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1. Introduction

This report is on Business Process Outsourcing and Offshoring (BPO&O) talent development approaches that have been publicly funded in South Africa during the past eight years.

The objectives of the research are to:

- profile the different publicly-funded BPO talent development approaches;
- establish how many people have participated in Learnerships and Skills Programmes;
- establish how many people have successfully completed such programmes;
- establish how many people were placed in employment;
- establish how much public sector funding has been spent on this training and the training costs per learner;
- establish the extent of the training in relation to variables such as completion and placement rates.

This report begins by establishing the potential of the South African BPO initiative and highlights the opportunities that exist in this sector. It then identifies the various publicly funded initiatives that have been implemented from 2001 to 2008 and presents an analysis of the data related to different programmes, with an emphasis on how each programme was funded, the duration of the training period and the number of people enrolled in relation to completion and employment rates.

2. Background

The industry-defining McKinsey Report (2004) on the BPO&O sector supplemented by studies by Deloitte and Letsema Blueshift Consulting concluded that the South African BPO&O and Contact Centre industry has the potential to contribute substantially to the country's gross domestic product (GDP) and to create significant numbers of jobs, thereby helping to reduce the country's high rate of unemployment.

Additional unpublished research commissioned by the Department of Trade and Industry (the dti) and the Business Trust has noted that "South Africa is ideally placed to take advantage of an opportunity that will, if appropriately managed, contribute significantly to the social and economic development of the Southern African region and the continent" (Business Trust, 2006)¹.

Since 2002, the domestic BPO&O industry has grown by an average of 8 percent per annum, and now employs about 80,000 people. Already, the effects of the growth in the BPO&O sector are discernible at provincial and local levels (Deloitte, unpublished research for the Business Trust, 2006). The McKinsey Report estimates that by 2009, the BPO&O sector in South Africa could be worth \$800 million (about R8 billion), create up to 100,000 jobs and attract between \$90 million and \$175 million in foreign direct investment (FDI).

Established BPO&O locations, such as India, Canada, Ireland and the Philippines, currently dominate the sector but, according to the McKinsey Report, they are not expected to be able to meet the growing skills and infrastructure demands in the near future. These unmet demands will offer exciting opportunities for South Africa to become a significant player in this sector.

2.1 Opportunities in the South African BPO&O sector

Research conducted for the BPO&O Sector Support Programme by McKinsey & Associates during 2005/06 suggests that a concerted and focused national intervention could accelerate the growth of the sector and expand employment opportunities.

While the BPO&O sector currently contributes almost 0.92% of GDP, the McKinsey research suggests that effective international marketing of South Africa as a BPO&O destination, attractive incentives and focused talent development could lead to the creation of an additional 25,000 direct jobs and 75,000 indirect jobs, resulting in an additional 0.5% contribution to GDP (McKinsey & Associates, unpublished research, 2006).

¹ From an unpublished Business Trust Document: "Requirements of a Sustainable Talent Development Model for the BPO&O Sector", June 2006.

The growth of the BPO&O sector in South Africa would result in other positive spinoffs including:

- *Social benefits*: improved quality of life as a result of development and job creation within the local economy;
- *Knowledge enhancement*: as a result of the increase in the pool of skilled labour and the capacity of public and private training providers to service the industry;
- *Building the South Africa brand*: by promoting the country as a leading player in the knowledge economy; and
- *Improving infrastructure*: in information technology and related services and utilities.

3. Approach to the study

The objective of the study was to find out how much public money has been spent on talent development in the BPO sector between 2001 and 2008. This required the identification of all sources of government funding for training in the sector as well as the organisations and institutions that manage the implementation of this training.

This information was gathered through a literature search which aimed to better understand the sector and its key stakeholders. Subsequently, a list of organisations that manage the implementation of training in the sector was compiled and each of these organisations was asked to provide information including:

- How many people have been trained in BPO?
- How many people have completed training to date?
- How many people have been placed in employment?
- Evidence of completion on National Learner's Records Database.

Furthermore, information was requested on what type of training was undertaken by the learners, such as Learnership NQF Level X; Skills Programmes or Short Courses.

4. Limitations of the study

Many challenges were encountered during the data collection process. The main challenge was the unwillingness on the part of a number of organisations to provide information without the permission of senior officials. This resulted in slow turnaround times. Furthermore, when data was eventually provided it was often incomplete or inconsistent.

For example, an organisation would be approached and specific data would be requested. In most cases the first set of data received would be incomplete. When this data was queried or a request for updated data was put to an organisation, a second set of data – often inconsistent with the first batch – would be supplied. Attempts to confirm or verify data resulted in varying and inconsistent data sets being furnished. This process wasted a great deal of time and resulted in the survey being conducted over a much longer period than was originally envisaged.

Many organisations appeared very reluctant to furnish information that, by its very nature and the nature of the organisations surveyed, would be considered to be in the public domain.

Another challenge was that the information received at source - from the National Skills Fund (NSF) or the Services SETA as the agents that normally receive applications for funding - on many occasions did not tally with the information received from the implementing organisations. This led to double counting in a number of cases. This was because these institutions would report on those learners and amounts spent on them and the funded organisations would also report on the same learners and amounts spent.

It must be mentioned that the Services SETA, the institution with the legal mandate to facilitate the provision of training in this sector, proved to be the most difficult institution to solicit information from. At the time of writing, the data relating to learners and funds attributed to this SETA that had been returned for correction or confirmation had not been furnished. Numerous requests for this updated data, over

several months, were ignored. Information on NSF funding for KwaZulu-Natal was also requested, but had not yet been received at the time of writing.

In light of the above, a decision was taken to report on the data as provided.

5. BPO publicly funded training

There have been various publically funded training initiatives implemented during the last eight years. These initiatives have been financed mainly by the NSF, provincial offices of the Department of Labour (DoL) and the Services SETA.

In many instances, provincial departments applied for NSF funding for various programmes that are prioritised in the Provincial Growth and Development Strategies (PGDS) and BPO&O sector funding was found in three provinces: Gauteng, Western Cape and KwaZulu-Natal.

Local government structures, in municipalities where BPO&O is recognised as a priority for local economic development (LED), also apply for funding from the NSF to fund interventions in this sector.

There is also evidence that both provincial and local governments tend to form partnerships with other organisations or agencies that then become responsible for the entire management and implementation of the training and placement of successfully trained candidates.

Currently, various publicly funded BPO&O talent development initiatives exist within the South African BPO&O context. Prominent among these are:

- **National Skills Fund:** funding channeled through the Department of Trade and Industry as part of the Government Assistance Support (GAS) programme, formerly the Small and Medium Enterprise Development (SMED) programme;
- **National Skills Fund:** funding to provincial governments to support the implementation of their PGDS in provinces where BPO&O is identified as a priority;
- **National Skills Fund:** Monyetla Work Readiness Programme;
- **Services SETA:** Learnerships and skills programmes;
- **Department of Labour:** funding through provincial Departments of Labour for the training of unemployed workers; and
- **Local government initiatives:** Cities of Johannesburg, Cape Town and Durban (eThekweni Municipality).

The findings in respect of the various training initiatives in the BPO&O sector are outlined herein:

5.1 The Government Assistance and Support (GAS) Programme

The GAS is a programme of the Department of Trade and Industry (the dti) and designed to support the BPO&O sector. The programme has an estimated budget of R1 billion over five years that is directed at a strategic marketing initiative, a talent-development initiative, a training and skills support grant, a BPO&O investment support grant and a second-economy initiative to locate call centres in disadvantaged areas.

The BPO&O Investment Incentive comprises an Investment Grant ranging between R37, 000 and R60, 000 per seat and a Training Support Grant towards 50 percent of the costs of company-specific training up to a maximum of R12, 000 per agent. The incentive is offered to local and foreign investors to establish projects that aim primarily to serve offshore clients.

The dti conducts a technical evaluation of the investment aspect of company applications and the DoL conducts an evaluation of the training aspect of the application. Once approved, the DoL transfers the training funds to the dti for disbursement to the qualifying companies. The grant is provided directly to approved projects depending on the value of qualifying investment cost and employment creation.

The training is focused mainly on systems, products and language. It is important to note that the training support grant also includes training infrastructure (CAPEX) such as training equipment.

The GAS programme was launched in March 2007 and the first applications were approved by the end of July the same year.

Table 1: Budget, expenditure, planned training and actual placements of the GAS training support grant

Project	Location	No. of agents (planned training)	No. of agents (actual placed)	Total budget approved	Expenditure at Feb 2009
Company A	Cape Town	5,344	650	R23,050,256	-
Company B	Gauteng	260	286	R3,432,000	-
Company C	Durban	270	-	R1,127,165	-
Company D*	Cape Town	-	576	R4,066,964	R1,595,849
Company E	Mt Edgecombe - KZN	1,126	-	R2,745,875	-
Company F	Klerksdorp & Polokwane	408	-	R1,597,198	-
Company G	Cape Town	417	-	R5,004,000	-
Company H	Gauteng & Cape Town	420	-	R3,505,435	-
Total		8,245	1,512	R44,528,893	R1,595,849

Source: the dti, January 2009

* denotes the only company that has claimed and been paid to date

Table 1 shows that by February 2009, about R44.5 million in training support grants had been approved, with allocations to 2011. Although some companies have trained and placed agents in employment, they have not yet claimed the grants from the NSF. In terms of placements, only 18.4 percent of the total of 8,245 agents approved for training have been placed in employment. Approved companies have until 2011 to submit their claims for trained and placed agents. All of the training interventions are skills programmes that focus on company-specific training.

5.2 The Small and Medium Enterprise Development Programme (SMED)

Prior to 2007 and the introduction of the GAS programme, the dti had a support programme in place known as the Small and Medium Enterprise Development Programme (SMED).

Table 2 outlines the SMED training statistics for the period 2001-2005.

Table 2: Training conducted under the SMED programme

Period under Review	Programme	Number of learners	Amount spent	Average cost per learner
2001-2005	NSF Skills Development Support Programme (part of the dti Small & Medium Enterprise Development Programme Incentive Programme.	177	R7,873,000	R44,480

Source: Department of Labour

According to the DoL, these learners were taken through product-specific training in the form of a skills programme. Additional relevant data on training duration, completion or placement rates that might indicate the efficacy of this programme were not provided by the department.

5.3 Services SETA: learnerships and skills programmes

The Services SETA is responsible for ensuring that the skills needs of the services sector are identified and addressed. This is achieved through the Services SETA forming partnerships with its stakeholders and role-players and implementing its business plan².

The contact centre industry is under the Scope of Coverage of the Services SETA and the following Learnerships have been generated and registered with the Department of Labour:

- i. Contact Centre Management NQF Level 5;
- ii. Contact Centre Operations NQF Level 4;
- iii. Contact Centre Support NQF Level 2.

The Services SETA has also established a Contact Centre Chamber which develops qualifications for the sector and the accreditation of training providers.

This section discusses the programmes that the Services SETA has implemented for the contact centre industry since 2004.

It should be noted that the data from the Services SETA came in two separate batches, which we have denoted as Programmes 1 and 2. The data was then collated in an attempt to give a holistic picture of Services SETA programmes between 2004 and 2008.

5.3.1 Services SETA: Programme 1 (Learnerships)

Table 3: Learnerships implemented for indicators 2.8 and 4.1 in NSDS years 2004-2007

NSDS year	Employed learners trained (indicator 2.8)	Unemployed learners trained (indicator 4.1)	Completions	Placements	Placement rate
2004/05	711	5,525	146	0	0%
2005/06	1,768	5,787	5,960	4,082	68.5%
2006/07	1,324	2,639	9,215	6,150	67%
Total learnerships	3,803	13,951	15,321	10,232	45.2%
Average unit cost per learner	R20,000	R25,000			
Total learnership cost	R76,060,000	R348,775,000			

Source: Services SETA, October 2008

Table 3 shows that between 2004 and 2007, a total of 3,803 employed learners (indicator 2.8) and 13,951 unemployed learners (indicator 4.1) undertook Learnerships through the Services SETA at a total cost of R76,060,000 and R348,775,000 respectively, to a combined total of R424,835,000. The data shows that during this period, the Services SETA targeted more unemployed than employed learners and spent 4.6 times more money training unemployed learners. Learnerships for unemployed learners also cost marginally more than those for employed learners. This is due to various factors including marketing and recruitment costs, and learner stipends.

It can be assumed that the 67% placement rate was for the unemployed learners since employed learners (indicator 2.8) would already be in jobs at the time of training.

5.3.2 Services SETA: Programme 2 (Allocations from NSF budget)

Table 4 presents data from the Services SETA NSF Project for the financial years 2006/07 and 2007/08. For the 2006/07 financial year, the Services SETA had a total NSF budget of R16 million, with R14,731,000 covering training provision and stipends and R2,484,000 representing the SETA's expenditure on the gainful employment grant. R5,108,500 was budgeted for the 2007/08 financial year. Learners were enrolled on the

² http://www.serviceseta.org.za/About/about_index.html

contact centre NQF Level 2 programme. (Note: information from the SETA does not specify whether this was a learnership or a skills programme).

Table 4: Services Seta BPO&O allocations from the NSF Project budget

Year	Enrolments	Completions	Placements	Placement rate	Average unit cost per learner
2006/07	800	692	426	62%	R18,413
2007/08	1,066*	-	-	-	R4,792
Total	1,866	692	426	-	

Source: Services SETA, May 2008

*Note: At the time of writing the report, no further information had been received from the Services SETA on completions and placements of learners from the 2007/08 financial year.

The overall statistics on Services Seta-aligned training show that a total of 19,620 people were trained between 2003 and 2008 at a total cost of R445,943,500. These funds were allocated from the normal Seta budget and from the Seta's NSF project budget. In terms of placements, the data shows that 62 percent of the learners who completed the training were placed in employment.

It should be noted that the data were sent to the Services SETA with a request for them to verify or update but no reply had been received at the time of writing.

5.4 National Skills Fund: funding to provinces to support implementation of PGDS

The National Skills Fund (NSF) was established in 1999 in terms of the Skills Development Act of 1998 to support the implementation of the National Skills Development Strategy (NSDS). The Act seeks to address the structural deficiencies of the labour market, and develop a workforce that can respond to the modern economic environment, taking into account the equity considerations that are peculiar to South Africa³.

Provinces apply through the relevant NSF funding windows for funds to implement special projects that relate to the BPO&O industry.

5.4.1 NSF Gauteng Province

Information for NSF Gauteng Province is presented in Table 5.

Table 5: Number of learners trained by Gauteng Province through NSF funding as at August 2008

Period	Learners trained	Completions	Placements	Placement rate	Total disbursed (August 2008)	Cost per learner
From programme initiation in 2007 to August 2008	1,412	1,352	1,352	100%	R2,597,064	R4,164

Source: DoL NSF, August 2008

Table 5 shows that a total of R2,597,064 has been disbursed to Gauteng Province for BPO training to August 2008. Information on the type of training received was not provided, however the table shows that a total of 1,412 learners were trained, and of these, 1,352 graduated and were placed in employment. The 96% completion rate and 100% placement rate in the Gauteng programme makes it the most successful in terms of overall efficacy.

³ <http://209.85.229.132/search?q=cache:HAq8QP8xzjQJ:www.labour.gov.za/downloads/documents/>

5.4.2 NSF Western Cape

Information for NSF Western Cape is presented in Table 6.

Table 6: Number of learners trained by Western Cape through NSF funding (2006/07)

Period	Programme	Learners trained	Completions	Placements	Placement rate
2006/07	NQF Level 2 contact centre support (9 months)	100	88	43	49%

Source: DoL NSF, August 2008

Information on how much has been spent for this programme was not yet received at time of writing. Table 6 shows that during the 2006/7 period, 100 learners were trained in an NQF level 2 contact centre support skills programme lasting 9 months. A total of 88 learners completed the programme, and of these, 43 were placed.

Part of the process of gathering data on NSF funding to provincial governments involved looking at all the provincial PGDS documents to see whether BPO&O is seen by provinces as a growth sector and if provinces are putting strategies in place towards enhancing the development of this sector.

A review of PGDS documents reveals that only three provinces - Gauteng, KZN and the Western Cape - mention the BPO&O. The Western Cape's PGDS, for example, states that mechanisms to "create jobs within priority economic sectors such as BPO&O and call centres", should be put in place. There is no mention of the BPO&O sector or call centres in the PGDS plans of the other six provinces.

5.5 National Skills Fund: Monyetla Work Readiness Programme

The Monyetla Work Readiness Programme was borne out of the BPO&O sector skills development strategy. The programme, which ran over a period of 4 months per intake of learners by each consortia, targeted 1,000 unemployed young South Africans to undertake a 60-credit skills programme to prepare them to enter the world of work in the BPO&O sector and to ensure that 70 percent of the learners were placed in employment in the sector at the end of the training⁴.

The Department of Labour approved the funding for the programme with the money coming from the NSF. A total of R17,1 million was approved by the NSF and the funding that was availed to consortia that participated in the implementation of the programme is categorised in Table 7.

Table 7: Itemised budget breakdown for Monyetla programme implementation

Item (all budget line items are inclusive of VAT @14%)	Cost (Rand)
Training costs	R7,500
Recruitment and selection	R1,500
Learner administration	R1,500
External moderation	R500
Learner stipend @ R50 per day for 80 days	R4,000
Maximum cost of Monyetla programme per learner	R15,000

Source: Monyetla Case Study Review Report, 2008

The Project budget consisted of two components: The first component was the learnership grant amounting to R17,1 million which was intended to fund the training of 1,000 learners. This grant was made available by the DoL and channelled through the National Skills Fund to the Business Trust.

Originally the total amount included VAT at 14 percent subjected to all line items including stipends. It was later realised that VAT was not enforceable on the stipend line item, thereby yielding funding for an additional 99 places. A ruling by the South African Revenue Service (SARS) not to enforce VAT on the entire grant yielded another 154 places. A total of 253 places were added to the pool at a net cost of R13,650 excluding VAT per learner at the original budgeted total of R17.1million.

⁴ Monyetla Case Study Review Report, Business Trust, 2008.

The second component of the programme was the cost of project management, publicity and evaluation, covered by the Business Trust. This came to a total cost of R2.65 million and is broken down per line item in Table 8.

Table 8: Project management component of the Monyetla budget

Item	Cost (Rand)
Evaluation	R825,000
Publicity	R150,000
Project Management	R2,050,000
Total	R3,025,000

Source: Monyetla Case Study Review Report, 2008

The project resulted in:

- 1,325 learners allocated to consortia and participated in the work readiness programme.
- 1,307 learners actually started the training.
- 1,129 learners (86.4%) competent.
- 1,016 learners (89.99%) placed in employment (as a percentage of competent learners).
- 120 learners (10.6%) completed the programme successfully but not placed in employment.
- 178 learners (13.6%) not successful in learning.
- 368 supervisors trained at a ratio of 1 supervisor to 3 learners.
- 148 learners put through the full Contact Centre Level 2 Learnership.

The Monyetla case study shows that a BPO&O *work readiness* skills programme tailored to ensure a minimum of 70 percent employment rates of the successful learners can be successfully implemented with a budget of R13,650 per learner.

5.6 Local government initiatives

The research found that three Metropolitan councils – City of Johannesburg, City of Cape Town and Durban (eThekweni) that are implementing programmes to enhance and support the development of the BPO&O sector are from the provinces that have identified the sector as a growth sector and have implemented various programmes related to the development and growth of the sector.

5.6.1 The City of Johannesburg

The City of Johannesburg⁵ has identified BPO&O as a major growth sector in the City that is expected to create up to 60,000 jobs in the next six years. The CoJ has identified two major projects that will target unemployed matriculants for training in the BPO&O industry. These projects are the BPO&O Skills Hub and the BPO&O precinct project. The BPO&O precinct has been established at an estimated cost of R10 million, and the skills development hub at R11 million. These two projects have been borne out of joint collaboration with strategic partners, including the local industry body ContactinGauteng, which is now a region of Business Process enabling South Africa (BPesa) as well as CallingtheCape in Cape Town and KZNonSource in Durban.

The CoJ completed a pilot project for training at the BPO&O skills hub in early 2008 where 650 learners were trained and are now employed. These learners were recruited from Alexandra and Orange Farm. Subsequently, phase one of the project was implemented in which another 300 people were trained and secured jobs once they had completed the course. A targeted minimum of 300 assessed candidates are to be trained at the hub each month.

The call centre precinct has been borne out of the realisation that BPO&O industry leaders the world over have customised BPO&O districts that include infrastructure as well as incentives to attract foreign investment. The CoJ is finalising plans for its own BPO&O precinct with dedicated safety and security, transport and infrastructure components. An additional 1,000 international client seats were planned to be

⁵ <http://www.joburg.org.za/content/view/2323/168/>

secured in the inner city in 2008, and over time the CoJ hopes to develop a round-the-clock BPO&O precinct in the inner city.

According to information from the City's website, the City designed a model that enables candidates to obtain two qualifications, one in work readiness (BTec Level 2) and another one in call centre skills (also a BTec Level 2).

BTecs⁶ are work related qualifications suitable for a wide range of students, developed to accommodate the needs of employers and allow progression to university. They provide a more practical, real-world approach to learning and include theoretical background. BTecs are recognised by schools, colleges, universities, employers and professional bodies across the United Kingdom and in more than 100 other countries.

The BTec that the CoJ has modelled its contact centre qualifications on is accredited by Edexcel. Edexcel⁷ is a leading British and International qualification awarding body licensed by the British Government and the Qualifications and Curriculum Authority (QCA) and operating in 110 countries with more than 7,000 accredited partner centres. Edexcel maps and accredits programmes tailored locally to the UK NQF system and registers qualifications to UK standards. This means that Edexcel qualifications carry a globally recognised benchmark.

Quantitative Data for the City of Johannesburg BPO&O Skills Hub Training

At the time of writing this report, the Skills Hub had trained 1,132 candidates in 10 groups over a period of 10 months. Each programme runs for one month. Table 9 shows that of the 1,132 candidates who were enrolled in the programme, only 437 obtained employment - an employment rate of 39 percent.

The table shows that the highest rates of employment were achieved in the first two months of the project, with employment rates of 76 percent and 79 percent being achieved respectively. The project experienced its worst employment rates in August and September at 14% and 11% respectively. Apart from the observation that employment rates were highest in the first two months, no concise trend is evident from this data.

Table 9: CoJ's BPO&O Skills Hub training and employment data (2008)

Candidate intake	Month	Number of candidates trained	Number of candidates employed	% of candidates employed
Group 1	January 2008	91	69	76%
Group 2	February 2008	100	79	79%
Group 3	March 2008	107	51	48%
Group 4	April 2008	80	31	39%
Group 5	May 2008	92	28	30%
Group 6	June 2008	178	71	40%
Group 7	July 2008	163	47	29%
Group 8	August 2008	124	17	14%
Group 9	September 2008	99	11	11%
Group 10	October 2008	98	33	34%
Total		1,132	437	39%

Source: CoJ BPO Skills Hub, December 2008

⁶ http://www.edexcel.org.uk/VirtualContent/106004/BTEC_Parents_Guide.pdf

⁷ <http://meaf.edexcel.org.uk/home/gsn/sa/sa.htm>

The total cost of training per candidate was R13, 900. Table 10 below shows the cost breakdown of the various components of the training programme. From the number of candidates that have been trained so far, it can be inferred that the current portion of the budget spent by the project stands at R15,734,800.

Table 10: BPO&O Skills Hub training cost breakdown

Cost Description	Amount
Assessment – CallForce	R3,500
Training – CCX	R5,880
Royalty cost – CCX	R750
Edexcel qualification	R1,870
Crest administration	R500
Stipend (40 days @ R35 per day)	R1,400
Total training cost per candidate	R13,900

Source: Coj BPO Skills Hub, December 2008

Apart from the cost involved in developing the skills development hub, it is not clear what the training budget of the project will be over the proposed five-year timeline. What is clear is that the project has not managed to train the proposed minimum of 300 people every month. Currently the project has only managed to train an average 38 percent of the targeted quota, with the highest numbers of people trained between June and August.

5.6.2 The City of Cape Town

The City of Cape Town⁸ and the Western Cape provincial government work very closely with CallingtheCape on various BPO&O and call centre skills development programmes.

CallingtheCape is an industry body that promotes and develops the IT-enabled services industry in Cape Town with a strong initial focus on contact centres. It operates both as a specialist investment promotion agency for business process outsourcing (including call centres) and as a regional trade association and networking body for the industry. The mandate of this industry body includes, among others, developing the skills base and providing links to national and regional government to ensure the implementation of pro-growth policies. CallingtheCape is also now a region of BPeSA.

The following are initiatives of CallingtheCape:

World of Work (WOW) Programme

This five-week programme is funded by the Provincial Government Western Cape (PGWC) – Department Planning, Economic Growth and Tourism. It is not a Learnership, but includes awareness workshops on:

- Life Skills - including HIV/Aids, Substance Abuse, Life at Work that encompasses time management, professionalism, CV building and business acumen.
- Financial Control – understanding the New National Credit Act and Personal Budgeting.
- Voice and Articulation – English and Communication skills based on the TEFL (Teaching English for Foreign Language Speakers) principles.
- Basic Computer Literacy and Typing Skills – Microsoft approved introductory programme on NQF Level 2 accredited by ISETT SETA.

The programme was initiated in 2006 and 100 learners participated. In 2007/8, 289 learners were enrolled in the programme.

Table 11 below shows the number of learners that went through the process from recruitment and application stages to actual participation in the programme.

⁸ <http://www.capetown.gov.za/wcmsTemplates/EHD.aspx?clusid=484&catparent=7386&IDpathString=7379-7386>

Table 11: WOW learner training data (2006-2008)

Year	Initial Applications	Selection	Diagnostic Fundamental Assessment	Registered	Workshop/Training duration
2006/7	-	-	-	100	5 weeks
2007/8	785	680	349	289	5 weeks

Source: CallingtheCape, May, 2008

While recruitment data for 2006/7 is missing, the data shows that 100 learners were eventually registered and started the programme in that year. During the 2007/8 period, the data shows that the PGWC funded the project from the marketing of initial applicants (785), through to Selection (680) and then onto Diagnostic Fundamental Assessment (349). Of the 289 learners registered five (5) were disabled learners with various disabilities excluding those with visual disabilities. The drop off in numbers at each stage relates to screening as a result of compliance and entry requirements. These include:

- minimum of a Grade 10 certificate;
- must have a SA Identity Document;
- must be currently unemployed;
- must be previously disadvantaged.

Learnership NQF Level 2 Contact Centre Support

CallingtheCape also runs a NQF Level 2 contact centre support programme that runs over a period of (9) months and is funded by various sources including:

1. Services SETA
2. National Skills Fund
3. Provincial Government of Western Cape

Table 12 contains the data relating to the number of learners trained as a result of the funding from the Services SETA, the NSF and the PGWC.

Table 12: CallingtheCape Level 2 contact centre support training

Programme Year	Source of funding	Programme status	Number of learners trained	Registration on NLRD	Terminations	Gainfully employed	Employment Rate
2005/6	SSETA	complete	59	46	13	46	78%
2006/7	NSF	complete	100	88	12	43	43%
2007/8	PGWC	in progress	80	not yet registered	0	35	44%
2007/8	SSETA	in progress	200	not yet registered	46	76	38%
Totals	-	-	439	134	71	200	54%

Source: CallingtheCape, May, 2008

The table shows that 2 programmes funded by the Services SETA and the NSF have been completed since 2005. A programme funded by the PGWC and another funded by the Services SETA were still in progress in May 2008. By November 2008, a total of 439 learners had undergone training. 134 Qualifications have been uploaded onto the NLRD and current programme terminations stand at 71. Of the total 439 learners who were registered, 200 have been gainfully employed, representing a 54 percent employment rate.

Another initiative is that of the City of Cape Town's Economic Development Facilitation Department, which has facilitated a business plan and memorandum of agreement between CallingtheCape and the City of Cape Town Call Centre to upgrade a life skills assessment and training centre in Athlone.

5.6.3 eThekwini Municipality

The eThekwini municipality⁹ and the KZN provincial government have partnered with KZNonSource to encourage direct foreign investment in the province through contact centre and BPO&O services. Key to this partnership is the issue of skills shortages and the efforts to implement a sustainable talent development strategy. Over and above its involvement with the Monyetla work readiness programme, KZNonSource is involved in various other SETA-funded initiatives, including a programme in which 500 learners are drawn from five schools in the eThekwini district and offered introductory training in contact centres.

Attempts to obtain quantitative data from KZNonSource on the scale and magnitude of training funded by the eThekwini municipality proved to be extremely difficult. Meetings were scheduled and then cancelled at the eleventh hour.

It was later decided to approach the largest training providers within KwaZulu Natal to get an aggregated picture on how many people had been trained, and how much has been spent on training done on behalf of eThekwini municipality. These training providers included People Solutions, BEMT (in partnership with Capital Outsourcing) and TL Consulting. Information received from BEMT indicated that they had not conducted any training funded by eThekwini municipality and data from TL Consulting had not been received at the time of writing.

Table 13 shows the quantitative training data obtained from People Solutions:

Table 13: Training data in eThekwini Municipality

	Funded directly by eThekwini Municipality	Indirectly funded through LGW SETA	Total
2005	20	127	147
2008	10	0	10
Training Costs	R300,000	R700,000	R1,000,000
Cost/ Learner	R7, 500	R5, 512	

Source: People Solutions, November 2008

The data shows that during the past four years, People Solutions received funds for training provision directly from eThekwini Municipality, and indirectly through the LGWSETA. A total of R300,000 for training provided to 30 learners was paid by the municipality, while a total of R700,000 for training 147 learners was paid by LGWSETA.

5.7 The Department of Labour

Information received from the DoL indicated that between 2001 and 2005, nearly R96,7 million was spent on training and skills development in the BPO&O sector. The bulk of that money, more than R76 million, was disbursed through the Services SETA with 3,800 learners benefitting. Nearly R8 million was drawn from NSF and was disbursed as part of the SMED incentive programme of the dti and there were about 177 beneficiaries on that programme. The balance of the funds (R8, 8 million) was disbursed by the Gauteng South provincial office of the DoL, for the benefit of 980 learners.

⁹ <http://www.kznonsource.co.za/pdf/CEO%20November%202007.pdf>

5.7.1 Department of Labour: Gauteng South

Anthonette Brummer, a representative of the DoL Gauteng South, gave a verbal report and stated that available data could be provided only as far back as 2006.

This data is set out in Table 14.

Table 14: Number of learners trained and placements through DoL Gauteng South funding

Year	Course duration	Total training cost	Cost per learner	No. of learners trained	Completions	Placements	Placement rate
2006	68 days short non-credit bearing course	R4 million	R10, 000	400	380	280	70%

Source: DoL Gauteng South, January 2009

Table 14 shows that the cost of training programmes funded by DoL Gauteng South amounted to R4 million, with training per learner amounting to R10,000. The DoL Gauteng South office could not provide further data on completion and placement rates, but estimated that placement rates of between 68 percent and 72 percent could have been achieved.

5.7.2 Department of Labour: Western Cape

The DoL in the Western Cape indicated that it had only sponsored training for call centre operations during the financial year 2006/7 through a DoL registered short course that was non-credit bearing and therefore did not enable registration on the NLRD.

Table 15 contains the training statistics for the Western Cape:

Table 15: Number of learners trained and placements through DoL Western Cape funding

Year	No. of learners trained	Completions	Course duration	Training cost	Cost per learner	Placements	Placement rate
2006/07	104	104	15 days	R244, 920	R2, 355	32	31%

Source: DoL Western Cape, December 2008

The data indicates that during the 2006/07 financial year, a total of 104 people were trained through a short course that lasted over a period of 15 days. The total cost of the training amounted to R244,920, working out to a cost per learner of R2,355. A total of 32 learners were gainfully employed resulting in a placement rate of 31 percent.

5.8 Summary of all training undertaken in the sector using public funding between 2001 and 2008.

Table 16 gives a consolidated summary of all training that has been undertaken in the sector on different programmes that were funded through government resources.

Table 16: Consolidated figures of all learners trained, completions and placements in various programmes and total government spend 2001-2008

Period	Programme	Number of learners			Completions	Placements	Placement rates	Average cost/learner	Total spend
		Learnerships	Skills programmes	Short courses					
2001-2005	NSF SMED	177						R44,480	R7,873,000
2004-2005	Service SETA Learnerships	6,236			146			R22,500	R424,835,000
2005-2006		7,555			5,960	4,082	68.5%		
2006-2007		3,963			9,215	6,150	67%		
2006-2007	Service SETA NSF Allocation	800			692	426	62%	R18,413	
2007-2008		1,066						R4,792	
2007-2008	NSF GP		1,412		1,352	1,352	100%	R4,164	R2,597,064
2006-2007	NSF WC	100			88	43	49%		
2005	eThekweni Metro & LGSETA		147						R1,000,000
2008			10						
2006-2007	WOW			100					
2007-2008					289				
2005-2008	CallingtheCape			439	368	200	54%		
2008	Monyetla		1,307		1,129	1,016	89.99%	R13,650	R17,100,000
2008	Coj BPO Skills Hub		1,132			437	39%	R13,900	R15,734,800
2006	DoL GP			400	380	280	70%	R10,000	R4,000,000
2006-2007	DoL WC			104	104	32	31%	R2,355	R244,920
2008	GAS		8,245		1,512	1,512	100%		R1,595,849
Total		19,897	12,253	1,332	20,946	15,530	74.1%		R474,980,633

A total of 33,482 learners have undergone training on various programmes including learnerships, skills programmes and short courses in the BPO sector between 2001 and 2008 at a total cost of R474,980,633. The majority of the learners (58.6 percent or 19,620 learners) were on learnerships that were largely funded by the Services SETA through its learnership grants and NSF projects. These learners include both 18.1 and 18.2 learners but as seen in Table 3, the majority (79 percent) of learners enrolled by the Services SETA were unemployed learners.

The highest spend on an individual learner was on the SMED programme that has being discontinued and replaced by the GAS programme. It is followed by Services SETA learnerships which placed nearly 19,600 learners on learnerships at an average cost that is half of the SMED cost. The highest placement rates (more than 70 percent) have been achieved mainly for learners who participated in short courses and skills programmes.

6. Training accreditation

The training initiatives described in this report were publicly funded and therefore the implementing organisations had to comply with the government's accreditation requirements. In all the publicly-funded initiatives reviewed, training was provided by SETA-accredited training providers. But as can be seen from the information contained in Table 15, not all the training provided was credit-bearing or nationally accredited.

Table 15: Non-Nationally accredited training initiatives

Programme	National accreditation or credit bearing status
City of Cape Town WOW programme	Awareness workshops (non-credit bearing)
DoL Western Cape	DoL Western Cape registered short course (non-credit bearing)
City of Johannesburg Skills Hub	Edexcel (International European Body)

The CoJ opted for internationally accredited courses to attract foreign companies to invest in the City. It considered that a BPO&O workforce with internationally accredited qualifications and the capacity to service international clients on a continuous basis would attract investors to the city.

7. Training levels, duration and assessments

Although there is no evidence that learners involved in all skills programmes mentioned in this report were assessed or certified, learners who were on learnerships went through classroom training, practical skills training and on-the-job training and portfolios of evidence were collected by SETA-accredited assessors. Successful learners were then certified and uploaded to the NLRD.

Assessment processes used by CallingtheCape for its NQF level 2 Call Centre Learnership are conducted at four levels:

- **Level 1 Career Assessment:** for 3 weeks candidates undergo psychometric assessments to determine learning preferences and capacity as well as profiles matched against contact centre aptitudes and job descriptions.
- **Level 2 Development and Education:** 5 weeks basic workplace orientation and training e.g. Life Skills, Computer Literacy, Keyboard and Typing Skills, Communication Skills and Financial Control and personal Budgeting.
- **Level 3 Training:** 4 weeks Core Training (aligned to NQF Level 2 Call Centre Agent Qualification).
- **Level 4 Training:** 6 months work placement in a participating host company.

Other Learnerships follow a similar pattern with varying degrees of intensity or emphasis placed on each level. In most of the cases, learners were put on the entry-level contact centre Level 2 Learnership and there was no evidence found of any of the learners being put on a higher level Learnership.

All accredited Learnerships follow an assessment approach that includes recruitment, theory assessment and practical assessment. This is designed to empower learners with work-readiness skills. But the length of time spent on each initiative varies, and this could have an effect on the how work-ready learners are perceived to be by potential employers. The Monyetla programme, for example, shows that on average learners need about 16 weeks of training to be properly work-ready.

8. Analysis of budgets

An important dynamic of the research was to assess the varying budgets spent by each programme in comparison to impact variables such as completion rates and placement rates.

The aim of this approach was to support the hypothesis that higher programme expenditure leads to more favourable outcomes. In order to test this hypothesis, the training costs per learner were used to estimate total programme budgets.

Table 16 below illustrates the programme budgets and the resultant completion and placement rates.

Table 17: Analysis of training programme budgets and their effects on learner completion and placement rates

Programme	Training Costs Per learner	Completion Rates	Placement Rates	Placement rate position
Services SETA Programme 1	R22,500	-	67%	4
Services SETA Programme 2	R18,413	-	53%	5
NSF Gauteng	R4,164	96%	96%	1
NSF Monyetla	R13,650	86.4%	89.99%	2
City of Joburg BPO Skills Hub	R13,900	-	39%	7
Calling The Cape NQF Level 2, Various Funders	-	-	46% (2 out of 4 programmes still underway)	6
DoL Gauteng South	R10,000	-	70%	3
DoL Western Cape (short non-accredited course)	R2,355	-	33%	8

Although information on completion rates was missing from most of the programmes profiled, what is clear from the data in Table 17 is that:

- two programmes that spent relatively “average” budgets ranging between R10,000 and R15,000 per learner experienced placement rates above 70 percent.
- the City of Johannesburg Skills Hub training also spent an “average” budget (R13,900 per learner) but experienced low placement rates, indicating that a lower cost per learner alone cannot guarantee high placement rates.
- on the other hand, low budget expenditure does not necessarily lead to low placement rates. NSF Gauteng and DoL Western Cape had significantly lower budgets (below R5,000 per learner), but placement results were significantly higher, with NSF Gauteng managing to place 96 percent of learners and DoL Western Cape only managing to place 33 percent. It is however, important to mention that both programmes were short courses and non-credit bearing but the NSF Gauteng programme had a longer duration and this could have influenced the placement rates.

8.1 Conclusion

Budget-size alone cannot be used to guarantee positive programme outcomes. It is evident that other factors such as training duration, project management and employer involvement need to be taken into consideration. Another important factor was that the large budgets were mainly for learnerships which are generally longer and, if the Services SETA is used as an example of this phenomenon, it should be kept in mind that the bulk of the money was spent on unemployed learners who are generally more expensive to train because of higher marketing and recruitment costs and the payment of stipends.

9. Analysis of programme duration

The research also tested whether training intensity measured by programme duration has any effect on the completion and placement rates of learners.

Table 18: Programme duration and its impact on completion and placement rates

Programme	Programme duration	Completion Rates	Placement Rates	Placement rate position
Services SETA Programme 1	-	-	67%	4
Services SETA Programme 2	-	-	53%	5
NSF Gauteng	-	96%	96%	1
NSF Monyetla	4 months	86.4%	89.99%	2
City of Joburg BPO Skills Hub	1 month	-	39%	7
Calling The Cape NQF Level 2, Various Funders	9 months	-	46% (2 out of 4 programmes still underway)	6
DoL Gauteng South	-	-	70%	3
DoL Western Cape (short non-accredited course)	15 days	-	33%	8

Although it was not possible to obtain complete information on programme duration, available evidence suggests that shorter training periods result in lower placement rates. The BPO&O Skills Hub and the DoL Western Cape programme, for example, recorded the shortest training periods and the lowest placement rates.

CallingtheCape recorded the longest training periods but a relatively low placement rate, although two of four programmes are still in progress and the placement rate might well increase once these training initiatives have come to an end.

If the numbers from DoL Gauteng South are correct and credible, they suggest that a relatively long training period (68 days in this case) results in higher placement rates.

The Monyetla programme which had a relatively long and intensive training programme experienced a very high placement rate of 89.99%.

9.1 Conclusion

The data suggest that programmes with longer and more intensive training periods are more likely to result in favourable outcomes (higher placement rates) because they cater for adequate theory and practical experience that leads to high degrees of work readiness. A case in point is the Monyetla Programme where employing companies were more willing to take on learners because they felt that the programme had adequately prepared them for employment¹⁰.

¹⁰ Monyetla Case Study Review Report, Business Trust 2008

10. Other salient factors that have an effect on programme outcomes

This section mentions other salient factors that have an impact on training outcomes. These factors are described in Table 19.

Table 19: Other factors that influence training outcomes

Factor	Description
Project Management: Commitment of programme/project office	This has shown to be an imperative for achieving outcomes. Commitment from the project office fosters good communication among stakeholders and provides a driver who ensures good deliverables of the project.
Placement drive that involves employer organisations.	Engaging employers, securing their buy-in and promoting a transparent project process has proven to be important and ensures greater placement prospects for learners. Employers like to feel a degree of involvement, rather than be bystanders in the process. Where employers are empowered and involved in the recruitment, selection and training of learners, results have been favourable.
Robust recruitment processes that involve employer organisations	Employers also want to feel that the best candidates have been recruited for the training initiatives using credible and contemporary recruitment processes and approaches. Employer involvement in recruitment has also proven to enhance placement opportunities during training and post completion.
Commitment to quality control processes	Sound quality control processes ensure that learners are evaluated consistently and effectively, and also increase the chances that learners will complete the programme. Best practice control processes also signal to employers that learners have undergone robust and quality training.

11. Summary of main findings

In the past eight years, a total of 33,482 learners have undergone various types of training in the BPO&O sector nationally at a total cost of R474,980,633. All of this training has been on the contact centre aspect of the BPO&O sector. An average placement rate of 74.1% has been achieved for all these learners. The majority of learners (19,620) were on learnerships that were funded by the Services SETA through its learnership grants and NSF projects. These learners include both 18.1 and 18.2 learners the majority (79%) of which were unemployed learners.

The study found that for the learnerships that were funded from the Services SETA's learnership grants, the average cost per learner was R22,500 and for those that were funded from the NSF allocations, the average cost was R18,413. It should be noted that because the majority of the learners that were on these learnerships were unemployed learners, these average costs would also include learner stipends, advertising, recruitment and selection process costs.

The next group of learners were on skills programmes which were largely funded through by NSF funding through the various and applicable funding windows. These programmes were mainly provincial, local government initiatives and targeted initiatives such as the Monyetla Work Readiness Pilot Project. Six programmes were reported which involved 36.6% of total learners that have been trained in the sector since 2001 with two of the programmes having an average of R13,775 cost per learner and training durations ranging from 1 month for the one programme to 4 months for the other programme¹¹.

Average placement rates for the two programmes that could be confirmed were 89.99% for the one programme whose training duration was 4 months and 39% for the programme whose training duration was 1 month.

The other 4% of learners underwent short courses ranging from an average cost per learner of between R2,355 to R10,000¹². Again, placement rates ranged from 31% to 70% with the programme that achieved a 31% placement rate having a training course of 15 days (no information was provided on the training duration of the programme that achieved a 70% placement rate).

In conclusion, since there are no figures to compare this training that has already been undertaken in the sector, the targets as outlined in the Business Trust BPO&O SSP business plan are used to get some perspective of the number of learners already trained. According to this business plan, about 35,000 people need to be trained between 2006/7 and 2009/10. Compared to these targets, the sector has, over the past eight years, trained 96% of the targeted number of learners that were targeted to be trained over a four year period.

¹¹ There was no sufficient information on the two other programmes and the one programme (GAS) has the number of learners from companies which have been approved for training but have not yet claimed the training grant. Results from the one project had not yet been verified by NSF GP at the time of writing.

¹² These were figures that have been received from the programmes concerned.