

SECTOR EDUCATION AND TRAINING AUTHORITIES – GROWING PAINS OR STILL BIRTH?

Natalie Zimmelman

214043

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ABSTRACT

This research project seeks to understand why the Sector Education and Training Authority (Seta) performances are perceived to be inconsistent and sometimes poor. As a critical delivery agency for the government's National Skills Development Strategy, the inability of these organisations to be perceived as effective has significant implications for the implementation of the development of South Africa's human resources and, hence, its potential competitive economic position.

Performance and Organisational Developmental theories were used to inform the research. The research first established the context in which the Setas operate and the performance criteria that are used in the measurement of their performance. The Setas were then classified into bands of performance and the organisational developmental stage of each band investigated.

The research showed that the organisational developmental stage of the Seta provides a strong explanation for the inconsistent and sometimes poor performance of the Seta. As the Organisational Developmental model chosen is a prescriptive model, it offers the potential to not only understand Seta performance, but also to use the model to enhance this performance.

DECLARATION

I declare that this research project is my own, unaided work. It is submitted in partial fulfillment of the requirement of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University.

Natalie Zimmelman

Signature

15 November 2002

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TABLE OF ABBREVIATIONS USED IN THIS STUDY

CEO	Chief Executive Officer
DOL	Department of Labour
ETQA	Education and Training Quality Authority
HRDS	Human Resource Development Strategy
IMD	Institute of Management Development
NSA	National Skills Authority
NSDS	National Skills Development Strategy
PFMA	Public Finance Management Act of 1999, as amended in June 1999
SAQA	South African Qualifications Authority
Seta	Sector Education and Training Authority
SDA	Skills Development Act (No 97) of 1998
SDLA	Skills Development Levies Act (No 9) of 1999
SSP	Sector Skills Plan

DEFINITIONS

In this paper, unless the context otherwise indicates: -

“**Board**” means the governing body, constituted in accordance with the Skills Development Act (No 97) of 1998, responsible for the running of the Setas;

“**CEO**” means the Chief Executive Officer of the particular Sector Education and Training Authority;

“**Department Head**” means a person who is employed at a senior level to manage a core function of the Sector Education and Training Authority;

“**ETQA**” means an Education and Training Authority of the Seta, established under the South African Qualifications Act (No 58) of 1995;

“**Human Resource Development**” means the development of the skills of the economically active population of South Africa, in order to effectively perform the tasks required by the workplace;

“**Learnership**” means an accredited training programme, consisting of a practical component and a workplace component that leads to a specific qualification;

“**Likert Scale**” means a five-point scale that was designed for each research area and used to codify results;

“**Minister**” means the Minister of Labour, Mr. M.M.L. Mdladlana;

“**National Skills Authority**” means the government appointed body tasked with advising the Minister on the National Skills Development Strategy;

“**Providers**” means those organisations that provide structured workplace and educational institution skills development programmes;

“**Secretariat**” means the full-time staff employed to manage and operate the Seta; and

“**Skills Development**” means the development of competencies by an individual that can be expertly applied in a particular context for a defined purpose.

CHAPTER 1

1. INTRODUCTION

The 25 Sector Education and Training Authorities (Setas) were established in March 2000, under the Skills Development Act (Number 97) of 1998 (South Africa, 1998) and the Skills Development Levies Act (Number 9) of 1999 (South Africa, 1999). This research project seeks to understand why the performances of these critical delivery agencies are perceived to be inconsistent and sometimes poor.

In order to do this, the research report first establishes, in Chapter 2, the reasoning behind the promulgation of these acts and the development of the National Skills Development Strategy (NSDS) (South Africa, 1997). The country and industry contexts and the role and mandate of the Setas are also outlined in this Chapter.

Once the role and mandate of the Setas, as well as the context in which they operate have been clarified, the research problem and attendant sub-problems are then outlined in Chapter 3.

The research problem centres on the performance of the Setas. The literature presented in Chapter 4 identifies the theories that inform the research. The research has specifically used performance and organisational developmental theories as a theoretical framework to

resolve the research questions. These theories are also then presented in Chapter 4.

In Chapter 5 the research then defines a methodology for the application of the framework presented in the literature review. The research findings and analysis are presented in Chapters 6 and 7 respectively.

While understanding how organisational developmental theory applies to one's understanding of Seta performance inconsistencies is useful, how these theories may then be used to enhance performance is critical to the purposes of the research. Thus, Chapter 8 presents conclusions to the research with recommendations for the application of the models.

CHAPTER 2

2. BACKGROUND TO THE NATIONAL SKILLS DEVELOPMENT STRATEGY

Human resource development in South Africa is not adequate for current demand, let alone future growth demands premised on a competitive and growing economy. In the 1999 World Competitiveness Ranking (IMD, 1999), South Africa ranked last out of 47 countries surveyed for skilled labour supply and only 42nd for the Human Development Index (which combines economic, social and educational indicators). Further, despite a high level of unemployment, there is still a high demand for skilled labour that cannot be filled by the current supply. The demographic composition of the skilled labour force is also still highly skewed, with whites making up the majority of senior or skilled employees (Kibuuka, 1996). The supply of skilled, semi-skilled and unskilled labour is unbalanced, with a severe shortage in the semi-skilled area (Kibuuka, 1996).

2.1 SKILLS DEMAND AND SUPPLY IN SOUTH AFRICA

Human resource development is critical for the future growth and international competitiveness of the South African economy (South Africa, 2001). As with the rest of the world, South Africa is moving away from an unskilled intensive manufacturing environment to a service industry driven economy (Mohr, 2000). This is clearly demonstrated in the table

presented as Appendix I, which shows the percentage change in occupational mix from 1970 to 1995 in South Africa (Bhorat & Hodge, 1999). The types of skills and knowledge that a person will require in the new knowledge economy are vastly different from what was required before (Davis & Meyer, 2000). This is especially critical because of the growth in the services sector of the economy.

2.2 THE NATIONAL HUMAN RESOURCE DEVELOPMENT STRATEGY AND THE NATIONAL SKILLS DEVELOPMENT STRATEGY

Policy change within South Africa was obviously required. In recognising this need, the South African government, under the new dispensation, published two new strategy documents, the Human Resource Development Strategy (HRDS) (South Africa, 2001) and the National Skills Development Strategy (NSDS) (South Africa, 1997). The first was unique in that the HRDS was a joint policy statement from the Department of Education and the Department of Labour (South Africa, 2001).

This strategy states as its key mission: “To maximise the potential of the people of South Africa, through the acquisition of knowledge and skills, to work productively and competitively in order to achieve a rising quality of life for all, and to set in place an operational plan, together with the

necessary institutional arrangements, to achieve this.” (South Africa, 2001: 10)

As this was a joint statement of strategy, the specific roles of the Department of Education and the Department of Labour had to be further clarified. The Department of Labour developed its NSDS to fulfill its role in the achievement of the HRDS (South Africa, 1997).

The NSDS has as its vision “an integrated skills development system which promotes economic and employment growth and social development through a focus on education, training and employment services,” with its core strategy the creation of “an enabling environment for expanded strategic investment in skills development” (South Africa, 1997: 7).

The chosen policies and strategies have been based upon intensive studies and comparisons with other parts of the world that were undertaken by the government. That these are effective policies and strategies is not in doubt (Middleton, Ziderman & Van Adams, 1993). However, the effectiveness of these policies and strategies depends on the ability of the infrastructure created to support and facilitate their implementation.

2.3 THE NATIONAL SKILLS AUTHORITY AND SECTOR EDUCATION AND TRAINING AUTHORITIES

The National Skills Authority (NSA), along with 25 economic sector specific Sector Education and Training Authorities (Setas) were established in 2000 as the key implementation agents of the NSDS.

The Setas act as the facilitation agents that encourage participation by and action on behalf of the economic sector that they serve. Their role and mandate was clearly stipulated in the enabling legislation, the Skills Development Act (South Africa, 1998) and the Skills Development Levies Act (South Africa, 1999). The Setas are to facilitate the investment in and development of skills through a levy-grant system that encourages training within the formal sector in a way that matches demand with supply. The levy-grant system is implemented through the imposition of a 1% levy on payroll for private companies, a portion of which may be claimed back for planning and then implementing training. Government departments must budget for and spend the full 1% on training and development activities, but are only required to pay the Seta 10% of this 1% levy for the Seta to manage their operations. The Setas must also establish learning frameworks through the establishment of learnerships and assure the quality of learning through the establishment of Education and Training Quality Authorities (ETQA) (South Africa, 1998; South Africa, 1999).

Despite the current poor public perceptions about the performance of the Setas, there has not yet been a thorough and analytical assessment of the performance of the Setas in meeting the needs of the South African economy, as intended for them in the two key policy documents – the HRDS (South Africa, 2001) and the NSDS (South Africa, 1997).

2.4 THE NATIONAL BUSINESS ENVIRONMENT OF SOUTH AFRICA

The role and mandate of the Setas is clear. Their effectiveness is, however, impacted upon by the context in which they operate.

The broader context is that of the national business environment of South Africa. The framework supplied by Dyck (1997) identifies the strategy, the context and the performance of the country as the key variables in understanding this national business environment. The skills development component of the national strategy has been clearly outlined by the HRDS (South Africa, 2001) and the NSDS (South Africa, 1997) described above. The performance targets outlined in the NSDS are specific and measurable and the context of the current low levels of human resource development in South Africa is clear, but the broader context extends well beyond the numerical targets.

Dyck's (1997) model further states that the resources available to implement these strategies, the key stakeholders in the process (i.e. those

that can support and those that will hinder) and the written and unwritten rules that govern the implementation of these strategies will also affect the ability of the Setas to perform against their mandate.

2.5 INDUSTRIES AND SECTORS

Even with a clear understanding of the factors impacting on the national business environment, the specific performance objectives of each Seta will differ according to the sector that it represents. The key external factors that define each sector or industry will impact upon the skills development needs within that sector as well as the support and participation from that sector in the Seta infrastructure. More specifically, it is the potential changes in these external or industry factors that impact on the needs of the sector. Porter (1979), for example, argued that industry evolution is important as it brings with it the opportunities for competitive positioning. The potential of the industry depends on the future strengths of the factors that influence that particular industry, those being the threat of new entrants; the bargaining power of customers; the bargaining power of suppliers; the threat of substitute products or services; and the competitiveness between current players (Porter, 1979). According to Porter (1979), these external industry factors are the exclusive determinants of the organisation's strategies and, therefore, performance objectives.

Those sectors with a high degree of consolidation of industry or a high degree of organisation through formal representative forums would be more able to identify and articulate clearly the forces that determine the nature of the sector. The clearer the changing nature of the forces that impact on the sector are, the more able the Seta would be to understand their performance objectives and, hence, achieve these objectives.

2.6 CONCLUSION

South Africa has lagged behind the rest of the world in the development of the skills necessary to be globally competitive. New strategies and policies were needed to address this shortcoming. The government, as a result, introduced two key policy documents, the HRDS (South Africa, 2001) and the NSDS (South Africa, 1997). These established a framework for skills development in South Africa with the Setas as the key implementation agents of the policy. The national and the specific industry contexts in which the Setas operate will impact upon the effectiveness of these agents.

CHAPTER 3

3. THE RESEARCH PROBLEM

The research seeks to understand why Seta performances are inconsistent and sometimes poor.

The first sub-problem is to define appropriate performance measures for Setas. The second sub-problem is then to determine how Setas are classified in terms of performance. The third and final sub-problem is to understand the reasons for the perceived inconsistency in performance.

The research hypothesis is that the perceived inconsistency in performance is due to the rate of progression through the stages of organisational development.

Once an understanding of the performance inconsistencies has been gained, this knowledge can then be shared with the key stakeholders, including the Setas. This will enable these critical organisations to better understand their current performance and the key choices that face them in enhancing that performance.

CHAPTER 4

4. LITERATURE REVIEW

This section reviews the literature that provides the theoretical framework to resolve the research problems. Specifically performance, organisational diagnosis and organisational developmental theories are presented.

4.1 PERFORMANCE

Before one can begin to understand the causes of inconsistent or poor performance, performance must be defined.

“What you measure is what you get” (Kaplan & Norton, 1992: 71). Effective performance is, therefore, dependent on clear performance measures, which, in turn, need to be managed effectively.

4.1.1 ORGANISATIONAL PERFORMANCE MEASURES

Understanding the national business context and the nature of the forces that define the sector will assist in understanding the forces that impact on an organisation, but these is not, on its own, sufficient. An organisation, the Setas in this case, must also be able to clearly identify the critical factors that drive performance towards the achievement of the

requirements of the customer (or economic sector) and be able to measure these factors.

For a long time, organisational performance had been measured, externally and internally, purely on historical, and often inadequate, financial performance measures. However, since the 1980's, the tools used to measure financial performance have undergone a radical change (Kennedy, 2000). Not only have the tools used to evaluate financial performance from an external perspective changed from those of cash flow and bottom-line profits, to concepts such as Economic Value Added (EVA); but also the measures used to evaluate financial performance as an internal management tool have changed. Concepts such as Activity Based Costing and Activity Based Management have replaced historical financial measures (CIMA, 2001).

Financial measures, even improved financial measures, are still not enough to determine organisation performance. Especially within the context of the Setas, the traditional corporate financial measures are inadequate and sometimes even inappropriate. In recognising the limitations of financial measures as the sole performance measurement tool, Kaplan & Norton (1992) propose a more comprehensive tool – the Balanced Scorecard. Utilising this revolutionary concept, the authors summarised the critical performance measures of an organisation into four distinct perspectives: the financial perspective; the customer perspective;

the internal business perspective; and the innovation and learning perspective. The purpose of these four perspectives is to provide a summarised and balanced view of all of the critical areas that must be achieved in order to ensure long-term organisational performance. The advantage of using this balanced view lies in recognising that there is often a cost to one area in efforts to achieve in another, especially over the long-term. With the Balanced Scorecard, such costs are visible and can, therefore, be managed.

Kaplan & Norton (1992) detail the factors that underpin each perspective. The customer perspective measures performance against criteria that are important to the major customers of the organisation. In the case of the Setas, the “customers” are the constituents who pay the Skills Development Levy to the Seta, as well as the Department of Labour, on whose behalf the Setas act. Customer concerns are traditionally those of time, quality, performance, service and cost. In this environment, however, the cost is defined as the administrative cost of providing the service.

The innovation and learning perspective is the organisation’s ability to constantly grow, learn and adapt to a changing environment. Variables for this perspective will be dependent on the critical performance drivers identified by each Seta, but those Setas that measure improvement in capability will perform better over the long-term.

The financial perspective, in the case of the Setas, will be the amount of money disbursed in grants or skills development initiatives. It will also include a measure for controlling administrative or infrastructure costs. Setas need, therefore, to have measurements in place that balance the quality of fund usage with the need to disburse money.

The internal business perspective should stem directly from the internal processes that are required to ensure that the rest of the three perspectives' measurements are met and that of the smooth running of the organisation. The Balanced Scorecard model cannot define the critical factors that would underpin this perspective, as they would be unique to each organisation. Within the Seta environment, it is the infrastructural design and support systems appropriate to the organisation's developmental stage that are critical.

According to this model, in order for the Setas' performance to be effectively managed, these performance criteria must be defined, measured and understood by both the Seta and those monitoring the Seta's performance. This does not necessarily mean that each Seta must have a formally drafted Balanced Scorecard, but that an understanding of the critical role each of the four perspectives has on performance must be developed by the Seta.

4.1.2 PERFORMANCE MANAGEMENT

Even with a clear understanding of the performance objectives of the Seta, effective performance will be hindered by an ineffective performance management system or process. According to Griffith & Orgera (1997), an effective performance management process hinges on the organisation's ability not only to define the right performance objectives, but also to communicate these objectives clearly. The performance objectives must be communicated to all levels of the organisation, from Seta Boards and the Seta secretariat to the Department of Labour, in a way that is meaningful and within the control of the individuals tasked with achieving the performance objectives. Without an effective performance management system that is effectively communicated to everybody involved, consistent performance is unlikely.

4.2 ORGANISATIONAL DIAGNOSIS

To enrich one's understanding of the Setas performance, one needs to develop an understanding of organisational analysis. There are two broad types of literature and models that could be utilised to develop this understanding – organisational diagnosis models and organisational developmental models.

4.2.1 ORGANISATIONAL DIAGNOSIS MODELS

Organisational diagnosis models are usually applied to an assessment of an individual organisation at a specific point in time. As such, they seek to understand the specifics of the current performance of an organisation along certain key dimensions without reference to the previous path the organisation has traveled or the future path likely to be traveled. There are numerous models that have been developed and applied over time as a management tool. The purpose of these models is to provide a “diagnostic tool” around which to begin to interpret and analysis the specific organisation’s current state. Each model proposes a set of factors that the authors believe are the key drivers of organisational performance. By understanding the performance of the organisation in relation to these driving factors, the organisation’s management will be well placed to identify the critical gaps in performance. The model chosen for the analysis will depend on the ease of application of the model to the organisation and the belief of those doing the analysis in the effectiveness of the identified factors in driving performance.

Waterman, Thomas & Phillips (1980) identify structure, strategy, systems, skills, style, staff and super-ordinate goals in their McKinsey’s 7-S model. Apart from the clever alliteration, this model allows one to classify a comprehensive set of organisational features into discrete categories,

enabling the codification of analysis and results. The model arose out of a realisation that structure was not the sole determinant of organisational performance. Consequently many additional factors, including those that are often considered “soft” issues, are brought into the understanding of the organisation.

The model proposed by Nadler (1981) in his Integrated Perspective argues specifically that congruence of various elements is the critical driver of performance. The elements identified - the task, individuals, formal organisational arrangements and informal organisational arrangements – are all interdependent. Therefore, analysis utilising this model will centre on the ability of each element to be in alignment with one another.

Weisbord’s (1976) “Six-Box Model”, is similar to that of Waterman et al (1980), in that it tries to provide practical “headings” under which to classify the diagnosis. The critical factors identified by this model are purposes, relationships, structure, rewards, helpful mechanisms and leadership. This model does not seek to provide a definitive description of an organisation, but rather a practical tool that can be applied in most circumstances.

These models would provide a useful tool for Seta management to understand the specific success and failure points that lead to the overall performance of their organisation.

4.4 ORGANISATIONAL DEVELOPMENT

Organisations are not static, isolated objects. They are influenced by external factors and they develop and grow. Organisational developmental models provide us with a framework, which allows one to understand the dynamic nature of an organisation. Such models are usually an assessment of the stages of growth that the organisation has already undergone. This assessment is then used as a basis for understanding both the current and the likely future state of the organisation. There is, thus, less emphasis on the static performance dimensions of the current organisation and more emphasis on the path the organisation has traveled as a means to understanding its current state and options available to reach an alternative state. These models propose that the performance of an organisation is rooted more in past decisions than in present events or market dynamics (Greiner, 1972).

Within the NSDS framework (South Africa, 1997), a very tight implementation timeline was set. The Setas were each officially established, in terms of the SDA (South Africa, 1998), in March 2000. The current legislation, with the attendant goals and targets, expires in March

2005. The implication of this is that the Setas are expected to establish themselves and produce the expected skills development facilitation within a relatively short time. At present, in November 2002, we are mid-way through a condensed and defined timeframe for the attainment of very specific objectives. As a result of these condensed timeframes and predetermined deliverables, the Setas have undergone an accelerated organisational developmental process.

The next section reviews some of the critical literature that underpins organisational development theory and explains the model that is used to assess the above proposal.

4.4.1 ORGANISATIONAL DEVELOPMENT THEORY

Organisational developmental models grew out of a need to understand the dynamic nature of organisational development and change. There are a large number of scholars and managers who have contributed to this body of knowledge. Many of the key models were developed independently of one another in the late 1970's and early 1980's and are still applicable today (Christie, 1994).

Albrecht (1983) and Schein (1987) developed models based on the growth of organisations. In these models, the stages an organisation passes through are dependent on certain variables such as size and age

respectively (Christie, 1994). Albrecht (1983) uses an urban geography analogy to explain the specific stages and the crisis that precipitates a change management approach. The stages identified by him are the survivor group; the family; the village; the city; and the metropolis. Each successive stage requires a unique solution that is dependent on the number of individuals involved. Schein (1987), on the other hand, specifies cultural issues that the organisation must address according to the age of the organisation. The stages identified by him are founder or family domination; organisational midlife; and organisational maturity.

The models of Albrecht (1983) and Schein (1987) are growth models where the increase in the particular variable is contained within the same framework. The developmental models, on the other hand, assert that each successive stage requires a complete structural adjustment to the framework of the organisation.

Some of the key developmental (or transformational) models were developed by Likert (1967), Blake and Mouton (1966), Lievegoed (1973) and Greiner (1998).

Likert's model – The Human Organisation (1967) - identifies the exploitative authoritative; benevolent authoritative; consultative; and participative stages of organisational development. Blake and Mouton's model (1966) – Corporate Darwinism, identifies six stages. These stages

are the food gathering family; the food-producing village; the commercialisation of the economy; the entrepreneurial corporation; the mechanistic corporation; and the dynamic corporation.

In the final model discussed here, Lievegoed (1973) makes the organic or humanistic nature of the development of the organisation more explicit. His model – The Developing Organisation - has since been updated as part of Blackwell's Developmental Management series (Christie, 1994). While Lievegoed (1973) identifies only three stages – the pioneering; the differentiated; and the integrated phases - this model is useful as he sets out a number of developmental laws. These laws are as follows:

- Development is primarily discontinuous;
- Development occurs in time in a series of stages;
- Within each stage a system appears which has a structure characteristic of that stage;
- Within this system variables and subsystems appear, of which one is dominant;
- In the following stage the structure differs from the previous one in that it has a higher degree of complexity and differentiation;
- The new stage has a dominant subsystem; this does not lead to a process of addition, but to a shifting of all of the relationships within the system; and
- Development is not reversible (youth does not return) (Lievegoed, 1973: 6).

Christie (1994: 190) presents a useful tabular summary of the key elements of Lievegoed's stages. This is reproduced below:

Table 4.1 – Key Elements of Lievegoed's Developmental Stages

Key Element	Phase of Development		
	Pioneering	Differentiated	Integrated
Basic Principle	Personal and subjective	Impersonal, systematic and objective	Development
Leadership	Clear and Autocratic	Rules, procedures and manuals	Supportive, enabling and developmental
Goals	Clear to all	Not clear throughout organisation; conflicting	Clear, shared and regularly clarified
Structure	Simple; flat with few levels	Pyramid or Christmas hierarchy	Open-ended, changing; process orientated
Responsiveness	Flexibility; improvising	Systems for organisational control	Sensitive, dynamic, adaptable
Style	Intuitive, hunches	Rational and logical	Objective and conscious
Orientation	Market; customer-oriented	Inward looking	Outer and inner balance
Motivation	High	Through love of logical systems	High levels through responsibility
Emphasis	Economic	Technical	Social

Lievegoed's (1973) model is useful in understanding the developmental stages of an organisation, but is primarily descriptive. It is Greiner's (1998) model that best uses developmental theory to explain the current performance of the organisation as a consequence of previous stages and as a constraint on future choices. Greiner's (1998) model is the most appropriate model for understanding Seta performance as a tool to enhancing this performance.

Greiner (1998) first published his model – Evolution and Revolution as Organisations Grow – in 1972. This has been recently updated and published as an HBR classic (Greiner, 1998). In this model, Greiner (1998) identifies five key dimensions along which organisations grow. These dimensions are:

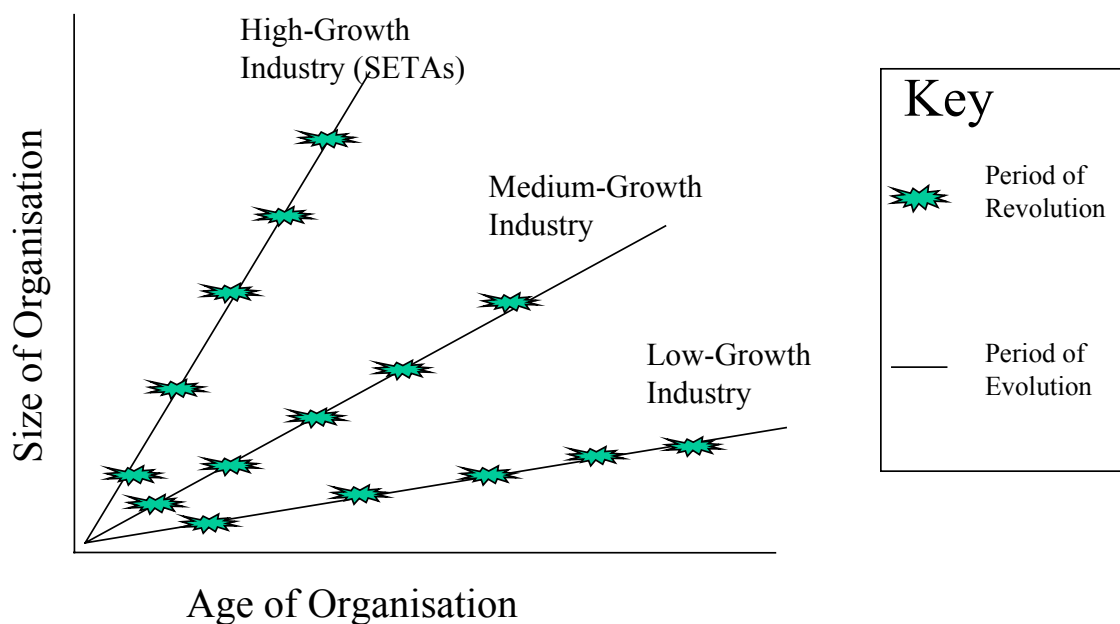
- The age of the organisation
- The size of the organisation
- Its stages of evolution
- Its stages of revolution
- The growth rate of the industry

The age and size of the organisation have the causes and consequences as identified by Albrecht (1983) and Schein (1987), respectively. The growth rate of the industry determines the speed at which the organisation experiences the phases of evolution and revolution. The tight implementation timeline of the Setas forces evolution and revolution to

occur rapidly. The evolutions and revolutions are periods of steady organisational growth (evolutions) disrupted by periods of crises (revolutions) as the organisation reaches a stage where the previous framework is no longer applicable.

The figure shown below illustrates the model developed by Greiner (1998) in relation to the Setas:

Figure 4.1 – Greiner’s Dimensions of Organisational Growth (Greiner, 1998: 56)



Each period of evolution has a specific management style that is applicable, and each will lead to a specific and expected revolution of management style caused by outgrowing that specific evolutionary

phase's management style. These evolutionary and revolutionary stages are predictable, predetermined and no stage can be skipped.

The implications of this model is that an organisation must understand its own current stage before it can identify the 'correct' solution to reaching the next phase of evolution and, therefore, continued performance. Those Setas that understand where the organisation is in its developmental growth path will best understand their current performance. This understanding will determine how quickly the organisation identifies the causes and consequences of the revolutionary phase and will, thus, be best placed to identify the 'correct' solution to the current crises. Those that are not able to choose the 'correct' solution could be mired in the grips of a revolutionary stage for an extended period of time. To gain an understanding of the Setas' stages, the characteristics of each stage identified by Greiner (1998) are used as a benchmark.

PHASE 1 - CREATIVY

The first phase of growth, the creativity phase, is epitomised by the creation of market and product. The founders are usually technically or entrepreneurially driven and are disdainful of management activities. Communication is frequent and informal. Long hours of work are expected and given and are rewarded only by an internal commitment to the organisation. The organisation is strongly outward focused and management acts as the market place acts. These characteristics are

essential to get the organisation off the ground and operational. As the complexity of organisation grows, however, these characteristics are no longer adequate and become, in fact, destructive forces as motivation decreases, staff burn out and management gets frustrated by the management tasks they are more frequently performing. This leads to a crisis of leadership and conflict occurs frequently. At this point a strong manager, as opposed to an entrepreneur, is needed who is able to establish the business processes required to quell the rising conflicts and systematise the organisation. Getting the founders either to perform this role or accept the leader most able to perform this role is the first critical choice of the organisation.

PHASE 2 – DIRECTION

If the organisation is able to instill strong enough business management it will grow under their stable leadership. The organisation is now characterised by formal functional structures, strong accounting and control systems and impersonal and formal communication channels. The leader, or leadership team, makes most decisions in a directive and authoritarian way through a centralised hierarchy. While this leads to improved efficiency in the short-run, a crisis emerges as the organisation grows again. At this stage, the functional specialists start to need greater flexibility in deciding on the best solutions to address their particular area's needs and they are constrained by the central hierarchy. This crisis of autonomy requires a greater level of delegation from the very leaders

whose success is built on control mechanisms. It also requires more responsibility from the lower-level managers who are used to taking clear direction.

PHASE 3 – DELEGATION

If the organisation is able to overcome the management style of the direction stage, it will enter yet another phase of evolution and growth. This stage will create an organisation that is decentralised and managed from the top by exception only. Communication will be infrequent and staff will have higher motivation with rewards based on the success of their specific areas. This decentralisation allows the organisation to continue to grow in extended areas. However, this soon also leads to a crisis as coordination between areas begins to break down and threaten the success of the overall organisation. This crisis of control often instills a desire to return to a centralised management style, but the organisation is now too complex and vast for this to be effective. The only solution is the implementation of improved coordination techniques.

PHASE 4 – COORDINATION

If the organisation is able to establish effective techniques for the coordination of their varied activities, they will enter into a new phase of growth – the coordination phase of evolution. In this stage, the top management takes responsibility for the establishment and implementation of these coordination mechanisms. The coordination can

be characterised by the re-organisation of the previously autonomous areas into new groupings, formal planning procedures and a large, central head office infrastructure to manage these coordination mechanisms. Reward and motivational systems are linked to the overall company performance and allocation of resources is decided centrally. These mechanisms lead to a more synergistic organisational growth initially, but tension grows between staff and line functions i.e. between the field and the headquarters. This leads to a red-tape crisis in which the bureaucracy that has developed is criticised by everyone. The organisation has become too complex and large to be coordinated by rigid systems and procedures.

PHASE 5 – COLLABORATION

The only solution to the bureaucracy is a more collaborative approach to the required coordination. This requires strong interpersonal skills and an ability to use social control and self-discipline instead of formal procedures. The characteristics of the ensuing evolutionary stage are a team-centered approach to ensure quick problem resolution, a reduced head office staff, cross-functional organisational structures and frequent senior management communication. Key to the success of this stage is organisational learning and development mechanisms to upskill the staff and the provision of effective access to the necessary information through IT systems. Motivation and reward systems are geared towards the team and innovation is encouraged. At the time of first developing this model

i.e. 1972, Greiner (1998) postulated that the crisis that would emerge from this phase of evolution would be one of emotional and psychological exhaustion from the intensity of teamwork. However, in his review of this work, Greiner (1998) states that the crisis is rather that of realising that there is no internal solution for continued organisational growth i.e. the saturation is of growth opportunities and not internal characteristics. This then requires the organisation look to external collaboration in order to enter a new phase of growth.

The following table summarises the key characteristic of each evolution and revolution stage.

Table 4.2 – Organisational Practices in Greiner’s Five Phases of Growth

(Greiner, 1998: 66)

CATEGORY	PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
Management Focus	Make and sell	Efficiency of operations	Expansion of markets	Consolidation of organisation	Problem solving and innovation
Organisational Structure	Informal	Centralised and functional	Decentralised and geographical	Line staff and product groups	Matrix of teams
Top Management Style	Individualistic and entrepreneurial	Directive	Delegative	Watchdog	Participative
Control System	Market results	Standards and cost centres	Reports and profit centres	Plans and investment centres	Mutual goal setting
Management Reward Emphasis	Ownership	Salary and merit increases	Individual bonuses	Profit sharing and stock options	Team bonuses

While this is an idealised model and not all stages of evolution and revolution are so demarcated in real life, this model provides a useful tool for establishing a benchmark against which to understand the Setas’ current stages of development. Within this model, it is also clear that it is the style of management that drives the development of the organisation.

Thus, it is only through changes in management style that the organisation, or Seta in this case, will be able to pass through a revolution into the next evolutionary stage.

4.5 CONCLUSION

The setting of clear and comprehensive performance criteria and a system for the measurement of these is critical for the achievement of effective performance. A Seta can analyse their current state of performance through the use of organisational diagnosis models. However, it is through the use of organisational developmental models that a Seta can understand both their past performance and their likely future challenges.

CHAPTER 5

5. RESEARCH METHODOLOGY

The research methodology used in this research project is based upon the model of case research as described by Perry (2001). As the primary research in this study seeks to understand the reasons for the inconsistent performances of Setas, richness of response was needed. The research is thus exploratory and seeks to build a picture based on the input of those directly involved with the organisations. This suggests a qualitative analysis methodology would be the most effective research methodology for this particular research question (Creswell, 1994) and hence a case study methodology was applied. Perry's (2001) case study methodology was chosen as it applies a structured academic framework for case study research. By using the rigorous approach outlined by Perry (2001), a quality research report could be generated. The methodology prescribes that one determines the academic environment in which the research problem is located. This ensures that the models applicable to the research question can then guide the primary research and provide the framework for analysis.

Once the methodology was chosen, the sample group needed to be defined. The sub-problems to be resolved provided a guideline in this respect. This research report did not seek to act as a performance

appraisal for each of the Setas. It was, therefore, necessary to provide a way to determine and classify the Setas' performance prior to investigating the reasons for performance variation. To this end, a member of the project team that measures Seta performance for the Department of Labour was interviewed. The interview with the Department of Labour also sought to highlight areas within the context of South Africa that impact on the Seta's ability to perform. This interview did not incorporate a Likert scale, as it did not need codification. An interview guideline was used and is attached as Appendix IV.

Once the bands of Seta performance were clarified through this interview and the criteria against which Seta performance is judged were confirmed, the sample group of Setas could be chosen. The three bands used to classify Seta performance are the Red, Orange and Green bands.

Six out of the twenty-five Setas were chosen as the sample group. This allowed for two Setas from each of the three bands of performance to be interviewed. Thus, there was a large enough sample group for the results to be considered general. It also allowed for the corroboration of findings to ensure that results were not unique to a specific Seta within a band. Using the criteria outlined by the interview with the Department of Labour consultant and publicly available information, all twenty-five Setas were allocated to a performance band. The performance criteria given by the Department of Labour included factors such as compliance with the

relevant legislation, timely submission of documentation to the Department of Labour, governance and grant disbursement rates. This information was found in the annual reports of the Setas (including disbursement rates and governance structures), the dates these reports were presented in parliament, the publicly available dates on which their Business Plans were approved and the knowledge of the researcher.

The two Setas chosen out of each band were based partly on access and partly on the ability of the interviewee to add value to the research. For example, a Seta currently in the good band could have a relatively new CEO with limited knowledge of the performance issues and would not be an appropriate interviewee. This means that purposive sampling will be used to identify the interviewees (Saunders et al., 2000). Although the Setas may have chosen different organisational designs, their imperatives, age and performance indicators (targets outlined by the Department of Labour) are almost identical. As a result, the Setas are relatively homogenous. All these factors, plus an approximately 25% sample size that includes specific case study extremes (determined by the bands of performance) allows for confidence in the generalisation of the results.

Two other considerations were taken into account when selecting the Setas to be interviewed. Firstly, a number of Setas have decided to follow an outsourcing model and many have chosen to use one specific organisation to provide the Financial and IT functions to the Seta,

including the Seta that the researcher is employed by. While this would increase access to the Setas, it was felt that using only Setas that have the same outsource partner would skew the findings. As a result, at least one Seta per band was selected that is independent of the outsource partner. Secondly, it was decided to exclude the researcher's own Seta from the sample. Including this Seta would have hindered the respondents' honest and open communication due to the closeness of the researcher to the Seta.

Once the sample Setas had been selected, a pilot interview was then done with one of the Seta CEOs that would form part of the sample group. This was done to test the applicability and effectiveness of the interview schedule. It was discovered, at this point, that there was not enough depth gained from the initial interview. The literature review also determined that information needed to be gathered on the management style and organisational culture of the Setas. It was, thus, decided that a single interview with the CEO would not provide responses that could be ascertained to be entirely accurate and they would need corroboration. As a result, two interviews were done with each Seta and the interview schedules updated to provide the depth required. The CEO and a senior manager within each organisation were then selected for interview. It was decided to consider only senior managers who are core function departmental heads for the purposes of the interviews, as support staff might have a slightly different perspective. Every Seta also has at least

one core function departmental head. These two factors allowed for the codification and comparison of results across Setas due to the consistent choice of interviewee. The specific core function manager chosen was based partly on access and partly on the experience, seniority and knowledge of the individual.

As two different levels of people were being interviewed, separate interview schedules were then drawn up according to the methodology prescribed by Perry (2001). It was decided to use separate interview schedules in order to obtain the most value from the different perspectives and because the interviewees would be viewing the issues from different angles. Accordingly, the interview schedules were drawn up based on the literature review. Each element of the literature determined an area of investigation and, therefore, an interview question. While each interview question allowed for a different and unique response from the interviewee, the researcher was then able to codify the responses to facilitate the analysis of the information. To this end, each interview question that were to be duplicated (i.e. excluding the guideline document for the interview with the Department of Labour representative) had an attached Likert scale that codified the response according to a specific scale defined by the literature review. The Likert scale was not for the interviewees to complete, and was not visible to the interviewees. This scale was purely to assist the interviewer to codify and interpret the responses. A copy of

the interview schedules and attendant Likert scales are attached as Appendices II and III.

The researcher then conducted interviews with the twelve respondents and collated the responses. Although each interview was transcribed, the details of each interview are excluded from this report. The classification of the Setas into bands and the exact Setas interviewed are also excluded from this report. This was done in order to protect the confidentiality of the interviewees.

5.1 CONCLUSION

A qualitative case study methodology was used to resolve the research problem. The context in which the Setas operate, the appropriate performance measures and the classification in terms of this performance was determined through an interview with the Department of Labour. A sample group of Setas were then interviewed to interrogate the validity of the hypothesis for the inconsistency in performance.

CHAPTER 6

6. RESEARCH FINDINGS

The research findings are classified into 2 main sections. The first presents the results of the benchmarking interview with the Department of Labour. The second section presents the results from the interviews with the Setas. This section on the Setas is further broken down so that the results are presented in sections according to performance band, with the CEOs and department head interviews presented separately within each section of performance. Although all interviews with the Setas have been transcribed, only the Likert scales and any pertinent additional information are presented in this section. As the industry is relatively small, answers to certain questions, even ones such as the number of employees employed by the Seta, would allow the public to identify the Seta being analysed. This would then break the confidentiality of the interviewee and, consequently, such information has not been presented.

The Seta interviews assess organisational developmental stages in order to understand if the Seta's performance band is linked to organisational developmental stages. An analysis of the findings from the research is not presented in this section, but in the section to follow.

6.1 DEPARTMENT OF LABOUR

The interview was guided by an interview schedule, informed by the literature presented above, specifically that of the national and industry contexts and performance. This was done to assess how these impact on the Setas' ability to perform effectively. It also sought to understand how performance of the Setas is managed and, therefore, how their performance is classified. For this reason, full details, unless confidential, are presented as findings in this section.

6.1.1 INTRODUCTION

At this point, the interviewee's role in the Department of Labour and the department structures were defined to establish both the context and the interviewee's ability to meet the objectives of this interview.

The interviewee is part of the project within the Department of Labour that is responsible for instituting, developing and supporting the Labour Market Skills Development Programme. This programme has three arms – to establish Setas, to establish the National Skills Authority and to build capacity. Part of the mandate was to ensure accord between the legislation, the National Skills Authority (the volunteer Board as appointed by the Minister) and the directive functions (under the NSA directive i.e. the department set up by the volunteer Board). This is done through the

establishment of forums such as the Seta Forum so that the NSDS can be delivered. There is no management of Setas from DoL's side, as it is a partnership arrangement and CEOs of Setas are accountable to their own Boards. The Boards are responsible to the Director-General of Labour and the Minister, however there is no real 'punishment' as the Minister only has the authority to take over the administration of the Seta completely if he is dissatisfied and there is no mechanism for performance management. The taking over of the Seta's administration would be an extreme step for the Minister to take.

6.1.2 INTERVIEW RESPONSES

The interviewee was then asked a number of questions to establish the interviewee's perception of the context that impacts on the Setas' ability to perform effectively, the performance measures in place and the classification of the Setas' performance. The responses are tabled below:

6.1.2.1 COUNTRY CONTEXT

The country expected the Setas to be implemented and effective in a very short space of time. The expectations were that these structures would address all of the country's ills, from redressing the consequences of Apartheid to training all staff. The Setas were expected to develop their Sector Skills Plans (SSP) in the first year

and this required a good understanding of the sector if the plans were to be an effective blueprint for Seta direction, as intended. At the same time, the Setas had to plot how to shift current education and training practices, which were siloed. The Setas had to correct all of this as well as skill the entire nation. As a result, the interviewee believes the expectations were unrealistically high and there has been a lot of bad press as Setas failed to live up to these expectations. There was no time for real establishment processes. In fact, the NSDS targets were only effectively established a year into the Setas existence. The UK, for example, had 18 months before establishment to gain operational effectiveness. Due to the nature of government structures, the Department of Labour cannot ensure commitment to the implementation and promotion of the NSDS by other government departments. The implications of this were not adequately thought through in the promulgation of the SDA and this is an inhibitor. The unwritten rules suggest that other government departments need not effectively participate. There are also a number of transitional arrangements, especially in sectors that had the old Industry Training Boards.

6.1.2.2 INDUSTRY CONTEXT

In the opinion of the interviewee, the differences in sectors also mean that the NSDS cannot be implemented as a “one-size fits all”

approach. The SDA stipulates the constitution of the Board, therefore, in disorganised sectors large companies are more likely to dominate. The interviewee also believes that the sophistication of a particular sector and the power differentials between constituents on the Board impact on the coherence and effectiveness of the Board. The strength and seniority of participation from trade union members on the Board also has a large impact on the ability of the Seta to be effective. Setas with strong government links also tend, in the interviewee's experience, to perform poorly, begging the question of whether government departments are serious in their support of the NSDS. This is also partly affected by the fact that government departments are not required to pay a full levy contribution to their Seta. The fact that even this amount is not legislated, but simply agreed to in parliament, means that Setas with government departments as a large proportion of their constituency often have far less levy income than ones with higher levels of private industry constituencies. The income potential (i.e. the levy amounts paid by each sector) also differs and creates different potentials in various Setas.

6.1.2.3 SETA ROLE AND MANDATE

The interviewee feels that the SDA is very clear on this. The Setas must disburse levy-grants and, by doing this, encourage employers

to participate in the NSDS. They must develop and implement learnerships and quality assure these learnerships. Finally, they must promote the NSDS to the public through marketing and advocacy programmes.

In terms of the levy-grants, the interviewee believes the Setas have only a limited influence. They are also not the collecting agents and they cannot punish for non-compliance. In terms of learnerships, they are only facilitators and the process includes SAQA, which is very slow. The take-up of learnerships must be led by demand from employers. The SSP should have identified areas of need. In terms of quality assurance, the process can be lengthy - some qualifications require three years to complete - and this is inhibiting.

6.1.2.4 PERFORMANCE FACTORS

The interviewee acknowledged that there are not yet clear and communicated performance indicators for the Setas. This means that the process of informing the Minister of who is or is not performing is not necessarily rigorous enough. Often generic criteria are used and these pose problems. The criteria that the interviewee says are currently used are as follows:

- 1) Governance – how effectively is the Seta structured and run
- 2) NSDS target achievement

- 3) Compliance with legislation and deadlines (the mandatory tasks that the Seta must do)
- 4) The rate at which the Setas disburse

In a restricted access document submitted to parliament in June, a rating against these criteria was done. The specific factors that the interviewee and the project team looked at to perform this appraisal included:

- How efficient is the delivery of learnerships needed by the constituency and what is the pace of this delivery;
- How quickly do they turn around the levy-grants to employers;
- How well known the Seta is within their sector;
- How un-bureaucratic their systems and access criteria are;
- How well the Seta operates within the 10% administrative portion;
- How effectively the Seta manages cash flows;
- The Seta's PFMA compliance;
- The marketing and communication strategies and how they influence increase in participation;
- How effectively governing structures respond to change;
- The capacity of the Board members to change;
- The ability of Setas to review modus operandi in response to changes in the sector e.g. do they update and change the grant application process

- The Seta's quality management system; and
- The culture of the Seta.

Although not comprehensive, in the eyes of the interviewee these criteria define some of the critical performance requirements.

6.1.2.5 MEASUREMENTS

At the moment, the interviewee's department has no established tools for the measurement of the critical factors outlined above. The interviewee did stipulate, however, that processes are in place to begin consultation around these tools and to establish them in conjunction with the reporting requirements.

6.1.2.6 PERFORMANCE MANAGEMENT

There is no direct performance management of the Setas by the Department of Labour. The Department expects the Boards of the individual Setas to do any direct management, which the interviewee believes adds to the inconsistency of the performance.

6.1.2.7 CLASSIFICATION

Although the interviewee could not confirm this, the interviewee agreed that there are generally three bands of performance used.

The Red Band is defined as Setas that constantly under-perform; the Orange Band is defined as Setas that are making reasonable progress in some areas, but that have problems; and the Green Band is defined as Setas that have made good progress but may have issues to address.

There are two ways to classify Setas into these bands. Firstly, the classification may be done according to the perceived potential of the Seta. This is the classification system that the interviewee says is used by the Department of Labour. The second way to classify the Setas is on their current performance. As the official classification is access restricted, evaluation and classification of the Setas into bands for the purposes of the research was done based on current performance against the criteria stipulated above using publicly available documentation. The classification arrived upon was then unofficially and confidentially confirmed by the interviewee. Some critical manifestations of performance that were taken into account included government dominance within the sector; Board micro-management; governance problems; previous industry structure and sector make-up.

6.2 SETAS

The interviews that underpin these results were all informed by the organisational developmental literature presented above. The results presented are the Likert scale rankings identified through the interview process, as well as any pertinent information that does not threaten the confidentiality of the interviewee. The interviews with department heads sought to clarify the structural issues regarding the department and not the whole Seta. This was done in order to isolate any differences that might exist between the department structures compared to the Seta as a whole.

6.2.1 GENERAL FINDINGS FROM THE SETAS

The reward emphasis Likert scale, as identified by the literature review, is not directly applicable to the Seta environment. As the Setas are not for profit and are not private companies, they are not able to offer ownership or profit sharing to their staff. As a result, those Setas that offer no performance based reward system are classified under the category 'ownership', although ownership is not directly applicable. This classification was chosen as 'ownership' of the NSDS is what is expected to drive the motivation of the staff in such Setas. In those Setas where market opinion (through market surveys) impact on the individual reward system, the classification "profit sharing and stock options" was chosen to

represent the impact that the ability to “sell” the NSDS to the constituents has on individual rewards.

6.2.2 RED BAND SETAS

The Setas interviewed in this section represent those Setas that are perceived to be consistently under-performing.

6.2.2.1 INTERVIEWS WITH CEOS

Table 6.1 – Interview Findings – Red Band Seta CEOs

Red Performers		
	Interview 1	Interview 2
Likert Scale - Seta Size	Small	Large
Likert Scale - Seta Age	New	Positions vacant or organogram not yet finalised
Likert Scale - Seta Structure	Centralised and Functional	Centralised and Functional
Likert Scale - Management Focus	Make and Sell	Make and sell moving towards Operational Efficiency
Likert Scale - Top Management Style	Individualistic and Entrepreneurial	Directive
Likert Scale - Control Systems	Market Results	Market Results moving towards Standards and Cost Centres
Likert Scale - Reward Emphasis	Ownership	Ownership

The CEOs in this band were found to be either temporary i.e. acting CEOs, or relatively recently appointed CEOs. It was also found that there was some sort of 'restart' to the Setas' structure in these Setas interviewed. This was caused by the failure of the structure or leadership model implemented previously. The CEOs in this band felt that their organisational staff complement is not sufficient for organisational effectiveness. One of the organisations, for example, currently has employed less than half the staff required according to their organogram.

The CEOs in this band also seemed to spend a large percentage of their time interacting with the Board members. In fact, the Board is very operationally involved in the day-to-day activities of these Setas. This is evidenced by a quote from one of the CEOs interviewed: "The Board started the Seta hands on and were supposed to relinquish the control when staff were appointed. This didn't happen and it still hasn't happened." The relationship between the Board members and the secretariat is also often conflictual. In these Setas, the culture of the organisation is often determined by the culture of the participating members of the Boards and not the top management.

The CEOs also indicated that a large portion of their time is spent in crisis management and putting out fires. There are no operationally active reward structures in place and staff are effectively motivated only by their commitment to skills development. The industries served by these Setas

are either highly disorganised or have a very high percentage of government departments constituency. Those with a high level or entire constituency that is made up of government departments do not have a levy-grant system effectively in place. This is because government departments do not receive grants as they do not pay a full levy.

6.2.2.2 INTERVIEWS WITH DEPARTMENT HEADS

Table 6.2 – Interview Findings – Red Band Seta Department Heads

Red Performers		
	Interview 7	Interview 8
Likert Scale - Department Size	Medium moving towards Large	Large
Likert Scale - Department Age	Relatively Established	Positions vacant or organogram not yet finalised
Likert Scale - Department Structure	Both Informal and Centralised and Functional	Centralised and Functional
Likert Scale - Seta Management Focus	Make and Sell moving towards Efficiency of Operations	Make and Sell with an attempt to move towards Operational Efficiency
Likert Scale - Seta Management Style	Individualistic and Entrepreneurial	Directive
Likert Scale - Seta Control Systems	Market Results	Market Results
Likert Scale - Seta Reward Emphasis	Ownership	Ownership

The department heads in this band indicated that their structures are in a process of flux and transformation and have a sense that this applies to

the whole Seta. This can be seen by the following quote “It feels like we are at the point of a peak of a wave that is ready to break and re-organise. The last time i.e. the move from xx structure (details omitted for confidentiality reasons) was treated as a transformation. We actually just did things the same way, which means there was no change.” In the second Seta, the person interviewed was not, in fact, a departmental head, but was still the most experienced senior manager in the Seta. This Seta’s divisional head is still to be appointed. They also indicated a lack of knowledge about how the CEO spends their time.

Their Boards were described as very operationally involved and the CEOs were seen to have almost no power relative to the Board. This was not seen as a factor relating to the individual holding the position, but as a function of the Seta structure. In one instance it is even possible for information to bypass the CEO completely on the way to the Board. In this respect, the senior management of the Seta definitely includes the Board as operational agents. The Board is, thus, a defining factor in the culture of the Seta and this is seen to be autocratic and sometimes even repressive.

The CEOs were not seen to be doing enough infrastructural development, but were rather focused on the market place and the delivery of targets. In some cases, this focus was forced by the poor public perception of the Seta’s delivery. The nature of the sector and, particularly the political

battles that are taking place in the sector (outside of skills development issues) impacts greatly on the level of control maintained by the Board, which consist of sector representatives. Where strong sector conflicts exist, the reaching of a common skills development agenda was seen to take longer.

6.2.3 ORANGE BAND SETAS

The Setas interviewed in this section represent those Setas that are perceived to be making reasonable progress, but that have problems in some areas.

6.2.3.1 INTERVIEWS WITH CEOS

Table 6.3 – Interview Findings – Orange Band Seta CEOs

Orange Performers		
	Interview 3	Interview 4
Likert Scale - Seta Size	Small	Very Small
Likert Scale - Seta Age	New (relatively)	Well Established
Likert Scale - Seta Structure	Centralised and Functional	Centralised and Functional
Likert Scale – Management Focus	Make and Sell, moving towards Efficiency of Operations	Expansion of Markets
Likert Scale - Top Management Style	Individualistic and Entrepreneurial moving towards Directive	Participative
Likert Scale - Control Systems	Standards and Cost Centres	Standards and Cost Centres with some Market Results
Likert Scale - Reward Emphasis	Ownership moving towards Salary and Merit Increases	Salary and Merit Increases

The CEOs in this category demonstrated a relatively relaxed personal style. One CEO described their management style as participative. They also described a high reliance on experienced staff and external service providers. Both see their roles as strategic management with an additional focus on the financial and compliance aspects of the Seta. The formal reporting structures are not separated from the Board reporting – one CEO only gets formal reports from staff at the meetings with the Governing members - but there is a lot of informal communication. The Board member participation in these Setas was also extremely operational for at least the first year of operations. One Seta operated with seconded staff from their Board's organisations for the full first year. The CEOs interviewed indicated a relatively late shift in power from the Board to the secretariat and even strained relationships initially, but that the working relationship is now a very positive one. The commitment to skills development on the part of all staff members was highlighted.

6.2.3.2 INTERVIEWS WITH DEPARTMENTAL HEADS

Table 6.4 – Interview Findings – Orange Band Seta Department Heads

Orange Performers		
	Interview 9	Interview 10
Likert Scale – Department Size	Very Small	Small
Likert Scale – Department Age	Positions vacant or organogram not yet finalised	Positions vacant or organogram not yet finalised
Likert Scale – Department Structure	Centralised and Functional	Centralised and Functional moving towards Decentralised and Geographical
Likert Scale - Seta Management Focus	Make and Sell	Efficiency of Operations
Likert Scale - Seta Management Style	Individualistic and Entrepreneurial moving towards Directive	Directive
Likert Scale - Seta Control Systems	Standards and Cost Centres	Standards and Cost Centres
Likert Scale - Seta Reward Emphasis	Ownership	Salary and Merit Increases

The department heads in this band indicated a lack of consistency between their department's structure and the structure of the Seta as a whole. They also stated that a re-structuring of their department, designed to achieve operational effectiveness, is not yet completed. There was also a sense that the CEO's focus is too external. The culture is described as relatively "laissez-faire", although the CEOs are able to be directive and harsh when the need arises. These impressions were common to both Setas. The uniqueness of the specific sectors was highlighted by both interviewees as factors affecting performance.

6.2.4 GREEN BAND SETAS

The Setas interviewed in this section represent those Setas that are perceived have made good progress but may have issues to address.

6.2.4.1 INTERVIEWS WITH CEOS

Table 6.5 – Interview Findings – Green Band Seta CEOs

Green Performers		
	Interview 5	Interview 6
Likert Scale - Seta Size	Very Small	Very Small
Likert Scale - Seta Age	Relatively Established	Well Established
Likert Scale - Seta Structure	Centralised and Functional	Centralised and Functional
Likert Scale - Management Focus	Efficiency of Operations	Expansion of Markets
Likert Scale - Top Management Style	Delegative	Delegative
Likert Scale - Control Systems	Standards and Cost Centres	Reports and Profit Centres
Likert Scale - Reward Emphasis	Salary and Merit Increases	Profit Sharing and Stock Options

The CEOs in this band described an established Seta structure and indicated a limited interaction with the governing structure. The limitation on interaction has been established through the development of trust between the Board and the Seta staff. The CEOs spend a large portion of their time managing key stakeholder interaction with the Seta and have a relatively future-oriented focus. They also have very tight controls over the financial aspects of the Seta. They emphasised the importance of selecting the right staff and described strict recruitment strategies. Their interaction with staff is on selective project based issues and the culture is described as informal and exciting. The control mechanisms are, however, on a structured reporting basis. This dichotomy was described by one CEO as a “loose-tight” management style. The CEOs perceive their reward systems to be structured and designed to achieve certain goals. The CEOs also stressed that the needs of the sector are a performance driver, rather than the targets and requirements stipulated by the Department of Labour.

6.2.4.2 INTERVIEWS WITH DEPARTMENTAL HEADS

Table 6.6 – Interview Findings – Green Band Seta Department Heads

Green Performers		
	Interview 11	Interview 12
Likert Scale - Department Size	Small	Small
Likert Scale - Department Age	Consistent Growth Since Establishment	Relatively Established
Likert Scale - Department Structure	Centralised and Functional	Centralised and Functional
Likert Scale - Seta Management Focus	Efficiency of Operations	Expansion of Markets
Likert Scale - Seta Management Style	Directive	Delegative
Likert Scale - Seta Control Systems	Standards and Cost Centres	Reports and Profit Centres
Likert Scale - Seta Reward Emphasis	Ownership moving towards Salary and Merit Increases	Profit Sharing and Stock Options

The department heads indicated a structural consistency between departments and the Seta as a whole and that this has been consistent over time. They also outlined a need for the CEOs to communicate their

strategies more effectively internally and for general internal communication.

Although there was a strong sense of enjoyment of the work that they do and appreciation of the enabling culture of the organisation, there was also a feeling that there is a growing dissatisfaction about the directive management style within the Seta, especially from lower-level employees. This was particularly evident in one of the organisations interviewed. It was also very interesting to note that the department head that had not emphasised this issue as much, still had had concerns in this area, specifically noting a change in management style from their CEO. This is described in the following quote: “The CEO used to be a lot more directive, but seems to have developed a confidence in the Seta’s structures and teams and has changed. When I started, this was the first time in such an unregulated environment (most of us came from big corporations). At that stage the CEO was very directive and had a list of things for you to consider every day. Now most of these things are bedded down and there is no need to be so intrusive anymore.” In terms of the reward emphasis, there was some inconsistency between how the CEOs perceived the strategy and the way in which department heads saw the systems in operation.

6.3 CONCLUSION

This section has simply presented the results of the interviews conducted. These results will be analysed in the following section, where the differences between the Setas are identified and general conclusions from the findings discussed.

CHAPTER 7

7. ANALYSIS

The research results are analysed in two main sections. Firstly, the implications of the interview with the Department of Labour is considered, with the key factors highlighted. Secondly, the Seta data is then analysed. Although only a sample of Setas were interviewed from each band of performance, the research methodology used suggests that the findings may be used as a general guide to all Setas within each band of performance. There might be unique circumstances relevant to a specific Seta, but it is likely that the key analysis holds true for most Setas within a performance band.

7.1 DEPARTMENT OF LABOUR

It appears that there is no centralised performance management of the Setas. This is critical to understanding the inconsistent performance of the Setas. This lack of a single uniform performance management system means there is no single point of measurement of performance and there is, thus, no consistency in performance. Despite the common legislation and, therefore, the common legislated structures, there is a lot of room for the system to tolerate inconsistencies in performance.

The urgency of this problem is enhanced by the overly high expectations placed upon the Setas by the public and the very short implementation time allowed by the legislation i.e. by the country context. There is little public clarity on the role of the Setas in the critical transformation of South Africa and the development of its economy.

As suggested by Porter (1979) the coherence and organisation within a specific industry will impact on the ability of a new entrant, such as a Seta, to be effective. The specific factors that are active within each economic sector and legislated Seta constituency pose different problems for each Seta. Key factors include the level of organisation and consolidation of the sector, the resources available from the levy income, the sophistication of the sector members and the percentage of the Seta constituency that is made up of government departments. These vastly different sector contexts faced by each Seta allow for a higher tolerance of performance inconsistency.

The factors highlighted above combine to render the role and capacity of the Board members critical in the performance of the Setas, as they are the critical, and often inadequately skilled structure responsible for the performance management of the Setas. Management cannot, thus, simply be interpreted as the CEO and other secretariat members. Board members must also be considered when analysing Seta performance.

This was one of the critical factors assessed when defining and classifying Seta performance.

The factors used to assess the Seta's performance by the Department of Labour are not defined to any great extent. This means that only a high level analysis is possible and the results of this analysis are not shared with either the Setas or the public. A rough classification or banding of Seta performances is available, but this is not yet detailed enough to make an effective assessment of Seta performance.

The lack of coherent measurements and a publicly available cross-Seta performance management system places a constraint on the national structures' ability to effectively promote the achievements of the Setas in a consistent and positive way.

7.2 SETAS

The differences between the Setas are first analysed, followed by an analysis of each band of Setas.

7.2.1 GENERAL

It can be seen from the research findings that there is a clear link between organisational developmental stage and Seta performance. The Green

Band Setas are, for example, in a different organisational developmental stage from the Red Band Setas. The Orange Band Setas show a relatively greater occurrence of inconsistency between organisational developmental stages, sometimes even within one organisation.

Although some Seta's have chosen to outsource elements of their functions, differences between those Setas that outsource and those that do not were not obvious in the findings.

7.2.2 RED BAND SETAS

The Red Band Setas appear to have reached the first crisis point at the end of the first phase of growth – the creativity phase. This first phase of growth is the birth stage of the organisation and is driven by the market and an entrepreneurial spirit. In the case of the Setas, this phase was driven by the participants' desire to implement skills development. In these Setas, the founders of the organisation are still very much in control of the Seta, as shown by the high level of Board operational involvement and the high percentage of CEO time spent in Board interaction.

The first revolution that is currently faced by these Setas is a crisis of leadership. This is evidenced by the temporary or new appointment of the CEOs in this band of Setas and the high level of flux within the organisations. It appears that these organisations have been unable to

overcome this first crisis of leadership and are, thus, stuck for an extended time in the first revolutionary phase of organisational development. That this revolutionary phase is extended is demonstrated by the evidence that there has been some sort of re-start to the Seta's infrastructure, while at the same time the level of change remains high. That many of the CEOs are temporary or new indicates that there is recognition of a crisis in leadership from those in control of these Setas. The high level of conflict that still exists between the Board and the secretariat indicates, however, that the necessary remedial action has either not yet been taken or has not yet been effective.

That the sample of Setas in this band have not yet progressed to the direction phase of organisational development means that there are also probably no effective policies and procedures in place, as these are normally only established during the second phase. This means that there are also no stipulated and organised internal performance management systems in place within these Setas and this has had an effect on performance.

7.2.3 ORANGE BAND SETAS

The Orange Band Setas are inconsistent both within the organisation in terms of the factors that define organisational developmental stages, as well as inconsistent across the Setas sampled. It appears that the Orange

Band Setas are in transition between organisational developmental stages. Sometimes the factors that describe different factors within the Seta seem to span across many different stages of organisational development. There is also little consistency between the perceptions of the CEOs and those of the department heads interviewed. This inconsistency indicates that the Seta has recognised the initial crisis of leadership and is in the process of implementing a structural shift to overcome the crisis, but that it has not yet identified the ideal structure and management style to enable them to enter into a new evolutionary growth phase. The late shift in power from the Board to the secretariat may also explain why these Setas have not yet been able to effectively establish their infrastructure in order to ensure a strong evolutionary growth phase.

The perceived lack of consistency between the Setas interviewed also suggests that the external factors affecting Seta performance in general might have a greater impact on this band of Setas.

7.2.4 GREEN BAND SETAS

The Green Band Setas appear to be in the direction phase of organisational development, with one of the Setas interviewed even beginning the move into the delegation phase. This means that the Setas have been able to overcome the first crisis – the crisis of leadership – and are effectively undergoing the growth of an evolutionary phase. The very

limited Board interaction and the high level of trust that has been established between the Board, sector and secretariat indicates that the organisational founders have relinquished control of the organisation to a strong management. This management has been able to effectively implement the policies and procedures required by the direction phase of organisational development.

Interestingly, the organisations in this category of performance are small, compared to the much larger Setas in the Red and Orange bands, although outsource arrangements might be affecting this finding. This suggests that a smaller infrastructure or a greater level of outsourcing might make the implementation of strong policies and procedures more easily established and rapidly effective.

These organisations, in line with the developmental stage requirement of effective policies and procedures, have a well-constructed performance management system. This supports the effective performance of this band of Setas.

There is, however, evidence of a growing concern from and alienation of the lower level of employees. This is expressed in the department heads' desire for more effective internal communication from the CEOs. This growing sense of dissatisfaction, especially from employees lower in the organisational hierarchy, is an indication of an impending new crisis point

specifically highlighted by Greiner (1998). This suggests that while these particular Setas have effectively dealt with the crisis of leadership, they will very shortly be facing the crisis of autonomy.

7.3 CONCLUSION

There is no clear and centralised performance management of the Setas from the government. This, combined with the high public expectation of the Setas, creates a poor perception of Seta performance consistency and highlights the need for an urgent resolution to the perceived problems.

The Red Band Setas are in a protracted phase of the first organisational developmental crisis – the crisis of leadership. This finding was consistent across all Seta members interviewed and suggests that the result may be applicable to all Setas in this Band.

The Orange Band Setas are not so easily generalized because of pervasive inconsistencies. There is a lack of consistency apparent within the Setas interviewed, both between the staff members interviewed and the developmental stages of different structures within the Seta. The two Setas interviewed were also in different developmental stages from one another. These Setas have recently overcome the first crisis point of organisational development, but have not yet fully embarked on the second growth phase of development.

The Green Band Setas have consistently overcome the first crisis point of leadership and are either well into the second growth phase of organisational development – the direction phase – or are reaching the second crisis point – the crisis of autonomy.

The different bands of Setas are in different stages of organisational development. Those Setas that have not yet overcome the first crisis point are in the poorest performing band of Setas. Those Setas that have progressed well into the second phase of organisational development are in the best performing band of Setas. Those Setas that have overcome the first crisis point, but have not yet established the second phase of growth are in the medium band of Seta performance. This indicates that the hypothesis, which states that the rate of progression through the organisational developmental stages explains the perceived inconsistency of performance, is valid.

The creation of 25 separate organisations with identical objectives at exactly the same time has offered a unique opportunity to evaluate the impact of organisational developmental stages on organisational performance. The results demonstrate a strong correlation between Seta performance and organisational developmental stages, supporting the hypothesis of the research further.

With the hypothesis being borne out by the research, the guidance and prescriptions offered by the models may be implemented by the Setas to enhance their performance. The next section outlines key recommendations to the Setas stemming from the research and the theoretical frameworks on which it is based.

CHAPTER 8

8. RECOMMENDATIONS

The recommendations are presented for the Department of Labour and each band of Seta performance separately. This is to highlight the different actions required by each of the organisations.

8.1 DEPARTMENT OF LABOUR

The Department of Labour does not currently play a central role in managing Seta performance. The legislation does not allow for the implementation of such a centralised performance management system. The performance literature makes it clear that effective and consistent performance of the Setas is not possible if performance criteria have not been clearly defined and are not effectively managed. This has two implications. Firstly, the development of clear performance criteria, in line with the four perspectives outlined by Norton & Kaplan (1994) in their Balanced Scorecard would provide a useful starting point. Secondly, these criteria must be effectively communicated to all Setas and they must be managed. By managed, it is meant that these performance criteria should be measured regularly and deviations from the desired performance must be communicated back to the governance structures of the Setas.

It would be ideal if the legislation could be amended so that the tolerance of performance inconsistency allowed by the current structures is curtailed. Failing this, the critical role of the Governance structures as the performance delivery partners needs to be more fully recognised. While initiatives to build the capacity and ability of these sector volunteers exist, there is not enough coordination of or emphasis on this issue and clear performance targets for the Seta Boards do not exist.

Finally, the publication of clear performance targets will assist in clarifying the role of the Setas and will, thus, make the public's expectations of the Setas more realistic (Griffith & Orgera, 1997).

The current inconsistency of Seta performance and unrealistic public expectations have placed the entire NSDS under threat and increased the urgency with which these issues must be dealt.

8.2 SETAS

Both the Board and secretariat of the Seta are currently responsible for the level of performance of the specific Seta, as well as the management of this performance.

8.2.1 ORGANISATIONAL DIAGNOSIS RECOMMENDATION

Setas must first understand their current developmental stage if they are to be able to implement the appropriate recommendations. Organisational developmental theory provides some guidelines for analysis of an organisation's developmental stage, but the organisational diagnosis models provide a more detailed method of achieving this objective. Implementing an organisational diagnosis model will provide the framework with which to understand the factors that drive their performance, the organisational developmental stage they are currently in, how soon they are likely to face a revolutionary crisis and what the nature of this crisis is likely to be.

Only once this has been done, can the Setas apply the organisational developmental model's prescriptions to manage their growth and development.

8.2.2 RED BAND SETA RECOMMENDATIONS

The critical action required is to instill a strong directive management style that is able to channel employees' energies into a new phase of growth. This can normally be done either by changing the current management style or by a complete shift in power to a new management. The current management consists essentially of the volunteer sector members that

populate the Boards of the Setas. While it is very difficult to change the management style of a manager, it is nearly impossible to change the management style of a group of people. It is also very difficult for the volunteer-based Board structure to adopt a directive management style when they are not always in direct day-to-day contact with the secretariat. This, therefore, suggests that a strong, directive CEO must be appointed by the Board and that the Board must relinquish control of the management of the Seta to this person or this person and their team.

This is a difficult step for the Board to take due to their commitment to skills development, their success in getting the Seta started and often even because of their lack of trust in the secretariat. This lack of trust could be exacerbated by previous failures in delivery using this model and a broader distrust within the sector. These factors notwithstanding, the Board **MUST** take this step if the Seta is to advance to the next evolutionary growth phase and performance is to be enhanced.

8.2.3 ORANGE BAND SETA RECOMMENDATIONS

The Orange Band Setas show a high level of inconsistency across the organisational developmental stages, which is a key factor impacting on performance. Nadler (1981) argues in his organisational diagnosis model that congruence of all factors that drive performance is key to an effective organisation, as all of these factors are interdependent. In order to

enhance performance, therefore, the Orange Band Setas can use this organisational diagnostic tool to analyse their organisational structures with a view to identifying the areas where a lack of congruence is affecting performance.

Once these areas have been identified, the Seta will be able to implement the changes that will complete the structural shift into the second organisational developmental stage – the direction stage. They will then be more fully able to take advantage of the evolutionary period of growth that ensues.

8.2.4 GREEN BAND SETA RECOMMENDATIONS

The Green Band Setas have enjoyed a high level of performance and a strong period of growth in the direction stage of organisational development. However, they now need to be aware of the next revolutionary crisis period that is upon them – the crisis of autonomy. According to Greiner (1998), the crisis of autonomy signals the end of the evolutionary direction phase and precedes the evolutionary delegation phase. These Setas need to start planning towards greater autonomy of the functional specialists within the Seta. This will necessitate three major changes.

Firstly, the structures of the organisations need to be re-evaluated to ensure that they are aligned with this new developmental stage. Control systems, for example, need to ensure that the decision-making rights are vested at the correct level to empower functional specialists. Performance management systems will have to shift from key performance areas based on activities towards being more results driven. In private companies, this would be driven by the profitability of each centre. In the Setas, this is driven by delivery measured against the factors identified in Kaplan & Norton's (1992) four perspectives. In other words, NSDS target delivery is not sufficient and the creation of a learning and innovative Seta becomes necessary.

Secondly, the management style of top management, especially the CEO, will need to shift. Monitoring of performance will need to shift from operational to strategic. The CEO will have to become more delegative, not just of tasks but also of authority for entire functional areas. The culture of the organisation will have to be shifted to accommodate these new levels of authority. This means that the organisation will have to become more tolerant of mistakes as different people make more decisions. It will also have to become more tolerant of differences in the way the various functional specialists deliver on their areas.

Finally, and perhaps most importantly, staff at all levels will have to start taking more responsibility for the delivery of the Seta's objectives. This is

not an easy change to implement. Staff will have to be trained and developed for the new role that they will be expected to play. Even with the most effective developmental process in place, there might be a number of functional specialists who are not able to make the transition. This may include the CEO who has previously been the driving force behind the Seta's success. Difficult decisions regarding staff capabilities and future roles within the Seta may need to be made by the CEO and/or the Board of the Setas.

It is tempting, at this stage, to continue as before. After all, the Seta has been successful under the current direction stage and structures. This would be a mistake, as the frustration levels will continue to grow, the staff motivation will continue to decrease and the Seta's performance will begin to falter. As Greiner's (1998) model clearly states, each organisational developmental stage is predetermined and no stage can be skipped.

8.2.5 GENERAL

Implementing the recommendations highlighted above will allow the Department of Labour and the Setas to enhance their performance and to ensure there is more consistency in performance across Setas. However, this is not the only step required. Even the best performing Setas are only now just beginning to enter into the third stage of organisational development – the delegation stage. There are two further stages

identified by Greiner (1998) after the delegation stage. Organisational development is an ongoing process and an end point is never reached. This means that an evaluation of the organisational developmental stage should be a regular and ongoing process. Setas should always be aware of their current developmental stage, the next revolutionary period that they are likely to face and the structural shifts that this will demand.

8.3 RECOMMENDATIONS FOR FURTHER RESEARCH

The research has highlighted the importance of clear and well-defined performance criteria and performance measurements for the Setas. It is critical that further research is done to clarify and determine these performance criteria and measures.

How effectively the Setas are able to implement the recommendations outlined in the research would also form an important further research area. An organisation's ability to manage growth as well as manage change during the growth will impact on their ability to effectively undergo the progressive organisational developmental stages.

Finally, it would also be useful to implement follow up research on the Setas once a period of time has elapsed. This will allow for the assessment of progress through the stages of organisational development

that the Setas have not yet reached, as well as an assessment of how the Setas are able to manage maturity.

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APPENDICES

APPENDIX I – CHANGE IN SKILLS LEVELS REQUIRED BY THE ECONOMY

Percentage Share and Change in Occupational Mix by Sector, 1970/1995

		Prof	Man	Cler	Ser	Farm	Prod	Lab	Trans	Other
Agric	1970	0.1	0	0.1	0.2	98.4	0.5	0.3	0.3	0
	1995	0.3	0.5	1.3	1.2	82.4	1.7	1.6	10.9	0
	change	0.2	0.5	1.2	1.0	-16.0	1.2	1.3	10.6	0.0
Mining	1970	1.1	0.3	2.6	3.7	0.7	86.0	2.1	3.3	0.1
	1995	4.7	2.7	9.2	7.4	0.6	49.0	15.0	10.7	0.7
	change	3.6	2.4	6.6	3.7	-0.1	-37.0	12.9	7.4	0.6
Manuf	1970	3.3	2.8	11.6	3.1	0.5	57.1	16.2	4.6	0.7
	1995	5.3	5.8	12.8	4.2	0.6	47.4	16.0	7.4	0.5
	change	2.0	3.0	1.2	1.1	0.1	-9.7	-0.2	2.8	-0.2
Elect.	1970	5.1	0.6	7.5	5.7	1.0	38.7	38.4	2.6	0.5
	1995	16.3	2.7	14.7	6.7	0.0	41.1	9.6	7.3	1.6
	change	11.2	2.1	7.2	1.0	-1.0	2.4	-28.8	4.7	1.1
Constr	1970	2.0	2.3	3.2	1.5	0.2	55.8	31.7	3.0	0.3
	1995	5.1	5.1	4.2	1.5	0.2	59.5	19.6	4.6	0.3
	Change	3.1	2.8	1.0	0.9	0.0	3.7	-12.1	1.6	0.0
W/sale	1970	1.8	5.7	45.0	13.4	0.4	14.5	10.2	8.7	0.3
	1995	2.4	11.4	46.8	13.2	0.7	12.7	7.8	4.6	0.4
	Change	0.6	5.7	1.8	-0.2	0.3	-1.8	-2.4	-4.1	0.1
Transp	1970	3.3	2.1	14.8	5.0	0.3	20.4	23.3	30.3	0.7
	1995	12.5	7.0	14.6	8.0	0.6	12.1	5.6	39.0	0.7
	Change	9.2	4.9	-0.2	3.0	0.3	-8.3	-17.7	8.7	0.0
Finan	1970	13.4	6.1	57.9	14.0	0.2	1.8	2.0	4.4	0.2
	1995	17.2	8.9	51.2	16.1	0.3	3.1	1.3	1.5	0.3
	Change	3.8	2.8	-6.7	2.1	0.1	1.3	-0.7	-2.9	0.1
Com.	1970	15.8	0.8	6.0	64.8	4.0	2.3	4.8	1.4	0.2
	1995	41.1	1.7	14.0	30.3	4.4	3.0	2.0	2.8	0.5
	Change	25.3	0.9	8.0	-34.5	0.4	0.7	-2.8	1.4	0.3

Sourced from: Borhat, H., Hodge, J. (1999), Decomposing shifts in labour demand in

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The occupation groups are as follows: 1:Professional, semi-professional and technical occupations; 2:Managerial, executive and administrative occupations; 3:Clerical and sales occupations; 4: Service occupations; 5:Farming, forestry and fishing occupations; 6:Production workers; 7:Labourers; 8:Transport, delivery and communications occupations; 9:Unspecified occupations.

APPENDIX II – INTERVIEW SCHEDULE - CEO

Introduction

The interviewer introduces herself, the research project and the purpose of the interview. Issues of confidentiality are clarified and emphasised. The interviewer also clarifies the interview process e.g. the type of questions to be asked.

Structural issues

Question 1 – How many staff are employed by your SETA?

Scale 1: Organisational size

Very Small	Small	Medium	Large	Very Large
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Question 2 – When did you reach an “effective” complement of staff i.e. when did you have enough staff to work towards all of your targets?

Scale 2: Organisational age

Positions vacant or organogram not yet finalised	New	Consistent growth since establishment	Relatively established	Well established
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Question 3 - How is your SETA organised i.e. describe your organogram?

Why have you chosen such a structure?

Scale 3: Organisational structure

Informal	Centralised and functional	Decentralised and geographical	Line staff and product groups	Matrix of teams
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Management Focus

Question 4 – What are the key functions that you, as the CEO, must personally focus on and drive at the moment? Why?

Question 5 – Describe to me how you spend an average day at work.

Question 6 – If you had to allocate all of your time, what percentage would you allocate to which tasks?

Scale 1: Management Focus

Make and sell	Efficiency of operations	Expansion of markets	Consolidation of organisation	Problem solving and innovation
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Top Management Style

Question 7 – How would you describe the culture of the organisation?

Question 8: How would you describe the management style of the top team?

Question 9: How do you personally ensure things really get done around here? Why do you use this way of getting things done?

Scale 1: Management Style

Individualistic and entrepreneurial	Directive	Delegative	Watchdog	Participative
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Control Systems

Question 10 – How do you find out what is going on in your organisation i.e. how does the information reach you?

Question 11 – What specific information tells you how your organisation is performing?

Scale 1: Control Systems

Market results	Standards and cost centres	Reports and profit centres	Plans and investment centres	Mutual goal setting
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Management Reward Emphasis

Question 12 – How does your staff remuneration system work?

Question 13 – Why have you chosen this system of remuneration?

Scale 1: Reward Emphasis

Ownership	Salary and merit increases	Individual bonuses	Profit sharing and stock options	Team bonuses
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General

Question 14 – I have been trying to look at the key factors that then allow me to describe what kind of organisation your SETA is. Is there anything I have left out that you believe is critical to an accurate description of your SETA?

Conclusion

The interviewer thanks the interviewee for their time and honest responses. She reiterates the purpose of the study and offers feedback on completion of the research, but stresses that feedback on specific department head interviews will not be given.

APPENDIX III – INTERVIEW SCHEDULE FOR DEPARTMENTAL HEADS

Introduction

The interviewer introduces herself, the research project and the purpose of the interview. Issues of confidentiality are clarified and specifically emphasised in that results will be aggregated and no participant's name or position will be revealed. The importance of honest responses in order to obtain accurate research results is highlighted. The interviewer also clarifies the interview process e.g. the type of questions to be asked.

Structural issues

Question 1 – How is your department organised?

Question 2 – Is this essentially the same way that the whole SETA is organised? If there is a difference, why?

Scale 1: Department structure

Informal	Centralised and functional	Decentralised and geographical	Line staff and product groups	Matrix of teams
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Question 3 - How many staff does your department employ?

Scale 2: Department size

Very Small	Small	Medium	Large	Very Large
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Question 4 – When did you reach an “effective” complement of staff i.e. when did you have enough staff to work towards all of your targets?

Scale 3: Department age

Positions vacant or organogram not yet finalised	New	Consistent growth since establishment	Relatively established	Well established
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Management Focus

Question 5 – What tasks or activities does the CEO say are their key focus?

Question 6 - What are the key tasks or activities that you think the CEO must personally focus on and drive at the moment? Why?

Question 7 – What tasks or activities, in reality, does the CEO focus on and drive at the moment?

Question 8 – What are the key tasks or activities that you personally must focus on and drive at the moment? If there is a difference from those of the CEO, why?

Question 9 – Describe to me how you spend an average day at work.

Scale 1: Management Focus

Make and sell	Efficiency of operations	Expansion of markets	Consolidation of organisation	Problem solving and innovation
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Top Management Style

Question 10 – How would you describe the culture of the organisation?

Question 11: How would you describe the management style of the top team?

Question 12: How does the CEO really ensure things get done around here? Why do you think he/she uses this way of getting things done?

Scale 1: Management Style

Individualistic and entrepreneurial	Directive	Delegative	Watchdog	Participative
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Control Systems

Question 13 – How does the CEO find out what is happening in your department?

Question 14 – What specific information does he/she really rely on and require from your department regularly?

Scale 1: Control Systems

Market results	Standards and cost centres	Reports and profit centres	Plans and investment centres	Mutual goal setting
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Management Reward Emphasis

Question 15 – How does your staff remuneration system work?

Question 16 – How, in reality, are you rewarded?

Scale 1: Reward Emphasis

Ownership	Salary and merit increases	Individual bonuses	Profit sharing and stock options	Team bonuses
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General

Question 17 – I have been trying to look at the key factors that then allow me to describe what kind of organisation your SETA is. Is there anything I have left out that you believe is critical to an accurate description of your SETA?

Conclusion

The interviewer thanks the interviewee for their time and honest responses. She reiterates the purpose of the study and the confidentiality of the responses.

APPENDIX IV – GUIDELINE DOCUMENT FOR THE INTERVIEW WITH THE DEPARTMENT OF LABOUR

Introduction

This will be a fairly lengthy introduction where the purposes, structure and methodology of the research project are explained. The purpose of this particular interview will be explained. Specifically the fact that that this research project seeks to be a useful tool for the Department of Labour will be explained. It will also be clarified that a classification of Seta performances is required and an understanding of the basis of the classification is needed. Confidentiality on this issue will be emphasised. Finally, potential contacts or specific Setas to interview can be suggested.

Project Clarification

Issues of clarification on the project will be discussed. We will also discuss how this research project can be made more valuable for the capacity building of Setas. The format for the rest of the interview will be tabled and agreed upon.

Country Context

Question 1 – What are the resources, stakeholders, and written and unwritten rules that support or inhibit the success of the NSDS?

Industry Context

Question 2 - How are the specific sectors arranged and how does this impact on the roles of the Setas?

SETA role and Mandate

Question 3 – What is the role and mandate of the Setas?

Question 4 – What are the limitations on their role and mandate?

Performance Factors

Question 5 – What criteria do you use to classify Seta performance?

Question 6 – What factors do you specifically use to determine the Setas performance in meeting the needs of their constituency (if not already answered)?

Question 7 – What factors do you specifically use to determine the Seta performance in financial terms (if not already answered)?

Question 8 – What factors do you specifically use to determine Seta performance in terms of their ability to grow and improve their capacity (if not already answered)?

Question 9 – What factors do you specifically use to determine Seta performance in terms of internal processes (if not already answered)?

Measurements

Question 10 – How are these critical factors measured?

Performance Management

Question 11 – How are these performance measures managed by the NSA?

Classification

Question 12 – What grades of performance do you use to classify the Seta performance once you have measured the critical factors?

Question 13 – Which Setas are in which grade of performance?

Question 14 – Which are the key factors (by Seta) that cause each to be classified into the allocated grading?

Contacts

Question 16 – Is it possible for you to assist me in accessing certain Setas where I might not be able to gain access by myself?

Question 17 – When and how can we arrange this?

Conclusion

The interviewer thanks the interviewee for their time and honest responses. The interviewee reiterates the aggregate nature of the research report and explains that the results are intended to assist in understanding Seta performance, but not to report on findings in terms of Seta performance. Feedback on the research report is offered.