approach was used and employers were required to agree or disagree with specific statements. The Likert scale is popular in measuring attitudes. Respondents can indicate their attitudes by checking how strongly they agree or disagree with statements specifically constructed based on the ROI components

identified in the focus group (Zikmund, 2003). The use of an attitude measurement is appropriate to this research for two reasons: first, the participants have high educational levels; and, second, included in the definition of attitude, there is a behavioural component that reflects a predisposition to action. Will a positive ROI encourage employers to implement learnerships? Thus in order to determine the overall perception of employers with regard to ROI on learnerships, the Likert scale design was used.

The questionnaire was pre-tested on six employers to determine whether the questionnaire could be understood and whether the questions were not ambiguous or biased (Zikmund, 2003). Pre-test participants were selected from the same target population. Although the respondents could answer the questions relating to the financial costs (rand value) and non-financial costs (time in hours) – that is, questions 11 and 12 respectively – the questionnaire took 30-40 minutes to complete. The concern in this regard is that respondents would take too long to complete the questionnaire effectively and this would have affected the response rate negatively. Some test respondents also indicated that they would have preferred to have more time to consider the answers more accurately and to source accurate information at their places of work. It was decided that a third phase would be necessary to collect data for the specific financial information and the hours spent on learnership activities.

The following definitions are based on the financial benefits that are provided for in

the legislation: the Skills Development Act, 1998, the Skills Development Amendment Act, 2008; and the Income Tax Act, no 58 of 1962. These definitions relate to the components as listed in table 2 (chapter 5) which lists the financial benefits:

- Learnership cash grant (LCG): Employers can apply for the learnership cash grant directly from Fasset when they register learners on a learnership (Fasset LCG application, 2009). For the CA learnership, the employer can claim R 27 000 per learner.
- Tax deduction: the tax deduction is included in section 12H of the Income Tax Act, no 58 of 1962 The employer is allowed to deduct R 30 000 per learner for every year that the employer registers the learner on a learnership and another R 30 000 for every year that the learner completes. For a three-year learnership such as the CA learnership, the employer could claim up to R 180 000 per learner (Gaul, 2009).
- Skills Development Levy: employers do not pay levy on the salaries that they pay to learners.
- Tax deductible salaries: the learners' salaries are deductible from the employer's taxable income.

4.3.4 Analysis approach

Descriptive statistics were used to determine the overall perception of employers

with regard to the ROI on learnerships. The Likert scale was used and, thus, the analysis indicates whether employers strongly agree or disagree with the benefits or costs as indicated in the statements. The data received from the completed questionnaires was analyzed according to the categories indicated in the questionnaire; i.e. financial – costs and benefits and non-financial – costs and benefits. Content analysis was carried out on the responses to the open-ended question. The open-ended question resulted in additional components being identified. Comparisons were made between various variables, which were analysed with the use of the Chi-Square method. The results of the analysis are set out in Chapter 5.

4.4 PHASE 3: In-depth Interviews

4.4.1 In-depth interviews

Based on the feedback received during the pre-test of the survey questionnaire in phase 2, the structure of the survey questionnaire was amended to indicate only 'YES' or 'NO' for the question on whether the employer incurred a particular financial cost and the question on whether the employer spent time on activities that related to the learner on a learnership. These specific components were included in the phase 3 questionnaire and discussed with employers during in-depth interviews. The phase 3 questionnaire has been included with this report as Annexure 4.

The inclusion of the in-depth, structured interviews was necessary in order to quantify the financial ROI components from the employers' viewpoint. Financial components are included the ROI models that are currently used by Phillips, 2002; Kirkpatrick, 1996 and Simonson, 2007. Kirkpatrick's four levels provide the initial framework for evaluating training and job performance programmes and indicate the benefits of the programme in terms of measurable business results (Kirkpatrick, 1996).

4.4.2 Sampling method and size

The same target population as for the survey questionnaire was suitable for the in-depth interviews, which population included all CA employers who had implemented learnerships, had met specific criteria and had been accredited by SAICA to implement the CA learnership. With the assistance of SAICA, specific employers were identified and selected from the target population, according to the same sampling frame as used for the survey questionnaire. Employers were selected to ensure that the size of employers who were interviewed corresponded with the size of those who had responded to the survey questionnaire in phase 2.

4.4.3 Data gathering

The phase 3 questionnaire (Appendix 4) focuses only on the specific rand value and time in hours spent on CA learnership on specific ROI components. Firstly, telephonic interviews were set up with the selected employers. Secondly, the

questionnaires were sent to employers via email and the interview date and time were confirmed. Thirdly, telephonic interviews took place and the researcher completed the questionnaire during the interviews. The completed questionnaires were then forwarded to the respondent employers for verification.

4.4.4 Analysis approach

The results from phase 3 are indicated in monetary values and hours based on descriptive statistics.

4.5 Research limitations

The research was conducted on a specific learnership in a specific sector.

Learnerships differ according to the qualification level and the sector in which they are implemented. Furthermore, some incentives will differ according to different SETAs, which differences also constitute a variable that has not been considered in this research. (DoL, Funding regulations, 2005). Thus, it is possible that the findings of the research cannot be generalized to other SETAs.

According to Carmichael and Sutherland (2003), the findings of the qualitative data are transferable. The findings will be useful to employers in general who are interested in implementing learnerships. It is also expected that the findings will contribute to the debate about the value of learnerships as a cornerstone of the



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

skills development strategy (Sisonke et al. 2005).

5 RESULTS

This chapter contains the research results from the three phases of the research as described in Chapter 4. The results of the research are presented separately.

5.1 Phase 1: Focus Groups

The literature review set out in Chapter Three indicates that the ROI in training programmes broadly includes the following components: financial cost and financial benefits and non-financial cost and non-financial benefits. These categories of ROI had not been previously explored and thus the purpose of the focus group was to obtain a list of ROI components to be used in phase 2, in the four categories. The results of the focus group gave rise to the following constructs that were used to design questions for phase 2.

Financial Benefits

- *Administration easier – adds to financial benefit because it takes less time.*
- *Learnership cash grant (sector specific).*
- *Tax incentive/deduction*
- *Access to funding*
- *Pay back system for bursaries if learners leave before the learnership is complete*

Non-Financial Benefits

- *Assists career interests for the learner*
- *Fills a specific skills gap because it is developed by the employers via the professional bodies*

- *Increases the skills level(s) in an organisation – increases productivity*
- *Historical background of training in the sector*
- *Learnerships programme is structured versus informal on-the-job training.*
- *Quality assurance process is structured. The assessment process is strict and thus ensures quality in the learning process*
- *Employers become employers of choice*
- *Top-quality work is produced as a result of structured learning process.*

Financial Costs

- *Training costs for additional courses*
- *Financial assistance: bursary or membership fees to professional body*
- *Salaries + additional time on learnership due to courses that learner fails (academic) / is found not yet competent in (practical)*
- *Retention costs – learners often leave before completing and before they become productive – resulting in a cost to the employer*
- *Development costs in respect of new learnerships*
- *Cost associated with learners completing after a lengthy absence.*
- *Learners only 'profitable' in the 2nd year*

Non-Financial Costs

- *Supervisor or accountant's time*
- *Study leave – affects output and productivity*
- *Part-time studies affects work focus*
- *Cancellation of learnership prematurely leads to decreased capacity*
- *Administration costs onerous*
- *Retention costs*
- *Time required for on-the-job training*
- *Study leave = extra compensation*

The focus group was also asked the following questions:

Do the costs outweigh the benefits? Six participants answered “YES” and 2 answered “NO”.

5.2 Phase 2: Survey Questionnaire

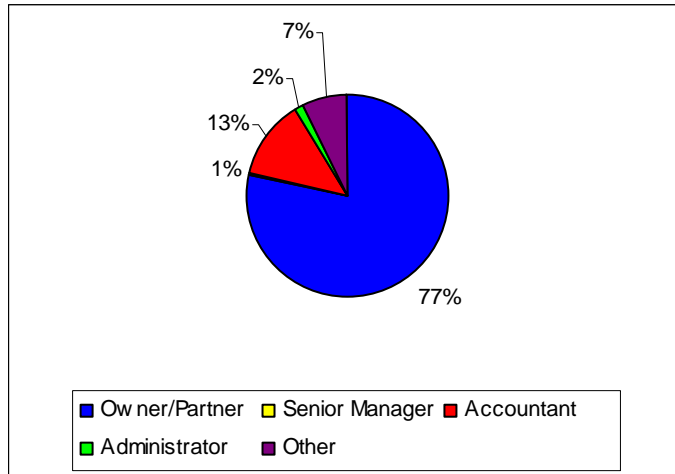
The questionnaire was distributed and collected at workshops that were held specifically for the target population – CAs. The projected sample of 100 was exceeded and 127 questionnaires were collected and the data from them captured.

5.2.1 Profile of the respondents

Management position of respondents

The positions that were indicated on the questionnaire included owner/partner, senior manager, accountant, administrator and other. Seventy-seven per cent of the respondents were owners or partners and 7% were senior managers. Thus 84% of respondents were in a senior management role.

FIGURE 2: RESPONDENT'S POSITION IN THE ORGANISATION



Size of the organisation

The number of organisations of particular sizes is illustrated in Figure 3. This figure indicates that the organisation's size has been categorised in the questionnaire as:

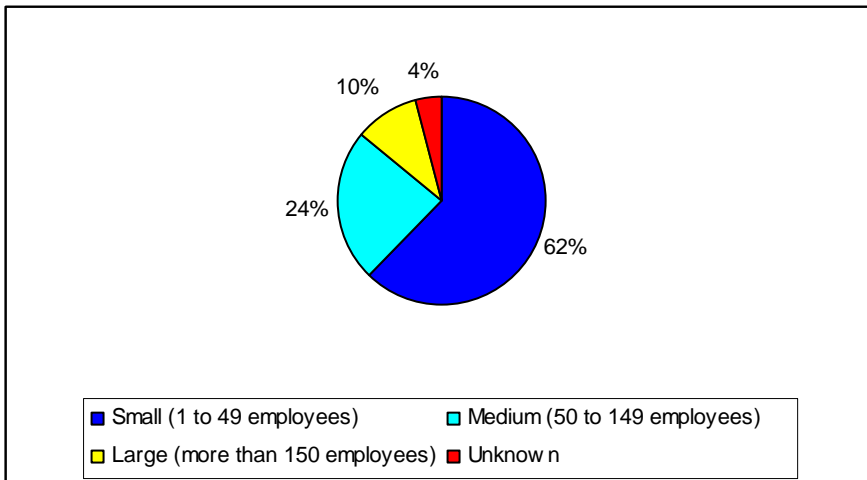
Small: employees from 1 to 49

Medium: employees from 50 to 149

Large: more than 150 employees.

Sixty two per cent of employers that implemented the CA learnership were employers that employed fewer than 49 employees.

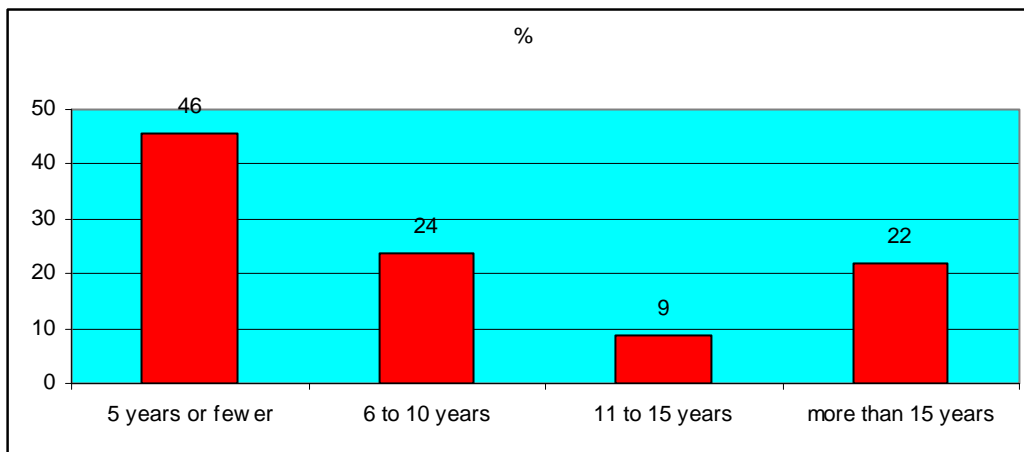
FIGURE 3: SIZE OF ORGANISATION



Number of years in training

The experience that the employer had in implementing learnerships reflected in the number of years that the employer had been involved in training. Sixty-nine per cent of the respondents had been involved in implementing learnerships for more than five years.

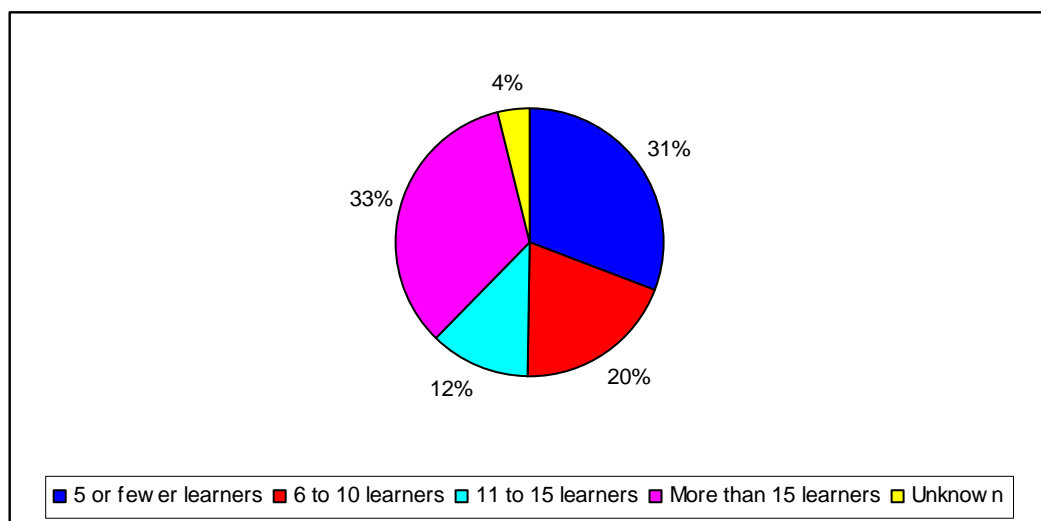
FIGURE 4: NUMBER OF YEARS INVOLVED IN CA LEARNERSHIP



Number of learners in the organisation

Sixty-five per cent of the respondents had more than five learners in the organisation. This means that in 65% of the organisations employers had experience with the administration, monitoring and assessing of more than five learners, and this relates to time spent on learnership-related activities and, therefore, non-financial costs.

FIGURE 5: NUMBER OF LEARNERS IN THE ORGANISATION



5.2.2 Question 1: What are the financial benefits of implementing learnerships?

The list of financial benefits is based on the financial incentives that have been introduced by the government (Table 2).



TABLE 2: RESPONDENTS' RESPONSES TO THE FINANCIAL BENEFITS

		Strongly agree	Agree	Disagree	Strongly disagree	Don't know
The learnership cash grant motivates us to register learners on the CA learnership.	n	6	57	43	14	7
	%	5	45	34	11	6
The tax deduction motivates us to register learners on the CA learnership.	n	9	73	34	6	5
	%	7	57	27	5	4
The fact that we do not pay the skills development levy on learners' salaries motivates us to register learners on the CA learnership.	n	3	32	67	18	7
	%	2	25	53	14	6
The fact that learners' salaries are tax deductible motivates us to register learners.	n	6	41	60	16	4
	%	5	32	47	13	3
Learners on the CA learnership fulfil important functions in our organisation at a reasonable price.	n	32	85	8	0	2
		25	67	6	0	2

In order to present the data in a format that is easier to interpret, in Table 3 the results of the 'strongly agree' and 'agree' categories have been collapsed into an 'agree' result. The results of 'strongly disagree' and 'disagree' have been collapsed into a total 'disagree' result. The data regarding 'don't know' has been excluded. The outcome is indicated in Table 3 in percentages.



TABLE 3: SUMMARY OF AGREE AND DISAGREE RESPONSES REGARDING FINANCIAL BENEFITS

	AGREE	DISAGREE
	%	%
The learnership cash grant motivates us to register learners on the CA learnership.	50	45
The tax deduction motivates us to register learners on the CA learnership.	64	32
The fact that we do not pay the skills development levy on learners' salaries motivates us to register learners on the CA learnership.	27	67
The fact that learners' salaries are tax deductible motivates us to register learners.	37	60
Learners on the CA learnership fulfil important functions in our organisation at a reasonable price.	92	6

The summary presented in Table 3 illustrates that 92% of employers agree that the learners on the CA learnership fulfil important functions in the organisation.

5.2.3 Question 2: What are the non-financial benefits of implementing learnerships?

The components of the non-financial benefits were identified in the focus group and were incorporated into the survey questionnaire.



TABLE 4: RESPONDENTS' RESPONSES TO THE NON-FINANCIAL BENEFITS

		Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
The structured accreditation process ensures that there is better quality of training.	n	18	91	14	2	2
	%	14	72	11	2	2
Learners on the CA learnership are more productive than other employees that are not on a learnership.	n	13	55	45	8	6
	%	10	43	35	6	5
An accredited CA practice is regarded as an employer of choice.	n	23	91	6	1	6
	%	18	72	5	1	5
The quality of work of learners improves due to the structured learning process.	n	17	88	19	0	3
	%	13	69	15	0	2
Learners adopt a greater sense of professional values and ethics than employees that are not trained on the CA learnership.	n	27	66	30	1	3
	%	21	52	24	1	2
The structured learnership programme fills a skills gap in the organisation.	n	10	78	34	2	3
	%	8	61	27	2	2



		Strongly Agree	Agree	Disagree	Strongly Disagree	Don't Know
The skills levels of staff in the organisation are increased due to the implementation of the CA learnership.	n	20	90	16	0	1
	%	16	71	13	0	1
The learnership creates a standard training structure that can be used repeatedly, thus saving training time.	n	13	78	31	0	5
	%	10	61	24	0	4

In order to make the data in Table 5 easier to interpret, results of the 'strongly agree' and 'agree' categories have been collapsed into an 'agree' result. The results of 'strongly disagree' and 'disagree' have been collapsed into a total 'disagree' result. The data regarding 'don't know' has been excluded. The outcome is indicated in Table 5.

TABLE 5: SUMMARY OF AGREE AND DISAGREE RESPONSES REGARDING NON-FINANCIAL BENEFITS

	Agree	Disagree
The structured accreditation process ensures that there is better quality of training.	86	13
Learners on the CA learnership are more productive than other employees that are not on a learnership.	53	41
An accredited CA practice is regarded as an employer of choice.	90	6
The quality of work of learners improves due to the structured learning process.	82	15
Learners adopt a greater sense of professional values and ethics than employees that are not trained on the CA learnership.	73	25
The structured learnership programme fills a skills gap in the organisation.	69	29
The skills levels of staff in the organisation are increased due to the implementation of the CA learnership.	87	13
The learnership creates a standard training structure that can be used repeatedly thus saving training time.	71	24

5.2.4 Question 3: What are the financial costs of implementing learnerships?

In question 3 of phase 2, respondents were asked to indicate (YES) if they incurred the following costs. These results are included in table 6.

TABLE 6: LIST OF FINANCIAL COSTS

Learnership Costs	YES RESPONSES	%
Travel cost for learner to arrive at work (not to clients)	7	6
Living expenses (e.g. accommodation)	8	6
University tuition fees – payment on registration	51	40
University tuition fees – reimbursed after exams are passed	54	43
Bonuses for passing exams	81	64
Professional body membership fees	108	86
Professional body exam fees	93	74
Additional training courses (e.g. software updates, technical updates)	120	95
Training materials (textbooks, manuals per learner)	54	43
Workstation (computer, desk, stationery, laptop allowance)	119	94
Software licenses (Caseware, Pastel)	122	97
Electronic assessment tools	90	73

In phase 3, in-depth interviews were conducted to determine the rand value of these costs. The total of all learnership costs per learner per annum, as listed in Table 6, is a minimum of R 11 000 and a maximum of R 27 600 per annum per learner. The average total cost is R 9 013. More than 70% of employers incur the following costs: professional body membership fees, professional exam fees, additional training courses, workstations, software licenses and electronic assessment tools.

TABLE 7: LEARNERSHIP COSTS: MINIMUM, MAXIMUM, MEAN

Learnership costs per learner per annum	Minimum R	Maximum R	Mean R
Professional body membership fees	1200	3741	1910
Professional body exam fees	8000	8000	8000
Additional training courses (e.g. software updates, technical updates)	2000	17700	8573
Workstation (computer, desk, stationery, laptop allowance)	4800	11593	6311
Software licenses (Caseware, Pastel)	200	3000	2702

Table 7 indicates the minimum, maximum and average learnership costs that 70% of employers incur.

5.2.5 Question 4: What are the non-financial costs of implementing learnerships?

The non-financial costs were identified in the focus group as they related directly to the learnership. The respondents' responses to the survey are indicated in table 8.

In order to present the data in a format that easier to interpret, in Table 9 results of the 'strongly agree' and 'agree' categories have been collapsed into an 'agree' result. The results of 'strongly disagree' and 'disagree' have been collapsed into a total 'disagree' result. The data regarding 'don't know' has been excluded. The outcome is indicated in Table 9.



TABLE 8: RESPONDENTS RESPONSES TO THE NON-FINANCIAL COSTS

		Strongly agree	Agree	Disagree	Strongly disagree	Don't know
An employer may be reluctant to take on a learner because the learner may not complete the learnership.	n	9	59	50	6	2
	%	7	47	40	5	2
Employers invest in training learners but the learners leave before they become productive.	n	14	56	50	4	3
	%	11	44	40	3	2
The accreditation process takes up too much valuable time from supervisors and partners.	n	16	62	46	1	2
	%	13	49	37	1	2
The mentoring and supervising of learners takes up too much valuable time of the managers, supervisors and partners.	n	11	48	67	1	0
	%	9	38	53	1	0
The assessment of learners on learnerships takes up too much valuable time of the managers, supervisors and partners.	n	15	65	47	0	0
	%	12	52	37	0	0

**TABLE 9: SUMMARY OF AGREE AND DISAGREE RESPONSES REGARDING
NON-FINANCIAL COSTS**

	Agree	Disagree
An employer may be reluctant to take on a learner because the learner may not complete the learnership.	54	45
Employers invest in training learners but the learners leave before they become productive.	55	43
The accreditation process takes up too much valuable time from supervisors and partners.	52	38
The mentoring and supervising of learners takes up too much valuable time of the managers, supervisors and partners.	47	54
The assessment of learners on learnerships takes up too much valuable time of the managers, supervisors and partners.	64	37

In phase 3, during the in-depth interviews, employers were asked to indicate the number of hours that were spent on learnership-related activities. Table 10 indicates the number of hours that employers spent on learnership-related activities to implement the learnership, ensure quality, and monitor or supervise the learner's training programme.



TABLE 10: RESPONDENTS' RESPONSES TO QUESTION ON NON-FINANCIAL COSTS

Learnership related activities	Minimum	Maximum	Average
Application for accreditation	8	70	30
Preparation and being available for accreditation visits	8	40	19
Preparation and being available for training office visits	8	12	17
Administration of learnership agreements/training contracts	3	60	24
Supervision of learner's work by senior manager	36	480	134
Supervision of learner's work by the owner or partner	40	240	84
Assessment of the learner's progress on the learnership	16	36	36
Loss of productive time when learners are on study leave	140	264	190
Dealing with disciplinary issues	2	16	40

5.2.6 Question 5: Do the benefits outweigh the costs?

In terms of the respondents' overall opinion, 77% of respondents agreed that the benefits outweighed the costs. Employers were requested to give a reason for their answer. Seventy respondents indicated reasons for their opinion that the benefits outweighed the costs. Eighteen respondents indicated reasons for their opinion that the benefits did not outweigh the costs. Content analysis was done and the reasons have been coded into the same categories that were included in questions 1 to 4. For reasons that did not match the questionnaire categories, only two additional categories were created. Under "benefits outweigh the costs" reason

number 8 was added. Future investment in the organisation and the profession.
"Under benefits do not outweigh the costs reason number 4 was added: "New training model".

Some reasons related to more than one category. The reasons were ranked in terms of how often the reason was indicated. Where a "0" has been indicated, it means that no comments were mentioned. Table 11 relates to employers' reasons for stating that the benefits outweigh the costs.

TABLE 11: RANKING OF EMPLOYERS' REASONS FOR WHY THE BENEFITS OUTWEIGH THE COSTS

RANKING	BENEFITS OUTWEIGH THE COSTS	FREQUENCY OF MENTION
1	Learners on the CA learnership are more productive than other employees that are not on a learnership.	22
2	Learners on the CA learnership fulfil important functions in our organisation at a reasonable price	21
3	Learners adopt a greater sense of professional values and ethics than employees that are not trained on the CA learnership.	18
4	Learners adopt a greater sense of professional values and ethics than employees that are not trained on the CA learnership.	18
5	The quality of work of learners improves due to the structured learning process.	17



RANKING	BENEFITS OUTWEIGH THE COSTS	FREQUENCY OF MENTION
6	The structured accreditation process ensures that there is better quality of training.	12
7	The skills levels of staff in the organisation are increased due to the implementation of the CA learnership.	11
8	Future investment in the organisation and the profession.	11
9	The structured learnership programme fills a skills gap in the organisation.	10
10	An accredited CA practice is regarded as an employer of choice.	7
11	The tax deduction motivates us to register learners on the CA learnership.	3
12	The learnership cash grant motivates us to register learners on the CA learnership.	0
13	The fact that we do not pay the skills development levy on learners' salaries motivates us to register learners on the CA learnership.	0
14	The learnership creates a standard training structure that can be used repeatedly, thus saving training time.	0
15	The fact the learners' salaries are tax deductible motivates us to register learners.	0

Table 12 refers to employers' reasons for stating that the benefits do not outweigh the costs. The reasons were noted in the open-ended question and content analysis was conducted on the respondents' verbatim comments.

TABLE 12: RANKING OF EMPLOYERS' REASONS FOR WHY THE BENEFITS DO NOT OUTWEIGH THE COSTS

	BENEFITS DO NOT OUTWEIGH THE COSTS	RANKING
1	Administration costs	8
2	The assessment of learners on learnerships takes up too much valuable time of the managers, supervisors and partners.	8
3	The mentoring and supervising of learners takes up too much valuable time of the managers, supervisors and partners.	7
4	New training model is onerous to implement.	3
5	The accreditation process takes up too much valuable time from supervisors and partners.	3
6	An employer may be reluctant to take on a learner because the learner may not complete the learnership.	2
7	Additional training courses.	2
8	Employers invest in training learners but the learners leave before they become productive.	0

5.2.7 Cross Tabulations

The result that 77% of employers agree that the benefits outweigh the costs was also analysed in relation to: the size of the employer, the number of years' experience in training, and the number of learners registered.

The size of the employer

With regard to the size of the employer, the respondents were divided into two groups: those who were employed in small organisations (with 1 to 49 employees) and those employed in large organisations (50 or more employees). As Table 13 shows, 57 (73%) of the small organisations and 37 (88%) of the large organisations were of the view that the benefits outweigh the costs.

TABLE 13: COMPARISON OF SIZE OF EMPLOYER AND RESPONDENTS' COMMENTS ON WHETHER THE BENEFITS OUTWEIGH THE COSTS

	Benefits Outweigh Costs		Total
	Yes	No	
Small (1 to 49 employees)	57 (73%)	21 (27%)	78
Large (50 employees or more)	37 (88%)	5 (12%)	42
	94	26	120

TABLE 14: CHI-SQUARE: COMPARISON OF SIZE OF EMPLOYER AND RESPONDENTS' COMMENTS ON WHETHER THE BENEFITS OUTWEIGH THE COSTS

Pearson Chi-Square Tests	
	Benefits Outweigh Costs
Chi-square	3.628
df	1
Sig.	.057

In order to determine the difference in employer size was statistically significant a Chi-Square Test was performed on the data. The results of the test, which are shown in Table 14, indicate that there was not a statistically significant difference at the (0.05 level) between the two groups. That means that organisation size did not have an influence on whether respondents viewed the benefits of the learnership as outweighing the costs or not.

The number of years' experience in training

In terms of the years of experience in training, the respondents were divided into two groups: those who had trained for fewer than five years and those who had trained for more than five years. As Table 15 shows, 46 (79%) employers with fewer than five years' training experience and 52 (78%) employers with more than 5 years experience were of the view that the benefits outweighed the costs.

TABLE 15: COMPARISON OF NUMBER OF YEARS' EXPERIENCE IN TRAINING AND RESPONENTS' COMMENTS ON WHETHER THE BEENFITS OUTWEIGH THE COSTS

	Benefits Outweigh Costs		Total
	Yes	No	
5 years or less	46 (79%)	12 (21%)	58
More than 5 years	52 (78%)	15 (22%)	67
	98	27	125



TABLE 16: CHI-SQUARE TEST, COMPARISON OF NUMBER OF YEARS' EXPERIENCE IN TRAINING AND RESPONENTS' COMMENTS ON WHETHER THE BENEFITS OUTWEIGH THE COSTS

Pearson Chi-Square Tests	
Benefits Outweigh Costs	
Chi-square	.053
Df	1
Sig.	.818

A Chi-Square Test was performed on the data to test for statistical differences. The results of the test (Table 16) indicate that there was no statistically significant difference at the (0.05 level) between the two groups. In other words, the years of experience in training did not influence the respondents' view on whether the benefits of the learnership outweigh the costs or not.

The number of learners

The purpose of this part of the analysis was to determine whether there would be a difference in employers' views depending on the number of learners that they had registered. The respondents were divided into two groups: those who had registered five and fewer than five learners and those who had registered more than five learners. As Table 17 shows, 26 (67%) employers with fewer than five years' training experience and 68 (84%) employers with more than five years' experience were of the view that the benefits outweighed the costs.

TABLE 17: COMPARISON OF NUMBER OF LEARNERS AND RESPONDENTS' VIEW ON WHETHER BENEFITS OUTWEIGH THE COSTS

	Benefits Outweigh Costs		Total
	Yes	No	
5 or fewer learners	26 (67%)	13 (33%)	39
More than 5 learners	68 (84%)	13 (16%)	81
	94	26	120

**TABLE 18: CHI-SQUARE:
COMPARISON OF NUMBER OF LEARNERS AND RESPONDENTS' VIEW ON WHETHER BENEFITS OUTWEIGH THE COSTS**

Pearson Chi-Square Tests	
Benefits Outweigh Costs	
Chi-square	4.634
Df	1
Sig.	.031

In order to determine whether the difference in the number of learners that employers had registered on the learnership was statistically significant, a Chi-Square Test was performed on the data. The results of the test (Table 18) indicate that there was no statistically significant difference (0.031) at the (0.05 level) between the two groups. Thus, the difference in the number of learners that the employer has registered influenced the respondents' view on whether the benefits of the learnership outweighed the costs or not.

6 DISCUSSION OF RESULTS

In this chapter the results of the three phases of research are discussed in terms of the research questions and the literature reviewed. The chapter presents insights into the findings in terms of the constructs of ROI and in conjunction with the theory base.

Although the research questions 1 to 4 as noted in chapter 3 are discussed individually, it is important to retain the context of the cost-benefit analysis as proposed by Phillips (2002). Phillips introduced a fifth level of evaluation that “compares the monetary value of the business impact with the costs of the program”. Questions 1 to 4 sought to explore the respondents’ identification and understanding of the various components of the cost-benefit analysis and ROI for the CA learnership. Question 5, however, analyses the employers’ holistic view of ROI for learnerships (Carmichael and Sutherland, 2005).

6.1 Question 1: What are the financial benefits of implementing learnerships?

The list of financial benefits was initially identified in phase 1 of the research and confirmed in the testing of the questionnaire in preparation for phase 2. The results from the survey questionnaire are indicated in Table 2 and Table 3. Four of the five financial benefits are provided to employers via the learnership-related

legislation (Skills Development Act, 1998, Skills Development Amendment Act, 2008, and Income Tax Act, no 58 of 1962) and were defined earlier in Chapter 4. Smith *et al.* (2005) noted that there are numerous incentives to encourage employers to take up learnerships. Shussler (2006) also believes that the incentives for employers are significant. The survey results indicate that sixty-four percent of employers agreed that the tax deduction motivated them to register learners on the CA learnership. However, only 50% of the employers used the learnership cash grant as an incentive. Even fewer employers considered the skills development levy (27%) and the deductible salaries (37%) as an incentive.

These results are in line with Van der Linde's comments (2006) in an article in FINWEEK in May, 2006, that "40% of companies were not aware of these incentives and the tax deduction and only one third of those aware of them made use of them". Three years later, in September 2009, a similar situation exists. The survey results indicate that 32% of employers who took part in this research did not consider the tax deduction as an incentive. The question is whether they did not consider it as an incentive or are they not aware of the tax deduction. The employers do know about the tax deduction because the employers who responded to the questionnaire are the direct implementers of tax legislation as tax advice is an integral part of the accounting services that they offer to their clients. These employers would, therefore, be aware of the tax deduction.

Bartel (1997, p. 522) indicates that "knowledge of the rate of return on an

employers' investment in employee training provides guidance to firms on their human capital investment decisions and can aid government policymakers in decisions regarding subsidies of private investment." But if there is a lack of information on ROI, this could be a cause for underinvestment. Results from the research findings of the Australian National Training Authority (2001) also indicate that "increased investment in training at the enterprise level appears to be poorly understood by many employers" (Smith, 2001, p. 5).

Ninety-two percent of the respondent employers agreed that because the learners fulfil important functions in the organisation at a reasonable price, a financial benefit is derived. Due to the practical nature of learnership training programme, the work product that the learner produces is billed out to clients and thus forms part of the clients' structure of fees. Kirkpatrick (1996) indicates that to evaluate the benefits of the programme, these benefits should be in terms of measurable business results. In his introduction to the fifth level of evaluation, Phillips (2002) also refers to converting the benefits to monetary value. In the case of the CA learnership, these financial benefits are direct rand value benefits already so there is no need to convert them. The financial benefits of the CA learnership were, therefore, clearly identified by the respondents.

6.2 Question 2: what are the non-financial benefits of implementing learnerships?

The list of non-financial benefits was initially identified in phase 1 in the focus group interview and was confirmed in the testing of the questionnaire in preparation for phase 2. The results are indicated in Table 4 and Table 5. Generally, employers agreed that all the non-financial benefits were applicable but in varying degrees of importance. For seven out of the eight non-financial benefits, more than 70% of employers agreed but more than 80% agreed with four of them. These four most popular non-financial benefits related to the value that employers placed on being an employer of choice, the increase in the skills level in the organisation, the structured accreditation process, and the structured learning process.

Carmichael and Sutherland (2005) indicate that traditional ROI models examine the costs and benefits of such interventions in financial terms only and propose that a more holistic view be considered in the evaluating of education and training interventions. As these survey results indicate, employers do value learnerships from a non-financial perspective as well. The value that employers placed on non-financial benefits (average 76%) was higher than the value that employers placed on financial benefits (average 54%).

According to Phillips (2002, p. 75), training programmes derive intangible, non-monetary benefits and these benefits have “extreme value often commanding as

much attention and influence as the hard data items. The intangible benefits listed by Phillips (2002) include “improved public image, increased organisational commitment, improved customer service, reduced stress, improved teamwork, enhanced technological leadership etc.” These intangible benefits as noted by Phillips are generic in nature and could apply to across different programmes. The intangible benefits (non-financial benefits) that have been identified in the current research are directly related to the CA learnership. Due to these unique aspects of the learnership training programme, it was possible to isolate these benefits as being specific to the CA learnership.

It is important to exclude the benefits that are not directly related to the programme. Peak and Berg (2006) have criticised Kirkpatrick’s model on the basis that it is difficult to prove that benefits are a direct result of the training and that the training programme is the only reason for the improved business results. The isolation of the effects of the programme is necessary to “pinpoint the amount of improvement that is directly related to the programme”. (Phillips, 2002, p. 71). In the current research, however, the accuracy and credibility of the results of the survey are increased as the benefits can be directly attributed to the CA learnership. Managing this challenging aspect of ROI is one of the unique features of the Phillips ROI model.

It is important to isolate the effects of the training programme because the evaluation must exclude all the other factors that could have influenced the

business results. (Keiser, 2000, Simonsen, 2007, Peak and Berge, 2006). According to Phillips (2002), the exclusion of other factors lends more accuracy and credibility to the ROI results. In the case of the CA learnership, it is possible to isolate the costs of the learnership because there are specific activities, cost items and funding that relate only to the CA learnership and not to other training programmes (DoL, 2005; SAICA, 2008).

6.3 Question 3: What are the financial costs of implementing learnerships?

The list of financial costs was initially identified in phase 1 of this research and confirmed in the testing of the questionnaire in preparation for phase 2. In-depth interviews were conducted in phase 3 in order to determine the actual rand value of these costs. The results are indicated in Table 6 and Table 7.

There are three costs that more than 90% of employers agreed that they incur as a result of the CA learnership: additional training courses (95%), workstation expenses (94%), and software licenses (97%). These costs correlate with the highest rated financial benefit, that is, that 92% percent of employers agreed that because the learners fulfil important functions in the organisation at a reasonable price, it is a financial benefit. Due to the practical nature of learnership training programmes, the work product that the learner produces is billed out to clients and thus forms part of the clients' structure of fees. It is therefore necessary for the

learners to have the tools (workstation and software) to complete the work product.

On the basis of the in-depth interviews with employers, examples of these tools and the costs include the following:

- Additional training courses include audit case studies. The minimum cost is R2 000 but the maximum is R 17 700 per learner per annum.
- Workstation costs include laptops that are provided to each learner because audit work is often performed at the client's premises. The minimum cost is R4 800 but the maximum is R 11 593 per learner per annum.
- Software licences include practical applications such as accounting packages (Pastel) and auditing packages (Caseware). The minimum cost is R200 but the maximum is R 3 000 per learner per annum.

Eighty-six percent of employers pay for the learner's professional body fees that are payable to SAICA on an annual basis. The minimum cost is R1 200 but the maximum is R 3 741 per learner per annum. According to SAICA's fee structure for 2009, the "annual levy in respect of each trainee accountant" is R 1 678 (SAICA, 2009). The payment of the professional body fees correlates to specific comments that were noted in the open-ended question. Some comments related to the importance of maintaining professional status. It appears that employers would be willing to contribute to the professional body fees to ensure that the learners are up to date with professional issues.

The conventional method for evaluating training and performance has been the cost-benefit analysis process (Phillips, 2002; Smith, 2001), which compares the benefits of a training programme to the costs of the training programme. In his introduction of the fifth level of evaluation, Phillips (2002) also refers to converting the costs to monetary value. In the case of the CA learnership, these financial costs are direct rand value costs already so there is no need to convert it.

6.4 Question 4: What are the non-financial costs of implementing learnerships?

The list of non-financial costs was initially identified in phase 1 of the research and confirmed in the testing of the questionnaire in preparation for phase 2. In-depth interviews were conducted in phase 3 in order to determine the actual rand value of these costs. The results are indicated in Table 8 and Table 9.

For all the non-financial costs, on average, 54% of employers agreed with the list of constructs that were listed as non-financial costs. No additional constructs were added to the list in the survey questionnaire or were mentioned in the in-depth interviews or noted in the comments. This means that the list of constructs itself is accurate and inclusive. However, 46% of employers did not rate these as non-financial costs, which fact reflects their perception that they do not consider these as costs. The non-financial benefits that were discussed in question 2 correspond

with the non-financial costs. In order to obtain the non-financial benefits, the employer has to incur the specific non-financial costs. That is, to gain the non-financial benefits of being an employer of choice, experiencing an increase in the skills level in the organisation and establishing a structured accreditation process and a structured learning process, the employer accepts that he has to spend time on becoming an employer of choice – for instance, by being accredited.

The non-financial costs that were identified by employers suggest a specific blended approach to learning (Keller, 2008) where the learning is coupled with the practical implementation of a learning plan. This learning methodology is in line with the CA training programme where the learner is managed through a process of a “development needs analysis” (SAICA, 2008). Furthermore, the CA learnership is structured from the accreditation process and culminates in an assessment process. The structured training and assessment process is also in line with Keller (2008, p. 42) as he proposes a “performance-development-plan process” that incorporates intangible benefits; for instance, increased job satisfaction, employee motivation and establishing a career path. The responses to the open-ended question support this perception that employers have:

- “Ability to have a structured work programme that is tied to a contract a good accountant must have proper training.”
- “CA learnership programme develops skills that are used in our business to assist clients.”

- “It provides an assessment process and tool that assists in production scheduling.”

On the basis of the actual hours spent on the learnership-related activities, the two most time-consuming activities that employers spend time on is supervision of the learner’s work by the owner or partner (40 hours to 240 hours per annum per learner) and by senior manager (36 hours to 480 hours per annum per learner). The third time-consuming item is the study leave learners take to complete the academic subjects that are part of the learnership – 140 hours to 264 hours per annum per learner. Some comments that relate to these activities are:

“A lot of time is spent on training but more time is spent on admin.”

“Learnership assessment is onerous and time consuming.”

“A lot of time is spent on examining and admin.”

As indicated previously under question 2 (Section 6.2), an important feature of the ROI calculation is the isolation of the specific costs of the training programme. Managing this challenging aspect of ROI is one of the unique features of the Phillips ROI model (Keller, 2008; Simonson, 2007; Peak & Berge, 2006). According to Phillips (2002), the exclusion of other factors such as costs lends more accuracy and credibility to the ROI results. In the case of the CA learnership, it is possible to isolate the costs of the learnership because there are specific activities, cost items and funding that relate only to the CA learnerships and not to other training

programmes (DoL, 2003, SAICA, 2003).

6.5 Question 5: Do the benefits outweigh the costs?

The answer to this direct question “Do the benefits outweigh the costs?” is important in determining the perceived value that employers place on the CA learnership. The question was asked in phase 1 during the focus group interview, in phase 2 in the survey questionnaire, and in phase 3 during the in-depth interviews. The comparison of the percentage of ‘YES’ responses across each phase are noted in Table 19.

TABLE 19: PERCENTAGE OF YES RESPONSES TO THE QUESTION OF THE BENEFITS OF THE CA LEARNERSHIP OUTWEIGHING THE COSTS

PHASE	TOTAL RESPONDENTS	NUMBER OF ‘YES’ ANSWERS	%
Phase 1: Focus Group	8	6	75
Phase 2: Survey	127	98	77
Phase 3: In depth Interview	8	7	88

The overall opinion of employers is that the benefits of the CA learnership outweigh the costs. The 77% of survey respondents who indicated that the benefits outweigh the costs are representative of strategic and senior management. Peak

and Berge (2006) indicate that professionals have traditionally seen ROI from a financial outlook only. Smith (2001) supports this view by saying that this ROI approach is as a result of the reliance on accounting systems to provide information on the use of training programmes. This is because in accounting terms, training is listed as an expense or a cost item. Training is not recorded as a benefit and thus not regarded as an investment.

The literature presents this financially focused view as a challenge for ROI. The challenge is that senior executives are still not convinced about the investment aspect of learnerships (Keller, 2008; Peak & Berge, 2006; Simonson, 2007 and Phillips, 2002). However, the results of this survey do not support this view. The profile of the respondents is of particular interest because, firstly, they themselves are accountants and thus more likely to the financial view of ROI. Secondly, they are senior executives and are, therefore, the most appropriate respondents. As they deal directly with the learners on a daily basis, they are both the implementers and also the decision makers in terms of having selected a learnership programme as a training method and are thus in the ideal position to determine whether the benefits of the CA learnership outweigh the costs.

Thirdly, employers noted an additional construct that did not relate to constructs that were identified in the focus group or the survey questionnaire. This additional construct noted in the responses to the open-ended question related to the value of the learnership in terms of "the future investment for the employer, for the

profession and country . This construct came up as the second highest category of comments as indicated in Table 11.

Examples of responses that reflect this construct are:

“Identification of future partners managers and the growth of the CA profession.”

“Learners are able to progress and become competent which, in turn, increases the skill levels and competent employees in SA.”

“The trainee can stay on. We do not have to recruit and we do not have to train a new CA as he has high knowledge of our business.”

“Contribute to development of people and country as a whole.”

“We need to assist learners in becoming CAs. The cost implications do not outweigh the importance of this need.”

“Value added by current learner is significant and worth the money invested in his training.”

Cross tabulations

By using the Chi-square analysis, the perception of employers that the benefits outweigh the costs was compared with other variables – the size of the employer, the number of years’ experience in training on the learnerships, and the number of learners that the employer has registered.

The size of the organisation is of particular relevance because the respondent employers who had implemented the CA learnership are in the category of small-, medium-, and micro enterprises (SMMEs). The Fasset Sector Skills Plan (Fasset SSP, 2008) indicates that 92% of employers are SMMEs; that is, they employ fewer than 50 employees. The learnership is thus implemented by SMME employers. If these employers do not perceive the value on the ROI of the CA learnership, could the implementation of the CA learnership could be adversely affected.

In terms of the number of years' experience and the number of learners registered, there was a perception that economies of scale or the repetitiveness of the training could give rise to a difference in the opinion of the employers regarding ROI. The only variable that highlighted a difference in the opinion of the employers was to do with the number of learners that the employer had registered. Eighty-four per cent of employers who had registered more than five learners were of the opinion that the benefits outweighed the costs, whereas 67% of employers who had registered fewer than five learners agreed that the benefits outweighed the costs.

6.6 Learnership ROI components

The components of ROI were initially identified in the focus group and utilised to construct the survey questionnaire. The survey questionnaire results confirmed that these are the components of ROI. The in-depth interview elicited specific

details regarding the monetary value of the components. The open-ended question also elicited one main additional component of ROI. With regard to the financial costs, as depicted in table 6 and 7, the costs have been ranked according the percentage of employers that agreed that it was a cost. The first 6 costs are the costs that more than 70 % of employers agreed were costs. A summary of the Learnership ROI components are illustrated in table 20.

TABLE 20: LEARNERSHIP ROI COMPONENTS

	FINANCIAL	NON-FINANCIAL
BENEFITS	<ul style="list-style-type: none"> ▪ Learnership Cash Grant ▪ Tax Deduction ▪ Skills Development Levy reduced ▪ Tax deductible salaries ▪ Billable hours from learners' work 	<ul style="list-style-type: none"> ▪ Quality of training ▪ Productivity ▪ Employer of choice ▪ Quality of work improves ▪ Professionalism ▪ Skills gap addressed ▪ Skills level increases ▪ Standard training structure
COSTS	<ul style="list-style-type: none"> ▪ Professional body fees ▪ Professional body exam fees ▪ Additional training courses ▪ Workstation ▪ Software licenses ▪ Electronic assessment tools ▪ Tuition fees ▪ Bonuses ▪ Training materials ▪ Living and travel expenses 	<ul style="list-style-type: none"> ▪ Learner leaves prematurely ▪ Accreditation process time consuming ▪ Mentoring and supervising learners time consuming ▪ Assessment too time consuming

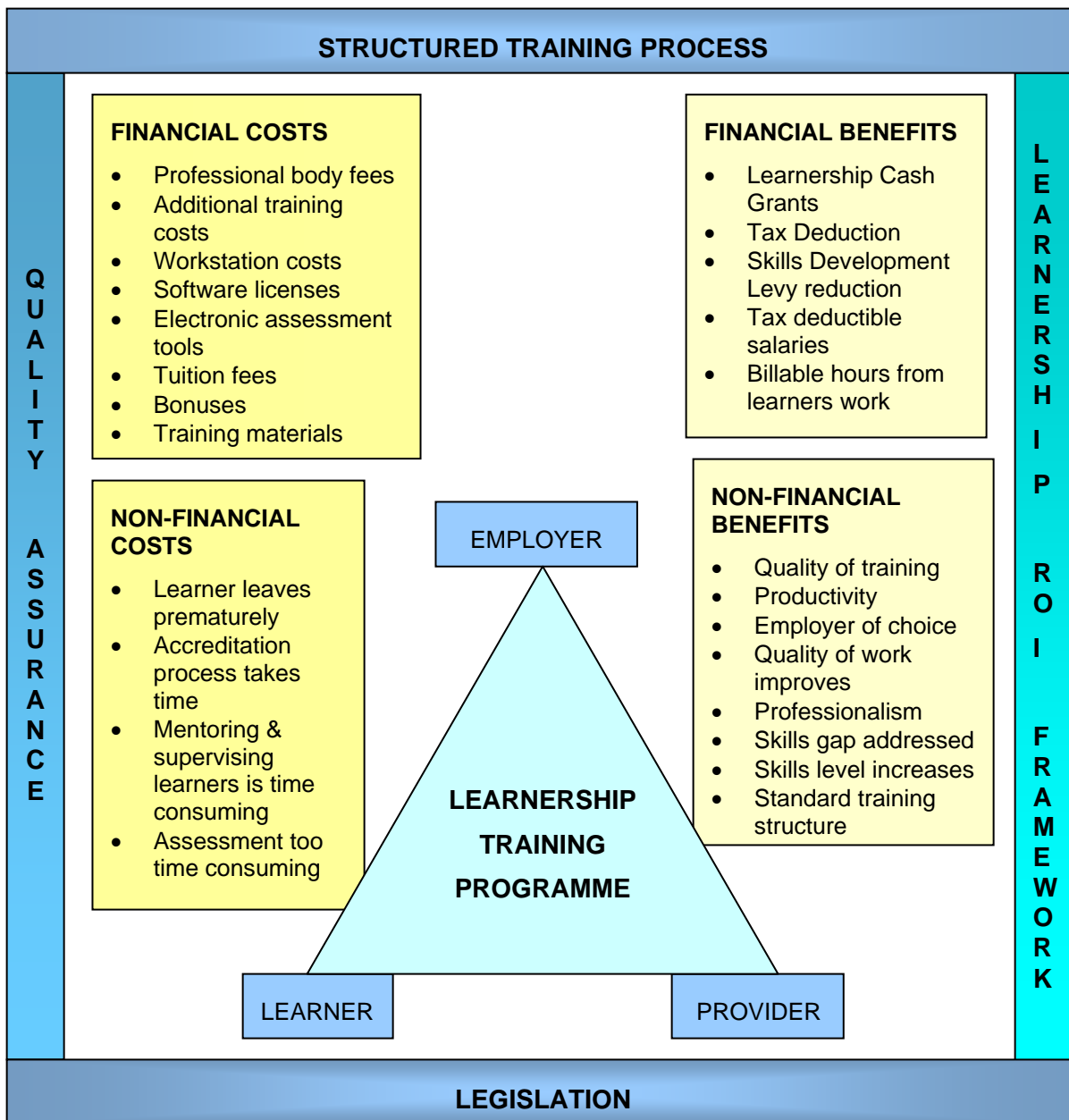
6.7 Learnership ROI Framework

The culmination of all the research phases has resulted in a comprehensive learnership ROI framework, as illustrated in Table 21. Underpinning the learnership system is the legislative framework that includes the various Acts as noted in chapter 2. The legislative bodies that facilitate the implementation of the Acts include the DoL and setas. The quality assurance system outlines various criteria and requirements that employers and training providers need to adhere to before they commence the learnership training programme. Both SAICA and Fasset manage these quality assurance processes such as accreditation as inputs that need to be in place before the employer and the learner commence with the practical training programme. The three key stakeholders that are involved with the day-to-day training and assessing of the learnership are the employer, learner and the training provider. As the learner progresses, the employer monitors and assesses the work products of the learner. The work product is an output that the employer derives financial benefits from as clients are billed for the work that the learners produced. As part of the same training process, the learner progresses with the practical training programme and is assessed according to the expected outcomes of the learnership.

With all these systems and processes working together, it results in both financial and non-financial costs and benefits and thus the learnership ROI framework is developed.



TABLE 21: LEARNERSHIP ROI FRAMEWORK





7 CONCLUSION

This chapter highlights the main findings of this research, presents recommendations to stakeholders that are involved in the learnership process, and outlines possible areas for future research.

Learnerships were introduced by the government as a mechanism to address the shortage of skilled people in the workplace (Kraak, 2008). Previous research has been conducted that focused broadly on the learnership system as a whole (Babb, 2004; Mumenthey, 2008). However, a research gap existed in examining the learnership system from the point of the view of the employer. The aim of this research was to determine the perceived value of learnerships specifically from the employers' point of view. This point of view is essential because a unique component of the learnership, as opposed to other learning interventions, is that it incorporates a structured practical training component. This structured practical training component has to be conducted in the workplace and thus the employer has an important role to play in the learnership system. This research set out to determine the employers' perceived value of the CA learnership and to determine whether employers considered the implementation of a learnership as a return on investment.

7.1 Research Findings

The objectives of the research were met as the various components of the financial and non-financial benefits and costs of the CA learnership were determined and described. The results of the research have translated these components into a practical and meaningful ROI model for the CA learnership from the employers' perspective. (Please refer to the summary of these components in Table 20 in Chapter 6.)

The overall result is that 77% of employers agreed that the benefits outweighed the costs. This view was further supported in the identification and analysis of the financial and non-financial benefits and costs. The findings support the research conducted by Carmichael and Sutherland in terms of expressing a more holistic view of ROI. Employers also confirmed the holistic view as they had independently identified a new construct that had not been included in the focus group discussion or the survey questionnaire. Numerous comments that were noted by employers indicated that their perceived value of the CA learnership extended into "the future investment for the employer, for the profession and country". Please refer section 6.5 (chapter 6) for the list of specific comments in this regard.

The research contributes to ROI methodology and has identified additional components that were not previously identified in the literature (Phillips, 2002 and

Keller, 2008). For instance, accreditation, productivity, becoming employers of choice, better quality of work, addressing the skills gap and the establishment of a standard training structure were identified by employers as non-financial benefits. The value that employers place on the quality of training represents an interesting perception from employers. It is interesting to note that employers consider being an employer of choice as a non-financial benefit. Being an employer of choice is of particular importance in an environment characterised by skills shortages as employers are keen to attract qualified learners.

The learnership ROI framework (Table 21) that has been developed integrates the results from the literature with the empirical evidence obtained and, for this reason, presents a practical approach to determining ROI for learnerships. Learnerships are a new and modern training intervention and this learnerships ROI model thus contributes to the ROI body of knowledge as it can be used as a basis for the evaluation of other learnerships or similar workplace training interventions – for example, internships. According to Carmichael and Sutherland's (2005) research, the holistic basis of the learnership ROI model also incorporates the multi-dimensional nature of workplace learning dynamics.

Effectively, a learnership ROI framework has been developed that identifies the specific components of the financial and non-financial benefits and costs of the CA learnership. Stakeholders can use the framework to quantify the various components of and complete the fifth level of ROI calculation noted by Phillips

(2002). This research thus meets the criteria for implementing Phillips (2002) model. That is, that the ROI model must be “simple, economical, credible, appropriate, flexible, applicable and consider[s] all costs” (Phillips, 2002).

7.2 Recommendations for stakeholders

“A learnership is by its nature a multi-stakeholder entity” (Babb and Meyer, 2005, p. 19). This section of Chapter 7 includes recommended applications for this research as it applies to stakeholders – including SETAs, employers, learners and the professional body, SAICA.

Sector Education and Training Authorities (SETAs)

The role of the SETAs with regard to learnerships is to register, monitor, manage and facilitate the implementation of learnerships. To facilitate the successful implementation of learnerships, SETAs have to engage with all the various stakeholders, including employers. It is thus important that SETAs have insight into the employers’ perceived value of learnerships, as well as of the components that affect that perception. Although this research focused on the CA learnership in particular, there are a number of identified components that are generic to all learnerships.

With regard to the financial benefits, the tax deduction, skills levy reduction, tax deductible salaries and learnerships grants are applicable to all

learnerships. The non-financial benefits that are generic across all learnerships include accreditation, productivity, employers of choice, better quality of work, addressing the skills gap and a standard training structure.

The knowledge of the ROI components gives SETAs accurate information and should facilitate the implementation of the following recommendations:

- The development of comprehensive marketing campaigns to encourage employers to implement learnerships, noting the benefits and costs;
- The identification of possible bottlenecks in the learnership system that discourage employers from implementing learnerships – e.g. the time-consuming nature of accreditation processes; and
- The development of various ROI case studies for other learnerships for presenting the business case for learnerships to employers and the DoL.

Employers

By reviewing the findings holistically, employers have an overview of the context in which the CA learnership has been implemented. The findings that would be of interest to employers include:

- Employers value the learnerships holistically (i.e. from a financial and non-financial perspective);
- Employers can bench mark the costs that they incur as compared to the

minimum and maximum costs noted in the research, and

- Managers will be able to utilise this framework to obtain ideas for a training development strategy and to understand the impact of these strategies on both the organisation and the learner.

Another important observation is that 92% of employers indicated that the learners contributed to the productive functions of the organisation. Employers could leverage more value from the billable hours by tailoring the training programme to ensure higher levels of productivity from the learner.

The research has highlighted the financial benefits that are available to employers and this should encourage them to implement learnerships and thus utilise the government incentives that have been set up for this purpose.

Learners

The level of satisfaction with the learnerships system from Mummenthy's (2008) research indicated that learners were disappointed with the limited level of participation from employers in the construction sector. In the case of the CA learnership, learners should take cognisance of the fact that the CA employers are highly motivated employers who are willing to participate in the learnership and are interested in the quality of training, beyond the financial benefits only. Learners should also take note that their participation leads to productivity and thus that they

have an important and constructive role to play in the learnership process.

SAICA

The employers who were surveyed are members of SAICA. The results of the research indicate that SAICA employers are committed to training learners not only to benefit the organisation but also in the interest of growing the profession and contributing to the skills base in the country. SAICA could also take note of the activities that employers have indicated are time consuming. By examining the number of hours spent on learner-related activities, SAICA could possibly streamline these activities for employers (e.g. assessment).

7.3 Future ideas for further research

Macro application of framework

The learnership ROI framework that has been defined and described provides a basis for determining the ROI for other learnerships. It would be interesting to determine if the framework could be applied to other accounting learnerships and also to learnerships from other sectors. This framework presents stakeholders in all learnerships with a learnership ROI framework that includes specific information regarding the value that employers place on the various financial and non-financial benefits and costs. Although the research was conducted on a specific learnership, many of the components that were identified as costs and benefits are generic across all learnerships. On a macro level, the flexibility of the framework

could be tested in terms of its application to other learnerships if additional components were added or subtracted, depending on the specific circumstances of the learnership that is being researched.

Comparative study

From a comparative perspective, the framework could be applied across similar learnerships (e.g. all accounting learnerships) or different learnerships within one sector. A comparative study could be conducted to determine the ROI that employers perceive in the implementing of various learnerships. It would be interesting to determine the differences and similarities that might emerge across different learnerships and sectors.

Micro application of framework

At a micro level, employers who have implemented other learnerships could consider quantifying the work sample that learners produce and thus work towards their own individual ROI calculations for specific learnerships. Such work might address the challenges of implementing ROI as a time-consuming exercise. As recommended by Peak and Berge (2006), ROI could be limited to the learnership programmes only as they represent critical training programmes. At an employer level, the Phillips model could also be applied as, the employer could place a monetary value on the specific components that have been identified in this research.

Learners' perspective

The learnership system is focused on the training of the learner in the workplace, so the learner is a key stakeholder in the learnership process. A holistic view of the ROI from the learners' perspective would thus be of interest and could yield results that could encourage learners to participate in the learnership process. As the framework considers both financial and non-financial components, a study of this nature conducted with learners could encourage learners to perceive the value of learnerships holistically.

7.4 Conclusion

The importance of learnerships to skills development in South Africa can be expressed by this Chinese proverb: "Tell me and I'll forget, show me and I may remember, involve me and I'll understand." To bridge the skills gap, we need learners that understand the job that they are doing. The practical structure of the learnership encourages this understanding and develops work experience.

Employers have recognised the ROI derived from training learners on the learnership – not only for the benefit of the organisation but for the benefit of the country as a whole. It is envisaged that the results of the research could facilitate an increase in the implementation of learnerships. Employers would thus be participating in the national imperative of the government in terms of its National

Skills Development Strategy (NSRF, 2005). The culmination of employers' individual efforts creates a national impact of training learners via a learnership, addresses the immediate skills gap, alleviates unemployment, and alleviates poverty. Employers have expressed their willingness to make a positive contribution to skills development in South Africa.



8 REFERENCES

Babb, S. (2004) *Learnerships in South Africa: Factors that help and hinder*. MBA, GIBS.

Babb, S. & Meyer, T. (2005) *Perspectives in Learnerships: South African Case Studies*. Johannesburg: Knowres Publishing.

Bailey, K. D. (1978) *Methods of Social Research*. New York: Macmillan.

Bartel, A. P. (2000) Measuring the Employer's return on investments in training: evidence from the literature. *Industrial Relations*, 39(3), 502-522.

Charst, J. Impacts of a law fostering training development: Lessons from Quebec's experience. *Canadian Public Administration*. 50(3), 373 – 389.

Carmichael, T. & Sutherland, M. (2005) A holistic framework for the perceived return on investment in an MBA. *South African Journal of Business Management*, 36(2), 57-70.

Conlan, J., Grabowksi, S. & Smith, K. (2005) *Emerging Perspectives on Learning, Teaching and Technology*. Department of Educational Psychology and Instructional Technology. University of Georgia.

de Beer, L. (2004). Education: IFAC Education Committee publishes first international education standards. *Accountancy SA*. February, 2004.

Dealtry, R. (2008) Global corporate priorities and demand-led learning strategies. *Journal of Workplace Learning*, 20(4), 286-292.

Department of Labour (2001) National Skills Development Strategy (NSDS) Report. Pretoria: DoL.

Department of Labour (DoL). (2001a). *The National Skills Development Strategy. Understanding the Laws*. Pretoria: DoL.

Department of Labour (2005) Government Gazette No 27801, 18 July 2005, No. R 713 SETAs. *Grant Regulations Regarding Monies Received by a SETA and related matters*. Pretoria: DoL.

Department of Labour (2007) *Registered Learnerships by Setas, last updated 29 March 2007*, Available from: http://www.labour.gov.za/downloads/useful_documents.htm (accessed 28/04/09)

Fasset (Sector Education and Training Authority (seta) for Finance, Accounting, Management Consulting and other Financial Services). (2007) *Sector Skills Plan*. Johannesburg.

Gaul, D. (2009) Tax Breaks: Getting learnership tax grants has just got a lot easier. *Business Report*, September 1. Johannesburg, 1.

Hammond, C. (2005) The wider benefits of adult learning: an illustration of the advantages of multi-method research. *International Journal Social Research Methodology*, 9(3) 239-255.

Human Sciences Research Council (HSRC) (2008) *Employment and learning Pathways of Learnership Participants in the NSDS Phase II: as part of the Department of Labour's Research Monitoring and Evaluation: Critical Research Projects, June 2006 to March 2008*. Pretoria: Department of Labour.

Income Tax Act 58 of 1962. South Africa. *Government Gazette updated 30 September 2009*, (32611), Pretoria.

Keller, D. (2008) Tune-up for trainers: Help employees stay on top of their game [internet]. *Medical Laboratory Observer June 2008*. <http://www.mlo-online.com> (accessed 23/05/09)

Kirkpatrick, D.L. (1990) *Great ideas revisited. Techniques for Evaluating Training Programs. Revisiting Kirkpatrick's Four-Level Model.* Training and Development Journal, 50(1) 54-59.

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

Kraak, A. (2008a) Incoherence in the South African labour market for intermediate skills. *Journal of Education and Work*, 21(3), 197-215.

Learnership Regulations: regulations concerning the registration of Learnerships and Learnership Agreements, Skills Development Act No 97 of 1998, South Africa, Government Gazette, 2 (19420), Pretoria.

Mbeki, T. (2001) Address of the President of South Africa, Thabo Mbeki, Parliament: Cape Town. Available from: <http://www.info.gov.za/speeches/2001.htm> (accessed 21/05/09)

McGrath, S. & Akoojee, S. (2007) Education and skills for development in South Africa: Reflections on the accelerated and share growth initiative for South Africa. *International Journal of Educational Development*, 27(2007), 421 – 434.

Mifflin, B. (2004) Adult learning, self-directed learning and problem-based learning: deconstructing the connections. *Teaching in Higher Education*, 9(1), 43 -53.

Mummenthey, C. (2008) *Implementing efficient and effective learnerships in the construction industry. A study on the learnership system in the building and civil sector of the Western Cape.* MComm (HRM), University of Stellenbosch.

Peak, D. & Berge, Z. (2006) Evaluation and eLearning. *Journal of Distance Education*, 7(1), 124 – 131.

Phillips, J.J., Stone, R.D. & Phillips, P.P. 2001. *The human resources scorecard: Measuring the return on investment.* Woburn: Butterworth-Heinemann.

Phillips, P. P. (2002) *The Bottom Line on ROI*. GLE PRESS: Atlanta, USA

The financial management, accounting and auditing skills shortage research report: (2008). The South African Institute of Chartered Accountants (SAICA)

SAICA fees applicable to TIPP and TOPP trainees (2009) Available from <http://www.saica.co.za> (accessed 19/09/09).

The Development Needs Analysis Form. (2009) Available from <http://www.saica.co.za> (accessed 17/07/09).

Rainbird, H. (2000) Skilling the unskilled: access to work-based learning and the life long learning agenda. *Journal of Education and Work*, 13(2), 183-197

Schussler, M. (2006) Substantial incentives for learnerships. *Finweek*. May 25..Johannesburg, 1.

Sheperd, C. (1999) *Evaluating Online Learning*. Available from <http://www.fastrak-consulting.co.uk> (accessed 24/05/09).

Simonson, M. (2007) Evaluations and Distance Education: 5 Steps. *Quarterly Review of Distance Education*, 8 (3), vii-ix.

Smith, A. (2001) Return on Investment in Training: Research Findings. *Australian National Training Authority*. Australia.

Smith, M. J., Jennings, R. and Solanki, G. (2005) Perspectives on Learnerships: a critique of South Africa's transformation of apprenticeships. *Journal of Vocational Education and Training*, 57(4), 537 -562.

Stewart, D., Shandasani, P. M., and Rook, D. W. (2007) *Focus Groups: Theory and Practice*. Second Edition. USA: Sage Publications.

Skills Development Act No. 97 of 1998, South Africa, *Government Gazette*, 2 (19420), Pretoria.

Skills Development Amendment Act No. 37 of 2008, South Africa, *Government Gazette*, 2, volume 521 (31666), Pretoria.

Van der Linde, B. *Give us a hand: Small companies don't take advantage of tax relief*. Finweek. 4 May 2006.

Welman, J. C. and Kruger. S. J. (2001) *Research Methodology for the Business and Administrative Sciences*. Second Edition. South Africa: Oxford University Press.

Zikmund, W. (2003) *Business Research Methods*. 7th ed. USA: Thomson South-Western

APPENDIX 1: FOCUS GROUP DISCUSSION GUIDE

Opening remarks

Thank for making the time to attend the focus group discussion.

Introduction

I am currently busy with my MBA research project. My topic relates to the perceived value or return on investment for accounting learnerships for employers. The research is focused on the Chartered Accounting learnership and thus the results of the research will be of direct interest to yourselves and SAICA. You have been specifically invited because of your experience in implementing the Chartered Accounting learnership. The research process is in two phases – a focus group and a questionnaire.

Focus Group

During the discussion, I am interested in your (employers') perceptions and opinions of the benefits of implementing learnerships and the costs of implementing learnerships. I would like to understand the components in order to design the questionnaire.

Some house rules:

We would like to generate as many ideas as possible so there are no right or wrong answers so please speak freely.

I will monitor the discussion to give everyone an opportunity to speak.

Preferably, please speak one at a time.

Interview question guide

1. *Generally speaking, why have you implemented learnerships?*
2. *What are your overall perceptions of the value of learnerships to your organisation/practice?*

When you implement learnerships, there are financial and non-financial considerations.

So there are benefits in training learners on learnerships.

3. *What are the financial benefits?*
4. *What are the non-financial benefits?*

There are also costs involved in implementing learnerships.

5. *What are the financial costs?*
6. *What are the non-financial costs involved?*
7. *Do you think that the benefits outweigh the costs?*

Format to record discussion

The session will not be tape recorded. I will conduct the session myself.

Flipcharts will be utilised to record the discussion in five categories.

1. General comments
2. Financial benefits
3. Non-financial benefits
4. Financial costs
5. Non-financial costs



APPENDIX 2: FOCUS GROUP PARTICIPANTS

	NAME OF PARTICIPANT	ORGANISATION	EXPERIENCE IN LEARNERSHIPS
1	Laetitia Bezuidenhout	Bezuidenhout en Kie	Partner – no longer implements learnerships
2	Andri Correia	Probeta Accountancy Development	Training Officer
3	Tlakale Matlala	NAFCOC Investment Holding	Human Resources Manager – implements non-CA learnerships
4	Vashna Rawjee	ATCOR	Training Provider – consults on learnership implementation
5	Ricardo Rayners	Compushare Investor Services	Training officer – in process of implementing learnerships
6	Ferdinand Rossouw	Maxfin Incorporated	Director
7	John Treat	LCG Integrated	Audit Supervisor
8	Salome Van De Walt	LCG Integrated	Training manager
9	Nic Benson	Benson and Son	Individual interview. Implements CA and non-CA learnerships.



APPENDIX 3: RESEARCH QUESTIONNAIRE FOR CHARTERED ACCOUNTING LEARNERSHIP

INTRODUCTION

The research relates to the perceived value of the return on investment for accounting learnerships for employers. The research is focused on the Chartered Accountant learnership and thus the results of the research will be of direct interest to you and to SAICA. You have been selected to complete the questionnaire because of your experience in implementing the Chartered Accountant learnership. The questionnaire refers to LEARNERS instead of trainees.

Please note that you are completing this questionnaire on a voluntary basis in your personal capacity. You have received no financial incentive to complete the questionnaire. The information is purely for research purposes. The questionnaire should not take longer than 15 minutes to complete. Thank you for your time.

1	What position do you currently have in the organisation?	Owner/partner	Senior Manager	Accountant	Administrator	Other				
		1	2	3	4	5				
2	What is the total number of employees in your organisation as at today? (An estimate is acceptable.)									
3	In which province is your organisation situated?	Eastern Cape	Free State	Gauteng	Kwa-ZuluNatal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape
		1	2	3	4	5	6	7	8	9
4	For how many years have you been involved in training learners on the CA learnership?									
5	How many learners does your organisation currently have registered on the CA learnership only? (An estimate is acceptable.)									



6	In your opinion as an employer, do the benefits of the CA learnership outweigh the costs?	YES	1	NO	2	
7	Please give a reason for your answer.				For office use	
8	FINANCIAL BENEFITS <i>The following statements gauge how you feel about some of the possible FINANCIAL BENEFITS of the CA learnership.</i> <i>Please indicate with an X whether you agree or disagree with the following statements or if you don't know?</i>					
		STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DON'T KNOW
8.1	The learnership cash grant motivates us to register learners on the CA learnership.	5	4	3	2	1
8.2	The tax deduction motivates us to register learners on the CA learnership.	5	4	3	2	1
8.3	The fact that we do not pay the skills development levy on learners' salaries motivates us to register learners on the CA learnership.	5	4	3	2	1
8.4	The fact the learners' salaries are tax deductible motivates us to register learners.	5	4	3	2	1
8.5	Learners on the CA learnership fulfil important functions in our organisation at a reasonable price					



9 NON-FINANCIAL BENEFITS <i>The following statements gauge how you feel about some of the possible NON-FINANCIAL BENEFITS of the CA learnership.</i> <i>Please indicate with an X whether you agree or disagree with the following statements or if you don't know?</i>						
		STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DON'T KNOW
9.1	The structured accreditation process ensures that there is better quality of training.	5	4	3	2	1
9.2	Learners on the CA learnership are more productive than other employees that are not on a learnership.	5	4	3	2	1
9.3	An accredited CA practice is regarded as an employer of choice.	5	4	3	2	1
9.4	The quality of work of learners improves due to the structured learning process.	5	4	3	2	1
9.5	Learners adopt a greater sense of professional values and ethics than employees that are not trained on the CA learnership.	5	4	3	2	1
9.6	The structured learnership programme fills a skills gap in the organisation.	5	4	3	2	1
9.7	The skills levels of staff in the organisation are increased due to the implementation of the CA learnership.	5	4	3	2	1
9.8	The learnership creates a standard training	5	4	3	2	1



	structure that can be used repeatedly, thus saving training time.					
10	NON-FINANCIAL COSTS <i>The following statements gauge how you feel about some of the possible NON-FINANCIAL COSTS of the CA learnership.</i> <i>Please indicate with an X whether you agree or disagree with the following statements or if you don't know?</i>					
		STRONGLY AGREE	AGREE	DISAGREE	STRONGLY DISAGREE	DON'T KNOW
10.1	An employer may be reluctant to take on a learner because the learner may not complete the learnership.	5	4	3	2	1
10.2	Employers invest in training learners but the learners leave before they become productive.	5	4	3	2	1
10.3	The accreditation process takes up too much valuable time from supervisors and partners.	5	4	3	2	1
10.4	The mentoring and supervising of learners takes up too much valuable time of the managers, supervisors and partners.	5	4	3	2	1
10.5	The assessment of learners on learnerships takes up too much valuable time of the managers, supervisors and partners.	5	4	3	2	1



11 FINANCIAL COSTS			
<i>The following items are a list of possible FINANCIAL COSTS that relate to training learners on the CA learnership. Please indicate with an X in the YES/NO column whether you or your organisation incurs any of the following costs.</i>			
	COST ITEM	YES	NO
11.1	Travel cost for learner to arrive at work (not to clients)		
11.2	Living expenses (e.g. accommodation)		
11.3	University tuition fees – payment on registration		
11.4	University tuition fees – reimbursed after exams are passed		
11.5	Bonuses for passing exams		
11.6	Professional body membership fees		
11.7	Professional body exam fees		
11.8	Additional training courses (e.g. software updates, technical updates)		
11.9	Training materials (textbooks, manuals per learner)		
11.10	Workstation (computer, desk, stationery, laptop allowance)		
11.11	Software licences (Caseware, Pastel)		
11.12	Electronic assessment tools		



	<i>Please list any other cost items</i>			
11.13				
11.14				
11.15				
12	TIME SPENT ON LEARNERSHIP-RELATED ACTIVITIES The following items are a list of possible NON-FINANCIAL COSTS that relate to training learners on the CA learnership. Please indicate with an X in the YES/NO column whether you or your organisation spends time on any of the following activities.			
	LEARNER or LEARNERSHIP RELATED ACTIVITY	YES	NO	
12.1	Application for accreditation			
12.2	Preparation and being available for accreditation visits			
12.3	Preparation and being available for training office visits			
12.4	Administration of learnership agreements/training contracts			
12.5	Supervision of learner's work by senior manager			
12.6	Supervision of learner's work by the owner or partner			
12.7	Assessment of the learner's progress on the learnership			
12.8	Loss of productive time when learners are on study leave			
12.9	Dealing with disciplinary issues			
	<i>Please list any other activities</i>			



12.10				
12.11				
12.12				
Thank you for your time!				



APPENDIX 4: PHASE 3 QUESTIONNAIRE

RESEARCH QUESTIONNAIRE FOR CHARTERED ACCOUNTING LEARNERSHIP: COST ANALYSIS

INTRODUCTION

The research relates to the perceived value of the return on investment for accounting learnerships for employers. The research is focused on the Chartered Accountant learnership and thus the results of the research will be of direct interest to you and to SAICA. You have been selected to complete the questionnaire because of your experience in implementing the Chartered Accountant learnership. The questionnaire refers to LEARNERS instead of trainees.

Please note that you are completing this questionnaire on a voluntary basis in your personal capacity. You have received no financial incentive to complete the questionnaire. The information is purely for research purposes and the source of information is thus anonymous. The questionnaire should not take longer than 20 minutes to complete. Thank you for your time.

1	What position do you currently have in the organisation?	Owner/ partner	Senior Manager	Accountant	Administrator	Other
		1	2	3	4	5
2	What is the total number of employees in your organisation as at today? (An estimate is acceptable.)					
3	In which province is your organisation situated?	Eastern Cape	Free State	Gauteng	Kwa-ZuluNatal	Limpopo
		Western Cape	North West	Northern Cape	Mpumalanga	
4	For how many years have you been involved in training learners on the CA learnership?					
5	How many learners does your organisation currently have registered on the CA learnership only? (An estimate is acceptable.)					
6	In your opinion as an employer, do the benefits of the CA learnership outweigh the costs?	YES	1	NO	2	
7	Please give a reason for your answer.					



8	<p>FINANCIAL COSTS</p> <p><i>The following items are a list of possible FINANCIAL COSTS that relate to training learners on the CA learnership. Firstly, please indicate with an X in the YES/NO column whether you or your organisation incurs any of the following costs. Secondly, if you do incur the cost, please include an approximate value of the cost of each item per annum for one learner. An estimate will be acceptable if you don't know the exact value.</i></p>				
	COST ITEM	YES	NO	What is the cost per annum, per learner?	
8.1	Travel cost for learner to arrive at work (not to clients)				
8.2	Living expenses (e.g. accommodation)				
8.3	University tuition fees – payment on registration				
8.4	University tuition fees – reimbursed after exams are passed				
8.5	Bonuses for passing exams				
8.6	Professional body membership fees				
8.7	Professional body exam fees				
8.8	Additional training courses (e.g. software updates, technical updates)				
8.9	Training materials (textbooks, manuals per learner)				
8.10	Workstation (computer, desk, stationery, laptop allowance)				
8.11	Software licenses (Caseware, Pastel)				
8.12	Electronic assessment tools				
	<i>Please list any other cost items</i>				
8.13					
8.14					
9	<p>NON-FINANCIAL COSTS</p> <p><i>On average, how much TIME (HOURS) does it cost your organisation to accommodate a learner?</i></p> <p><i>Firstly, please indicate with an X in the YES/NO column whether you or your organisation spends time on the following activities.</i></p> <p><i>Secondly, please indicate the number of hours spent on each activity, either per month or per annum. Estimates are acceptable.</i></p>				
	LEARNER or LEARNERSHIP RELATED ACTIVITY	YES	NO	TIME IN HOURS PER MONTH	TIME IN HOURS PER ANNUM
9.1	Application for accreditation				



9.2	Preparation and being available for accreditation visits				
9.3	Preparation and being available for training office visits				
9.4	Administration of learnership agreements/training contracts				
9.5	Supervision of learner's work by senior manager				
9.6	Supervision of learner's work by the owner or partner				
9.7	Assessment of the learner's progress on learnership				
9.8	Loss of productive time when learners are on study leave				
9.9	Dealing with disciplinary issues				
	<i>Please list any other activities</i>				
9.10					
9.11					
9.12					
Thank you for your time!					



APPENDIX 5:

Comments From Open-Ended Question: “Do The Benefits Outweigh The Costs?”

BENEFITS OUTWEIGH THE COST

A GOOD ACCOUNTANT MUST HAVE PROPER TRAINING
ABILITY TO HAVE A STRUCTURED WORK PROGRAMME THAT IS TIED TO A CONTRACT
ABILITY TO SERVICE MORE CLIENTS WITH LOWER COST LABOUR
ACCESS TO WORK FORCE WITH DEGREES IN ACCOUNTING AND THEORETICAL KNOWLEDGE
AFFORDABLE STAFF USUALLY ABLE TO BE TRAINED PROFESSIONALLY
ALTHOUGH THERE ARE A LOT OF ASSESSMENTS AND TRAINING TO BE DONE THE QUALITY OF STAFF MEMBERS STUDYING TOWARDS CA IS REALLY GOOD IN GENERAL
AS AN ACCOUNTING FIRM WE NEED TRAINEES TO PERFORM THE TASKS IN ORDER TO BE PROFITABLE & SEC 12 H DEDUCTION
AT THE MOMENT STILL YES DUE TO THE ABILITY TO DELIVER A COST EFFECTIVE SERVICE TO THE CLIENT LOWER SALARY CURRENTLY UNDER PRESSURE
ATTRACT GOOD QUALITY STAFF THAT CAN PERFORM WORK AT A PROFIT LEARNERSHIP RELATED ARTICLES THERE
ATTRACTS BETTER TYPE OF POTENTIAL STAFF
BETTER MARKETABILITY AND CHARGE OUT BETTER
CA LEARNERSHIP PROGRAMME DEVELOPS SKILLS THAT ARE USED IN OUR BUSINESS TO ASSIST CLIENTS
CANT REALLY ANSWER AS NOT DIRECTLY INVOLVED WITH COST STRUCTURES ETC WITHIN THE FIRM I HOWEVER IS OF THE OPINION THAT PROFITS FROM QUALITY ASSURANCE ENGAGEMENT IS A CLEAR INDICATOR THAT BENEFITS OF OFFERING MENTIONED LEARNERSHIP OUTWEIGH COSTS
CONTINUAL LABOUR
CONTRIBUTE TO DEVELOPMENT OF PEOPLE AND COUNTRY AS A WHOLE



COST EFFECTIVE AUDITING CAN BE DONE WITH SUPERVISION AND TRAINING
PROSPECTIVE CAs TO BE COMPETANT

CREATES A WORK FORCE TO ENABLE BUSINESS TO BE SUCCESSFUL

EMPLOYEES LEARNERS CONTRACTED FOR 3 YEARS THEY GENERATE SIGNIFICANT
REVENUE FOR THE PRACTICE ALLOWS YOU TO GEAR THE WORK

ENCHANCES AND ENSURES CONSISTENCY OF PEOPLE AND QUALIFICATION

FINANCIAL STATEMENTS

GIVE PROFESSIONAL SERVICE TO CLIENTS AT RESONABLE PRICE

GOOD WAY TO OBTAIN A BEE CANDIDATE ALSO THEY ARE TRAINED TO A GOOD
LEVEL, MORE YOU INVEST BETTER THEY WILL BE

GREATER COMPETENCY THROUGH LEARNERSHIP ALLOWS FOR MORE
RESPONSIBILITY

GROWING THE PROFESSION, OPPORTUNITIES TO LEARNERS

HAVING SKILLED PROFESSIONALS ALTHOUGH AS TRAINEES PERFORMING
PROFESSIONAL WORK TO OUR CLIENT BASE AT REASONABLE PRICE ALSO THE
OPPORTUNITY TO IDENTIFY FUTURE PARTNERS

HELPS EVERYBODY TO FOCUS ON WHAT THE CA SA QUALIFICATION ENTAILS

HIGH LEVEL OF STANDARDS ACHIVED TO LEARNERS ON SA CA VOTE IN GENERAL
BUYS INTO STANDARDS AND HAVE CAREER GOALS BOTH ACADEMIC

I STILL FEEL THAT THE CA QUALIFICATION DOES HAVE BENEFITS BUT THE RISK AND
AWARDS BECOME MORE STRANGED

IDENTIFICATION OF FUTURE PARTNERS MANAGERS AND THE GROWTH OF THE CA
PROFESSION

IF SUPERVISED WELL THE LEARNERS COULD PERFORM VERY PROFITABLE TASKS
FOR THE FIRM

IT IMPROVED THE QUALITY OF OUR SERVICE TO THE PUBLIC AND REDUCE FIRM
RISKS

IT IS AN EFFICIENT WAY TO CONDUCT AUDITS WITH APPROPORIATED LEVELS OF
STAFF ESPECIALLY WITH CONTINUOUSLY IN MIND 12H FAVOURABLE ALLOWANCES TO
COMPENSATE FOR COSTS

IT IS THE ONLY WAY TO ATTRACT SUITABLE QUALIFIED EMPLOYEES TO A SMALL
PRACTISE



IT PROVIDES AN ASSESSMENT PROCESS AND TOOL THAT ASSIST IN PRODUCTION SCHEDULING

LEARNERS ARE ABLE TO PROGRESS AND BECOME COMPETENT WHICH IN TURN INCREASES THE SKILL LEVELS AND COMPETENT EMPLOYEES IN SA

LEARNERSHIP IS A GOOD RECRUITMENT TOOL AND MOTIVATES STAFF

LIFE LONG LEARNING PHILOSOPHY ENABLES FIRM TO ATTRACT INTELLECTUAL CAPITAL

LOW SALARY

MORE ROUNDED INDIVIDUALS ARE SENT INTO THE WORLD HOWEVER THE EMPHASIS ON SOFT SKILLS SHOULD NOT OVERSHADOW THE THEORETICAL AND TECHNICAL ABILITIES A CA SA SHOULD POSSESS

MOTIVATION TO STAFF AS THEY GROW IN THEIR SKILLS

NEED STAFF TO PERFORM AUDIT TAX WORK

PROFESIONAL STATUS GIVE TO CA LEARNERSHIP

PROFITABILTY OF AUDIT WORK PUBLIC PRACTICE ENOUGH WORK NEED THE EMPLOYEES

PROPER TRAINED CLERKS OPERATE MORE EFFICIENTLY MORE PROFITABLE TO THE PRACTICE

PROVIDED WITH STAFF WITH CERTAIN LEVEL OF TECHNICAL KNOWLEDGE

PROVIDES A CLEAR GUIDE FOR ASSESSING EMPLOYEES AND MOTIVATION TO PERFORM

QUALITY STAFF AND WORK

RECOUP MORE FROM TRAINEE AT END OF CONTRACT WE BECOME MORE PRODUCTIVE AND THIS OUTWEIGHES COSTS

SALARY COST BENEFIT TRAINING REQUIRED IS SPECIFIC AND FOCUSED AS OUR BUSINESS NEEDS

SEARCH OF TALENTED STUDENDS REQUIRE AN EMPLOYEE TO OFFER THE RIGHT QUALITY TO STUDENT

TAX INCENTIVES TRAINING OF QUALITY EMPLOYEES

THE LEARNING CURVE ALLOWS US TO PROFIT FROM THE LEARNERS SKILLS AFTER THE INITIAL YEAR TO YEAR AND A HALF



THE TRAINEE PERFORMS THE SAME WORK AS AN EMPLOYEE WHO ALSO GET PAID THE SAME ONCE QUALIFIED THE TRAINEE CAN STAY ON WE DO NOT HAVE TO RECRUIT AND WE DO NOT HAVE TO TRAIN A NEW CA AS HE HAS HIGH KNOWLEDGE OF OUR BUSINESS

THIS IS THE WAY THAT WE PERFORM ALL SERVICES WE ARE RUNNING A PROFITABLE FIRM

TRAINEES ARE MORE COMPETENT IRBA COSTS ARE HOWEVER QUESTIONABLE IN THE NEW TRAINING MODEL

TRAINEES HAVE HIGH LEVEL OF THEORETICAL SKILLS, NEEDS LITTLE EXPLANATION TO GRASP MATTERS ABLE TO IDENTIFY PROBLEMS INDEPENDANTLY ADDS VALUE TO A CLIENTS AS THAT IS DONE QUICKLY AND EFFICIENTLY

TRAINING IS THE MOST IMPORTANT ASPECT IN THE ORGANISATION TRAINING TOWARDS BECOMING A CA SA

VALUE ADDED BY CURRENT LEARNER IS SIGNIFICANT AND WORTH THE MONEY INVESTED IN HIS TRAINING

WE HAVE NO BUSINESS WITHOUT IT

WE NEED TO ASSIST LEARNERS IN BECOMING CAS COST IMPLICATIONS DO NOT OUTWEIGH THE IMPORTANCE OF THIS NEED

WE PROVIDE THE SERVICE OF AUDIT AND THUS NEED THE RELATED STAFF AT THE VARIOUS LEVELS

WE TRAIN PEOPLE THAT GO OUT OF THE LEARNERSHIP ALREADY KNOWING WHAT TO DO PRACTICALLY AS THEORY IS NOT ENOUGH

WELL KNOWN BRAND

WELL QUALIFIED EMPLOYEE PAID LESS THAN MARKET

WELL TRAINED INDIVIDUALS GO INTO THE BUSINESS WORLD

CA LEARNERS ARE USUALLY GOOD EMPLOYEES WITH A OBJECTIVES WHICH RESULTS IN GREATER WORK EFFICIENCIES THE COST OF TRAINING EXTERNAL AND INTERNAL IS A DEBATABLE MATTER BUT IT IS ABOUT GETTING THE BALANCE OF COST TO BENEFIT TO THE FIRM RIGHT

IF DONE CORRECTLY THE TRAINEE WILL BE TRAINED TO PERFORM THE WORK THEY MUST DO PRODUCTIVELY

THEY ACQUIRE SKILLS FASTER THAN THE OTHERS

TO ATTRACT COMPETENT LEVEL OF STAFF AT REASONABLE RATES FOR A DECENT LENGTH OF TIME



HAVING A TRAINEE IS MY WAY OF GIVING BACK TO THE PROFESSION

BENEFITS DO NOT OUTWEIGH THE COSTS

A LOT OF TIME IS SPENT ON TRAINING BUT MORE TIME IS SPENT ON ADMIN
TRAINING COURSES FOR LEARNERS ARE VERY EXPENSIVE

A LOT OF TIME IS SPENT ON EXAMINING AND ADMIN AND THE TAX BENEFIT IS NOT
ENOUGH

ADMINISTRATION TIME CONSUMING

AS JOU PERSONEELSAMESTELLING KORREK IS SAL JOU VOORDELE MEER WEES AS
DIE KOSTE

CHANGE TO THE NEW MODEL ASSIST PREVIOUSLY FORMAL TRAINING ON THE JOB
AND GUIDANCE AND TIME DONE WAS MORE THAN VALUE COST

DEPENDS ON WHETHER TRAINEE ACTUALLY TAKES AN INTEREST OR NOT TIME
SPENT DOING THIS AND TRAINEE DOES NOT TAKE COGNISANCE

FUTURE NO AUDIT FOR SME REGISTERED FOR SAIPA NO STRONG COMMITMENT
STEPPING THERE ONLY

HIGH ANNUAL FEES ADMINISTRATIVE BURDEN TIME CONSTRAINT TO KEEP ADMIN
GOING

I AM NOT AN EMPLOYER

LEARNERSHIP ASSESSMENT IS ONEROUS AND TIME CONSUMING UNDER THE
CURRENT TRAINING MODEL WE ARE NOT PRODUCING WELL ROUNDED CAS

LOT OF ADMIN REQUIRED WITH THE LEANERS TO REGISTER THEM WITH SAICA NOT
GOOD SUPPORT FROM THAT SOURCE PROBLEMS WITH ADMINISTRATING THE
ASSESSMENT PROCESS

NEW MODEL SHOULD BE MORE COST EFFECTIVE AS TRAINEES WILL NOT HAVE TO
KEEP ROTATING



SAMESTELLING VAN PRAKTYK KLIENTE MAAK DIT MOOILIK OM VOLDOENDE OPLEIDING TE VERSKAF

THE COST AND THE TIME PUT IN DOES NOT SHOW IN THE FEES BILLED TO CLIENTS

TIME CONSUMING IN RURAL AREAS WE ATTRACTED ONLY NON GRADUATES WITH VERY LITTLE HOPE OF QUALIFYING

WOULD BE EASY TO HAVE AN NORMAL EMPLOYEE ON A PERMANENT BASIS TO PREPARE THE WORK HAVING A TRAINEE IS MY WAY OF GIVING BACK TO THE PROFESSION

WITH ALL THE NEW REQUIRMENTS ON A REGULAR BASIS TO JAS STATEMENTS THE NEW CA ROUTE & THE SAICA PROCESS. IT COST THE AUDITING FIRMS QUITE A SUBSTANTIAL AMOUNT IN TRAINING COST

MY COST INCLUDING MY TIME AT CHARGE OUT RATE IS PRETTY HEFTY R150000 PA DIFFICULT TO QUALIFY AGAINST BENEFITS

TRAINEES ARE MORE COMPETENT IRBA COSTS ARE HOWEVER QUESTIONABLE IN THE NEW TRAINING MODEL

UNFORTUNATELY IN OUR ORGANISATION THE TIME SPENT ON TRAINING AND ADMINISTRATION STILL OUTWEIGH THE COSTS

YOU DON'T GET TIME TO DO YOUR OWN WORK