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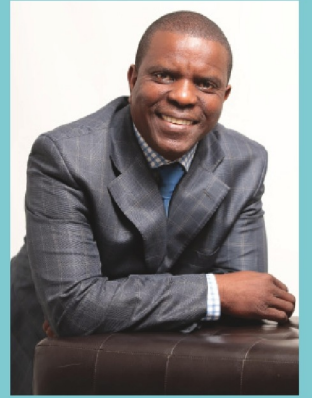


Skills Development

- A Tangible Investment -

Transformation | Skills Development

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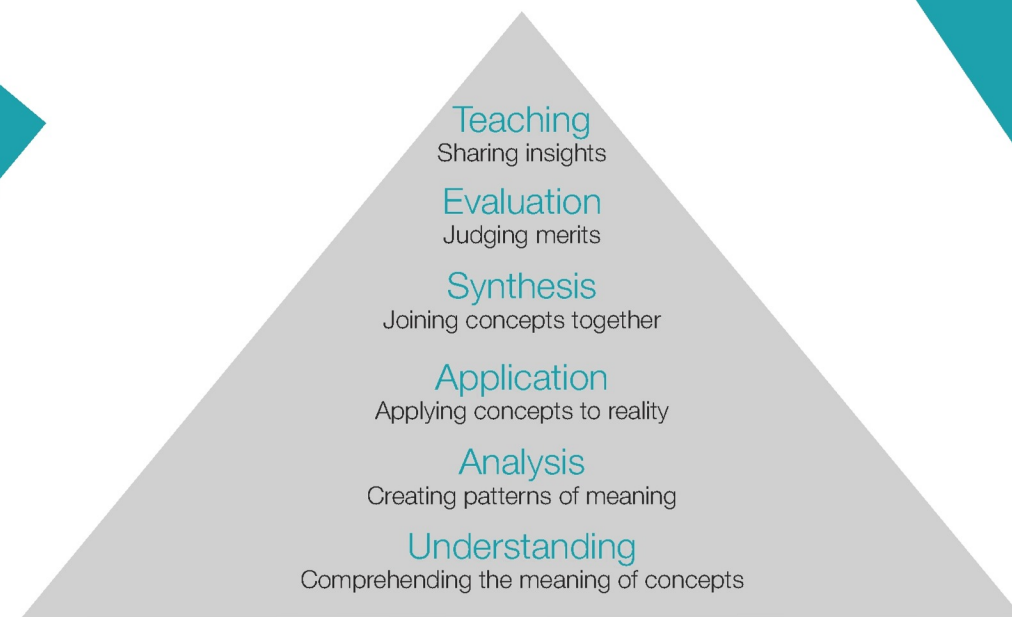
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South Africa Inc is not firing on all cylinders at a time when we face massive socio-economic challenges. Our unemployment is unacceptably high and productivity low for an economy that needs to grow at levels of at least 5%. The reality is, economies do better when businesses do well. Businesses do well when the people working within and around the business excel. As a country, we have a legal framework that directs investment into, among other areas, Skills Development as illustrated in the Amended Codes. For many, unfortunately, this has become just another necessary compliance burden. This compliance-driven approach has destroyed significant value through wastage, which is an opportunity missed in value creation. Skills Development is a Priority Element on the B-BBEE scorecard. Therefore if an organisation does not achieve at least 40% of the target, discounting by one status level will apply. Considering just how critical this element is, compounded by the fact that Skills Development spend is targeted at 6% of the payroll leviable amount, it calls for an approach that leverages this massive resource to create significant business value.

Business is accustomed to expecting a return on investments made. The approach should be no different in Skills Development. There must be an expectation that skills spend and associated interventions, create business and societal value. The Amended Codes demand a greater investment in Skills Development, with a particular emphasis on accredited training and learnership Programmes. 85% of the skills spend should be in this category, with the balance allocated to internal training that is not accredited. The problem with most learning interventions in the accredited category is that they are not steered towards learning outcomes. While this is a good foundation, it is grossly inadequate. Given our challenges, we need to direct this investment towards business outcomes. The main issue is that the prescribed skills are not led to creating or maximising value, so neither the employer nor the employee benefits. Unfortunately, more often than not, interventions do not evolve into becoming economically viable. What you know doesn't matter unless you can use it. Bloom provided a useful framework that can help us understand where the challenges and the opportunities lie.

"Doing it for compliance
only is a waste of time,
money and resources."

Blooms Taxonomy Learning for Value Creation:



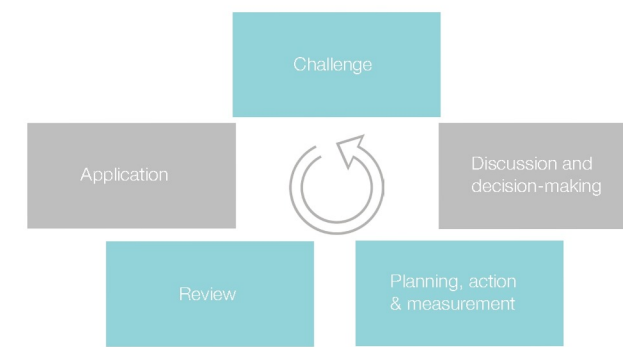
Derived from Bloom's Taxonomy of learning outcomes:

Bloom's Taxonomy sets out a hierarchy of learning outcomes from the lowest, which is knowledge - to recall facts; to the highest, which is teaching - the ability to effectively teach others. The key theory of the hierarchy is outlined as follows:

Concept	How to use the concept of Value Creation
Management and staff add greater value if they can add greater value to their work.	This requires specific knowledge, skills and orientations to achieve application level at the very least.
Higher order learning outcomes are more valuable than lower order outcomes.	The objective is directing learning to ensure that the subordinates achieve the highest level possible.
Achievement of a higher order depends on the achievement of the preceding lower order.	An effective learning strategy needs to start at the lowest level and incrementally work up to the highest level.
The efficient learning process must at the very least achieve 'application' level.	The ultimate objective of any development process is what learners do and the consequences of this to the business. The application is more likely to happen where results are regularly measured.
In compliance directed programmes, most outcomes are lower order ones.	Little behavioural change occurs and value is seldom created.
Experiential learning tends to produce better results.	Learning by doing translates to a higher order with a quicker and better outcome. Measurement and reflection is key.

Most education and training intervention gets stuck at the lower order outcome. The value derived at the higher levels of the taxonomy, at the very least, must apply to what has been learned. The answer lies in an intentional model designed for maximum value. This ensures that the process creates a space for learning to identify opportunities, while building relationships that will enable such implementation. It further instils confidence, so people apply what they have learnt by them learning through doing, as laid out in the experiential learning illustration:

Experiential Learning Cycle diagram:



When interacting with training and learnership service providers, demand a learning intervention design to provide hard business outcomes. Learnerships must be geared towards providing both learning and exposure that offers the best chance of absorption in either your or another organisation in your industry. This would allow for five Bonus Points, as well as contribute to increasing our employment levels.

What points are available for Skills Development?

- > 8 points are available by investing 6% of payroll for training 'Black' People. An additional 4 points are provided for 0.3% 'Black' People with disabilities.
- > 4 points are offered provided 2.5% of 'Black' Employees are enrolled in leadership, apprenticeships or internships.
- > An additional 4 points are available for unemployed Learners; this has to equate to 2.5% of the overall headcount.
- > 5 Bonus Points may be claimed if an unemployed Learner becomes gainfully employed at the end of a learnership.

Are there any Skills Development incentives?

Incentives or 'sweeteners' are in place to promote Skills Development and Youth employment which include Section12(H) tax rebates, Youth subsidies from the South African Revenue Services (SARS), as well as discretionary grants from the SETAs.

- > SARS affords a tax break of R60,000.00 per participating Learner on a learnership. This equates to a saving of R16,800.00 per Learner per annum; while a tax break of R120,000.00 is available for a Learner with disabilities. These results allow a saving of R33,600.00.
- > SARS allows a deduction of R1,000,00 per young person per month employed which is a R12,000.00 saving per year.
- > The cost of a Skills Development facilitator is claimed as a training expense.

In summary, the point is there are plenty of incentives to fill the 'skills pot' which can be creatively used to score high on the Skills Development scorecard. However, it is not entirely about the scorecard, but making an impact on both the business and the economy alike. Skills Development must be designed to add economic value that flows through from the interventions. This value should be realised by an organisation, their employees and the unemployed which will lead to greater participation in the South African economy. Remember, do not just do it for the sake of compliance, as that is a waste of time, money and resources.