



***RESEARCH REPORT***

***Understanding perceptions towards stipends in HWSETA work-based training programmes: A reflection from HWSETA stakeholders (Learners, Employers and HWSETA representatives)***

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### **Disclaimer**

The views expressed in this report are that of the Author and not that of the HWSETA.

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## **Executive Summary**

It is without a doubt that practical work experience can increase the chances of finding employment. Previously, learners were either not remunerated or remunerated with a relatively small amount of money, resulting in those from previously disadvantaged backgrounds often limiting their participation in programmes and not being able to complete a programme. It is government policy that employers are required to pay individuals a stipend while undertaking a work-based training programme. However, this is an additional financial burden on employers, leading to some employers being reluctant to open their workplaces to learners for training purposes. Previous research has indicated that learners require adequate stipends to afford basic necessities. Thus, stipends play an important role in making sure that Sector Training Authorities (SETAs) achieve their training objectives. Currently, the stipend amount varies across employers, all 21 SETAs, and various work-based training programmes.

The purpose of this study was to understand stakeholders' (learners, employers and the HWSETA) perceptions towards stipends. The research sets out to investigate how stipends may have affected the learners' well-being and learner performance during their participation in the work-based training programmes. The study used a qualitative method, which entails conducting semi-structured interviews largely with learners.

There seems to be a general understanding that a stipend is not an allowance, which tends to be less formal, but rather a form of financial support. Individual learner backgrounds and contexts vary during the time in a work-based training programme, which determines what needs learners may have. The study found that learners apply for work-based training programmes through different means and therefore the employer is not a factor that influences their decision, neither is the stipend amount. In some cases, learners only know about the stipend amount offered once they receive an actual offer to sign. Learners stated that most of the money was spent on transport, particularly for those who are required to work and attend lectures at training centres during the month. Furthermore, the study reveals that learners do take the stipend as a form of motivation (attraction to apply). However, in some instances, learners were compelled to work without a stipend, merely to complete work experiential learning because it is a requirement to graduate.

One challenge faced by the HWSETA is that it is indirectly coerced into increasing stipends in some work-based programmes because, in some instances, some employers offer a top-up amount to learners. The research found that currently there is no policy to guide the determination of stipend amounts. Furthermore, no official benchmark has been conducted to allow for a comparison with other SETAs and employers.

The study affirms the value of stipends in the learner's well-being. Although stipends are primarily meant to support the learner's training process, they also appear to be an additional social-economic and welfare assistance to the students and their families. Expectations that the stipends be increased can be seen in this light. One critical positive is that stipends have assisted in the recruitment and learner retention in the work-based programmes. This is shown through reduced absenteeism and increased learner performance in the programmes.

The study recommends a benchmarking exercise to enable the HWSETA to compare its stipends against other employers and SETAs. There is also a need for a policy or standard operating procedure, which will enable a more structured process when determining stipend amounts. One of the recommendations is that the stipend amounts have to be increased to take into account the fact that many learners come from poor families, and they rely on stipends to participate in the programmes.

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## List of Acronyms

ATR	Annual Training Report
APP	Annual Performance Plan
DOL	Department of Labour
HWSETA	Health and Welfare Sector and Education and Training Authority
SETA	Sector and Education and Training Authority
SQMR	SETA's Quarterly Monitoring Reports
SSP	Sector Skills Plan
SOP	Standard Operating Procedure
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

## **SECTION 1: INTRODUCTION TO THE STUDY**

### **1.1 Introduction**

Over the years, there has been an increased demand for the provision of practical work experience for graduates, because the practical work experience has the opportunity to increase their chances of finding employment. In many cases, employers feel that graduates who have just completed their studies are not adequately equipped for the workplace.

The reluctance to employ graduates with no work experience compounds the unemployment problem. South Africa's unemployment rate was at 26.7% in the first quarter of 2018, but if we use the expanded definition it was at 36.7% (Khumalo 2018). Based on the fact that employers prefer to employ graduates with some work experience, work-based training programmes in the form of learnerships, internships and work-integrated learning (WIL) play a vital role in South African society as these instruments can provide learners with the opportunity to obtain practical work experience.

The Skills Development Act provides for the Sector Education Training Authorities (SETAs) to allocate grants to employers, education, and training service providers, workers and learners (Department of Labour 1997). Furthermore, all SETAs have the responsibility to fund work-based training programmes which are aimed at providing opportunities to individuals who require practical work experience as part of their qualification or to gain practical work experience to increase their chances of employment (Skills Development Act 1997).

In fulfilling their tasks, SETAs facilitated work-based training opportunities for learners and graduates. However, what emerged in the process was that those learners and graduates who came from poor communities and working-class families were absent from training sessions that were supposed to give them work experience. That had to do with the fact they were not receiving financial support to enable them to use public transport to participate in training programmes, resulting in the learners being absent from training sessions (Lawton and Potter 2010). While there is an agreement that stipends are desperately needed to support learners and graduates, the sticky point is what the amounts that would adequately support learners should be. How much should a learner participating in the work-based programme receive to enable him or her to complete the training and skills development programme?



It is understood that a stipend is not a full salary; its purpose is to assist a learner to meet very basic needs like transport. The principle for determining the value or the price of a stipend is that it should ameliorate the conditions of the precariousness of a learner to enable the learner to participate in the programmes organized by employers. It is understood that stress and financial problems negatively impact on the performance of individuals. This problem may lead to drop-outs and chronic absenteeism, leading to a waste of SETA resources. In the context of generalized limited resources, SETAs have to make sure that wasteful expenditure is reduced drastically.

However, perceptions towards stipends will vary depending on whether you are a learner, employer or an organization such as the Health and Welfare SETA (HWSETA). Some learners may perceive and regard a stipend as a source of income that acts more as an enabler so that they can afford transport between work and home – an opportunity to get where they need to be. Other learners have additional expenses to pay for from their stipend, thus needing to stretch the stipend (which may not be enough) to cover all expenses or last the entire month. Such a learner may accept that a stipend is an enabler, but in addition to transport, he/she requires money to cover accommodation or groceries. The employer and HWSETA's perspectives will vary about what amount is considered reasonable. However, it would be difficult to accommodate all individual needs.

This study is concerned with stakeholder perceptions towards stipends. To this end, three stakeholders are identified, and they are learners, employers and HWSETA representatives (employees, managers, and board members). The stakeholders are both internal and external stakeholders. Employers and trade unions are internal stakeholders because they have a stake in the workings and the functioning of the HWSETA. On the other hand, employers can also be regarded as external stakeholders, because they are connected with external sites on which the training of learners takes place (Zimmer 2015).

It is of interest and benefit to the learner as a stakeholder to have the stipend amount increased, as it impacts learner well-being. The employer as a stakeholder could also want to see stipend amounts increased as this will attract more learners and have a direct impact on learner retention. Furthermore, this would reduce absenteeism and increase performance. The HWSETA as a stakeholder understands that any decisions made will have both intended and unintended consequences. In cases where employers have to contribute directly to stipends,

they are unlikely to respond with enthusiasm to measures which would impact negatively on their budgets and overheads. The HWSETA as one of the key stakeholders understands that it has to conduct a balancing act that seeks to meet the needs of all stakeholders. Therefore research that consults and engages all stakeholders will help HWSETA to make a research-based policy decision.

The Health and Welfare SETA (HWSETA) implements a number of work-based training programmes namely internships, learnerships, WIL programmes, and apprenticeships. The HWSETA work-based training programmes are structured to provide learners with practical work experience in a particular occupation. It has to be noted that some programmes may also have a theoretical component. These work-based training programmes are implemented through employers in the sector by means of the provision of funding. Depending on the type of work-based programme, the funding provided covers tuition and stipends for learners. The total amount funded per learner is determined by the HWSETA, and this includes the stipend amount. Employers do not set their own amounts for stipends. Should employers wish to offer a higher monthly stipend, they may do so by adding an extra amount to top-up the initial amount paid by the HWSETA. Stipend amounts vary across SETAs and even amongst employers within the sector.

Thus a need was identified to conduct a study on the perceptions towards stipend amounts. For purposes of this study, a work-based training programme refers to all HWSETA programmes that provide practical work experience and offer a stipend to learners. Also for purposes of this study, a learner is an individual who has participated and completed an HWSETA work-based training programme (internship, learnership, and WIL). Based on the above background to the study, the research focuses on understanding stakeholder perceptions towards stipends in HWSETA work-based programmes.

## **1.2 Rationale of the study**

There is no doubt that practical work experience can increase the chances of finding employment. It was determined that stipends play a major role in learner performance during skills development programmes which seek to give learners work experience. Lack of financial support in the form of stipends affected learner from poor household negatively, especially in

the context of generalized unemployment and poverty. Employers, according to policy, are required to pay individuals a stipend while undertaking a work-based training programme (Department of Public Services and Administration, n.d.: Department of Labour, 2001). This research seeks to solicit views, opinions, and perceptions of the mentioned stakeholder towards stipends. The aim of the exercise is to help the HWSETA to formulate a research-based policy on stipends for learners.

While for some a stipend may be considered an additional resource (or a bonus), for others it could be a form of income to alleviate financial pressure and afford them the opportunity to successfully complete their work-based training programme. If the intention of work-based training programmes is to offer practical work experience then it is important that all individuals should be provided with the support required to complete their training. Thus, it is important to gain an understanding with regard to perceptions towards stipends in HWSETA work-based training programmes.

### **1.3 Problem Statement, Aim and Objectives**

#### 1.3.1 Problem statement

The research project sought to solicit views and perceptions of employers and learners on stipends for the learner who are participating in the HWSETA's skills development programmes. It has been established that learners who do not have adequate financial support tend to drop out of programmes. In other instances, learners from disadvantaged backgrounds do not participate consistently in programmes, because they have no money for transport, and this contributes to chronic absenteeism in programmes. Therefore, the study aims to understand from various stakeholders the role of stipends in the training programmes. In other words, do stipends play a major role in the success of training programmes funded by the HWSETA. If yes, how so? Do learners use stipends for other basic needs?

#### 1.3.2 Aim

The aim of this study is to understand the stakeholder perceptions towards stipends in HWSETA work-based training programmes.

#### 1.3.3 Objectives

The objectives of the study are as follows:

- To determine learners' perception of stipends towards HWSETA work-based training programmes.
- To investigate how stipends affect the learner's well-being during the work-based training programme.
- To determine the HWSETA employers perspective towards stipends in HWSETA work-based training programmes.

### **1.5 Overview of the study**

The study consists of five sections. Section 1 introduces the study, presents the rationale, aims and objectives; and an overview of the report. Section 2 presents a review of the literature, which covers the main concepts and context of the study. Section 3 outlines research methodology, sampling method, data collection and analysis. Section 4 provides the analysis of findings and discussion of the findings. Lastly, Section 5 presents the summary, conclusion and recommendations.

## **SECTION 2: LITERATURE REVIEW**

### **2.1 Introduction**

This section begins with a brief discussion of the concepts and definition of work-based programmes, learners, employers and the HWSETA. This is followed by a discussion on the institutional and policy context.

### **2.2 Conceptions and definitions**

The White Paper on Post-school Education calls for employers, SETAs and post-school education institutions to provide graduates and learners with the space to engage in work-based learning platforms. DHET (2013: xvii) elaborates:

The design of training systems, including curricula, requires close cooperation between education and training providers and employers – especially in those programmes providing vocational training. In areas of work such as the artisan trades, apprenticeships have traditionally been the pathway to qualifications; however, the apprenticeship system has been allowed to deteriorate since the mid-1980s, resulting in a shortage of mid-level skills in the engineering and construction fields. Re-establishing a good artisan training system is an urgent priority; the current target is for the country to produce 30 000 artisans a year by 2030. It is also important to expand other forms of on-the-job training, including learnerships and internships in non-artisan fields. The SETAs have a crucial role to play in facilitating such workplace learning partnerships between employers and educational institutions.

However, employers seem to demand work experience from learners and graduates who have completed their post-school education. According to Goldberg (2018: 32):

Most organizations demand that employees have work experience in addition to a tertiary qualification relevant to the organization's line of business. Consequently, it has become increasingly necessary for post-school educational institutions to provide both key elements. However, as many tertiary institutions still do not offer students the opportunity to gain practical, hands-on experience, graduates need to explore different avenues to achieve both practical and academic knowledge.

The fact that universities and other tertiary education institutions do not provide students with space to gain practical work experience compels organizations like the HWSETA to facilitate the practical learning experiences for learners. However, facilitating work-based learning for

learners includes making sure those learners, especially those from poor families, receive a payment of stipends to cover transport costs and other items. Koyana and Mason (2018:187) state:

A challenge expressed by the interns was that the workload was too heavy and the hours too long for the small stipend that they earned. The monthly stipend of R3, 500 (\$220) has not changed since 2008 and thus fails to factor in inflation and the needs of millennials, such as airtime and data for digital communication needed for job searches. These commodities, though essential, are very expensive in South Africa.

There is an argument that the failure to disburse funds and stipends is most likely to contribute directly to learners who are part of the work-based training programmes dropping out (Kanyane et al. (2017). In the context of chronic unemployment and generalized poverty, a stipend becomes a crucial source of income for learners coming from poor families. A stipend is a form of compensation to learners for the hours worked. As per Department of Labour (2007) policy, a stipend should be a percentage of the salary an individual would one day earn. However, the learner's well-being, according to research, is just as important and should not be compromised. Research has argued that there is a link between well-being, job satisfaction, work engagement, salary and promotion. More importantly, results have shown that well-being has a positive correlation with job and salary satisfaction (Hu, Cui and Wang 2016). Therefore, it could be argued that although a stipend cannot be a full salary, it has the potential to influence learner well-being positively.

Perceptions towards stipends refer very much to what stakeholders understand the purpose of a stipend to be. It could be argued that stipends are intended to offer some financial assistance to cover basic necessities such as transport. However, basic needs and individual backgrounds may vary. Thus, perceptions with regard to what amount is considered fair too will vary. The same could be said about employers and HWSETA representative perceptions. An employer may perceive a stipend amount as low or fair based on the challenges an employer is experiencing.

#### *Work-based training programmes*

Work-based training programmes without a doubt have an important role to play for the unemployed and thus should remain. Work-based programmes provide valuable work experience, which in turn increases the chances of finding employment (Mahlali 2016).

Furthermore, there is value created with regard to contacts one can access, particularly for individuals from previously disadvantaged backgrounds and communities, thus eliminating the barriers such as no experience and lack of access to networks and information (Skosana, Amisi, Maseko and Lukwago-Mugerwa 2016). All these factors combined ensure that the less fortunate can compete with their counterparts (Lawton and Potter 2010).

### *Learner*

A learner is considered an employee, and within the context a provision is made that a learner should be afforded the same rights and treatment as other full-time employees (Basic Conditions of Employment Act 1997). With this, they are expected to work full-time like any other paid full-time employee. Also, there are expectations for learners to conduct and complete work as any other full-time employee would contribute towards set objectives. Stipends should be paid because, as mentioned, it enables the less fortunate to gain the necessary experience which allows them to join the job market (Lawton and Potter 2010). However, the work and value they contribute towards an organizational objective are done for free or at a fraction of the salary. The disadvantage of unpaid work or a very low salary is that it potentially creates a form of exclusion.

In this study, a learner is conceived to be an individual who has participated and completed an HWSETA work-based training programme (internship, learnership or WIL). A learnership is a learning programme that comprises of theoretical and practical components. The employer, training provider and learner are required to sign a learnership agreement. Internships aim to provide individuals with practical work experience. A WIL programme places a learner with an employer to gain practical work experience as part of their qualification and requirement to graduate (HWSETA n.d.).

### *The Employer*

An employer is an organization that has been allocated an HWSETA discretionary grant. To apply for an HWSETA discretionary grant, an employer must comply with all requirements in Section 6.1 of the HWSETA discretionary grant policy. Some of the conditions to be met include that an employer should be registered with the commissioner in terms of Section 5 of the Skills Development Levies Act, or is exempt from registration or has submitted a Workplace Skills Plan (WSP) and Annual Training Report (ATR), (HWSETA 2015). Employers vary from small to medium and large organizations. The sector consists of

organizations that operate within human health, animal health and social development. The human health sub-sector consists of both the private and public sector. The private sector consists of private hospitals, private practices and the medical insurance industry. The public sector consists of the nine provincial departments, hospitals, district health services and state health and research institutions. The social development sub-sector is divided between the government sector and non-governmental sector. The government sector includes the provincial government departments and government agencies. The non-governmental sector includes non-profit organisations, private social work practices, and the corporate sector. In addition to these entities is the pharmaceutical industry (HWSETA 2017).

### *Health and Welfare SETA*

According to the Skills Development Act (1998), the HWSETA is required to develop and implement a Sector Skills Plan (SSP) for the sector. Part of this role involves funding various training programmes through the discretionary grant. Currently, the HWSETA implements a number of training programmes. However, for this study, the focus will be on work-based programmes, which include internships, learnerships and WIL programmes.

### **2.3 Stipends Institutional Policy Context**

As already mentioned, the HWSETA is required to implement its SSP. The SSP not only takes into consideration skills shortages of the sector but also the national strategic goals as set out in the National Skills Development Strategy (NSDS), not forgetting that the WSP data is used to provide insight into the sector needs. Thus the allocation of grants for the different HWSETA programmes occurs through the identification of the sector needs and strategic goals (HWSETA 2015).

Currently, employers in South Africa are required to budget and pay an allowance to learners for hours worked (Department of Public Services and Administration n.d.; Sectoral Determination No. 5: Learnerships, 2001). An allowance is “money paid or payable to a learner in respect of ordinary hours of work or, if they are shorter, the hours a learner normally works in a day or week” (Department of Labour 2001: 5). According to the Department of Labour (DOL), the allowance amount paid to learners should be guided by factors such as the NQF level, credits already earned (how advanced a learner is with their qualification) and a



percentage of the entry-level salary an individual would receive after completing their studies (Department of Labour 2007).

The HWSETA, in addition to using the guidelines as set out in the discretionary grant policy, is further guided by the DOL. It conducts a benchmark against other SETAs and assesses its budget to arrive at a final allowance amount. What should also be taken into consideration is that there is an intended aim of an allowance and there are perceptions a learner may have regarding the purpose of an allowance. A stipend intends to afford learners that opportunity to see it through and pay their way through a work-based programme (Lawton and Potter 2010). This allowance could be enough money to afford transport for their daily commute to the workplace.

There are also learner perceptions regarding an allowance. For instance, some learners may expect a stipend to pay for transport while other learners may have additional expenses they need to cover. This creates tension in terms of how much they feel an allowance should be worth. A positive (albeit unintended) effect is that stipends can in some instances alleviate poverty and generate an income especially for the less fortunate families (Skosana et al. 2016). It would be a difficult and complex exercise to determine what stipend amount would be appropriate or sufficient to pay a learner as learner profiles may vary. A learner's profile does not include their economic standing nor their understanding, will, and determination to complete a work-based programme. As such, it is the purpose of this study to understand stakeholder perceptions towards stipends in HWSETA work-based training programmes.

## **SECTION 3: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The study adopted a qualitative research methodology, which is concerned about an in-depth understanding of a phenomenon. We set out to examine the learners, the HWSETA, and employers' perception and views on stipends in the context of workplace-based learning. A qualitative approach was suited for the study, largely because we did not have enough time and space to conduct a survey which would have allowed us to gauge statistically the views of stakeholders on stipends. This section of the study discusses methodological questions by presenting our approach to our qualitative research. This is followed by a discussion on a target population and sampling issues.

### **3.2 Qualitative Method**

A qualitative method is a research approach, which seeks to understand data through a deeply intense and holistic overview of the context under study, often involving interacting within the everyday lives of individuals, groups, communities, and organizations (Gray 2009). Campbell (2014: 1) concurs and further says,

A researcher that selects a qualitative research method collects open-ended, emerging data that is then used to develop themes. This method allows for a study of an exploratory nature. The exploration and discovery of data via a qualitative research method often indicate that there is not much written about the participants or the topic of study. Some of the characteristics of qualitative research include taking place in a natural setting, using multiple methods that are interactive and humanistic, emerging data rather than prefigured data, and being fundamentally interpretive.

We set out to develop an understanding of the perceptions of learners, the HWSETA and employers to stipends. Given the time constraints and the availability of stakeholders, we opted for a qualitative approach, which enabled us to solicit detailed narratives on perceptions of stakeholders to stipends.

### **3.3 Sampling Method and Target Population**

The target population for this study is HWSETA stakeholders, which include learners, employers and HWSETA representatives (employees). These groups were identified as stakeholders as they have an interest in the study results and may be impacted by the outcomes. Therefore, it would be important to gauge their perceptions with regard to stipends.

For the study, learners who had completed any HWSETA work-based training programme in the past 12 months (2016/17 financial year) were identified as potential participants. Based on the SETA's Quarterly Monitoring Reports (SQMR) data set, the target population size is 2747 for all work-based training programmes completed in the proposed timeframe of 2016/17.

For the study, two HWSETA representatives were identified as they play a role in the grant allocation process and the determination of stipend amounts in all HWSETA work-based training programmes. Therefore, the results of the study may or may not have an impact on the HWSETA. The two key individuals both agreed to participate in the research study. Employers refer to all those who participated in and trained learners in work-based training programmes in the 2016/17 financial year. A total of 135 employers participated in work-based training programmes in all nine provinces across South Africa.

The study used stratified sampling as a sampling technique. In stratified sampling, the population is partitioned into groups called strata, and sampling is performed separately with each stratum (Rossi, Wright and Anderson 2013). The target population for learners and employers was divided into the three work-based programmes (learnerships, internships, and WIL). From a target population of 2747, the proposed sample was 135 surveys. However, only ten telephonic interviews were conducted with learners who were part of the HWSETA programme.

The learners were stratified by the type of work-based training programme i.e. learnerships, internships and WIL. Within each of these strata, random sampling was used to select participants for in-depth interviews. For the interviews, the researcher proposed ten interviews with which all ten were conducted.

As only two HWSETA stakeholders were identified from the HWSETA, both were requested to participate in the research study, and both agreed to participate. However, only one was able to do so. The employers were also stratified from the three different work-based training programmes, namely the learnerships, internships, and WIL. The three employers were the Netcare Group, Life Healthcare and the Gauteng Department of Health. Out of the total of 135 identified, a total of 10 in-depth interviews were proposed. However, employers were not available to participate in the study.

### **3.4 Data Collection and Analysis**

The type of interview conducted in the study is the semi-structured interview, which entails formulating questions that seek to guide interviewees when answering questions. Questions asked covered biographical details of interviewees, their placement in programmes supported by the HWSETA, their views on stipends, and their proposals. The semi-structured interviews do not have a rigid style of questioning and are suited for smaller-scale research (Drever, 1995). Ground to be covered in the interview process is defined; however, there is always some space for interviewees to discuss additional issues, but within the framework and questions posed by an interviewer.

Ten telephonic semi-structured were conducted with the learners who took part in the programmes supported by the HWSETA. In addition to that, one in-depth interview was conducted with an HWSETA representative. All interviews were recorded with the respondents' permission, and all recorded interviews were transcribed.

The data in the form of semi-structured interviews used an inductive approach which is not based on a preconceived theoretical framework. We wanted to develop themes and issues based on what was being shared by interviewees without imposing a particular framework. Content analysis, which entailed reading transcripts more than once with the view to code and isolates themes (Bezuidenhout and Cronje 2014), was done subsequent to the interviews.

Reflecting on interviews, coding and a thematic approach to analyzing interviews, Smith (2011) contends that coding entails selecting words or phrases that seek to respond to research questions and research aims. Coded responses are then grouped together to formulate themes

that also respond to the research question. Examples of these themes are attitude to stipends, choice of employers, amounts of stipends and uses of stipends.

### **3.5 Limitations of the study**

Initially, the aim was to reach a huge number of learners and employers, however, due to time constraints, this was not possible. Mainly, employers were not interviewed, because they were not available. But, ten semi-structured interviews were carried out. In addition to that, one face-to-face, an in-depth interview was conducted with an HWSETA representative. The interviews were between 15-25 minutes and learners were given more time to elaborate.

## SECTION 4: ANALYSIS OF FINDINGS AND DISCUSSION

### 4.1 Introduction

This section presents the analysis of findings, starting with learners then followed by the HWSETA representative. For the learners, the analysis covers work-based experience, choice of employer, stipend amount and usage, and perceptions towards stipends. The section concludes with a discussion on findings.

### 4.2 Analysis of findings

#### 4.2.1 Learners

The ten learners who participated in the study completed various HWSETA work-based training programmes (learnerships, internships and WIL). The duration of the work-based programmes was 12 and 18 months. The learners conducted their work-based training programme with employers in the health sector, namely the Netcare Group, Life Healthcare Group and the Gauteng Department of Health.

#### *Overall work-based training programme experience*

On the question of the overall learners' experience in the HWSETA work-based training programmes, it appeared that most of the learners were appreciative and thankful for the learning opportunity. Some mentioned that they had learned a lot and reported that the programme was a good experience for them. They had enjoyed themselves during the work-based training programme. The learners also indicated that employees were also considered as helpful in the learning process:

*My experience was interesting actually. At first, it was something new and [a] new environment, and I was kind of asking myself will I be able to complete this, because it wasn't easy to do. It wasn't easy at all. I grew to understand and began to enjoy what I was doing. So I am happy actually (interview, 28 March 2018).*

Stipends, among other things, were identified as a challenge. The stipend amount and delayed payments proved to be the most common challenges. The consequence of delayed payments was that learners were not assisted in time with payments for transport, rent, etc.

### *Choice of employer and the role of a stipend*

The question of the important factors that would influence learners' decision-making when identifying which organizations to apply to for work-based training programmes included a look at the perception of the stipend amount offered by employer organizations.

The research found that learners applied for work-based training programmes to gain experience. Furthermore, the learners identified and applied for work-based training programmes through various methods which included applying directly to the employer. Firstly, some learners came across a formal advert in the newspaper and applied for the work-based training programme. Secondly, other learners heard about the work-based training programmes through word of mouth and submitted applications. Thirdly, some stated that as a requirement to graduate they were required to conduct WIL and thus applied and submitted their applications through their various colleges. Lastly, some learners were approached by the employer and introduced to the work-based training programme. What had occurred in this context, was that the previous employer was facing bankruptcy and forced to close their doors. The work-based training programme was introduced to employees in an effort to keep them employed:

*How I got this internship was through my college. I actually didn't have a choice. Like I couldn't choose maybe I wanted to go to infrastructure or private or whatsoever ... (Interview 28 March 2018).*

Those who applied directly to the employer stated that they had always been attracted to the organization or were aware of the growth opportunities even before they became aware of the work-based training programme. Others said the work-based training programme was relevant to their field of study. Most learners heard about the opportunities through word-of-mouth.

What was of interest to note was that either the stipend amount was mentioned in the interview, or learners only became aware of the amount after they had been shortlisted and given a contract to sign. This detail was not known when they submitted their applications at various locations.

### *Stipend amount and usage*

The learners reported receiving a stipend amount of between R1,000 and R3,000. The stipend was used to cover expenses such as transport, rent, groceries and toiletries. There were some learners saving up to further their studies or pay off debt from their educational institutions. Other learners said although they were provided with uniforms they would use the money to buy proper work shoes.

From the list of expenses, transport was mentioned as taking up the biggest portion, particularly for learners in learnerships as they would have to cover travel costs to school every month in addition to work. Although many reported that they were based at offices or branches within a reasonable distance from where they had been living, the learning centres were far for others. This made financial assistance from family and friends a necessity.

There was a need for financial assistance. Some learners cited that the stipend wasn't enough to cover all expenses and last the entire month and thus extra cash was required, often towards the end of the month. Those who did not have access to financial assistance through family would create their own second income through legitimate means.

*I personally have some business things, such as selling...I have two kids, I have a wife, and I am the breadwinner. My mum is not working, and everyone is depending on me (Interview 27 March 2018).*

### *Perceptions towards stipends*

All the learners agreed that receiving a stipend provided welcome encouragement. According to some, the amount was small, but the situation would have been worse without a stipend. Most were grateful and stated that it made a difference and helped them a lot. Due to receiving the stipend, there were fewer factors that learners needed to be worried about. The stipend created a safety net because there was an amount that could be expected (and depended on) every month. This offered some peace of mind as it reduced the burden on family particularly for those who were still dependent on their family. The stipend also allowed for mobility that may not have been possible.

Some learners indicated that their experiences would have been the same even without a stipend. This applied mainly where the experience was a requirement to graduate. These learners were more concerned about completing their WIL and therefore may have been under



pressure to volunteer or work for free to graduate. One learner stated how she had volunteered even after the work-based training programme had ended to continue the learning experience:

*It was still going to be the same because after our contract ended, I decided to go back and volunteer (Interview 28 March 2018).*

The opinion was not unanimous. While some learners report that they would have taken the opportunity even if they had experienced transport challenges (by not having a stipend), others said that they were likely to have given up and dropped out had no stipend been provided:

*No, it wouldn't be the same. It would be harder if I wasn't getting the stipend because I have a family and sometimes I can't come to work (Interview 27 March 2018).*

Learners stated that receiving any stipend amount is important and is a form of support. Some learners see it as a form of motivation to keep working and pushing hard to complete their work-based training programme. However, the stipend amount matters and should be a reasonable amount as this would reduce stress and unnecessary worry over money. One learner stated that if you are desperate enough, you will take the offer because you may not have other alternatives especially if you have no income:

*Yes, it is important. Like through my experience with my fellow colleagues, some of them had totally nothing. It was difficult for them to concentrate at work. Sometimes you can't come to work because at home there is no support. So for them, I think that stipend it was a need... (Interview 28 March 2018).*

The learners also said that an amount of between R3,000 and R4,500 could be considered as reasonable especially with the increase of VAT coming into effect on 1<sup>st</sup> April 2018:

*Yes, it is important. Because as much as you need experience, you also need something that is going to motivate you and help you throughout the programme. I think R3,500 to R5,000 at least. Because there are people who are staying very far. And 50% of their stipend like they can spend it on transport (Interview 29 March 2018).*

It has been reported that stipend amounts result in drop-outs in many of the HWSETA work-based training programmes. Therefore, some employers offer an additional amount to top-up the stipend. None of the learners knew whether their employers were contributing towards the stipends they were receiving.

#### **4.2.2 HWSETA stakeholders**

The HWSETA representative (Projects Manager) interviewed is responsible for the management of discretionary grants projects which mainly aim for the skills development of the employed and unemployed within the health and welfare sector. These include bursaries for the employed and unemployed, and WIL and internships.

##### *Grant allocation process*

In this section, the HWSETA representative was asked questions about the process followed when allocating grants to determine how the number of learners to be funded were identified as this has budget implications.

What the study found was that the budget to be made available for funding would be decided upon at a higher level. In addition, the number of learners to be funded would also be proposed through a top-down approach. This limited the involvement of the HWSETA representatives through this process. The number of learners to be funded would then be decided upon based on the Annual Performance Plan (APP). The role of the HWSETA representatives would be to determine the feasibility and practicality of funding the number of learners proposed based on budget and previous working knowledge and experience. From this, they would either agree or disagree with proposed targets.

In addition to budget availability and the APP, this would provide further guidance with regard to how the budget would be split among the various HWSETA programmes. Various sources, which include the APP and the HWSETA Sector Skills Plan annual update, determine the prioritization of various programmes.

##### *Calculation of stipend amounts*

In this section, the HWSETA representatives were asked how the stipend amounts for various programmes were determined by the HWSETA. Before each stipend amount is calculated, all programmes including work-based training programmes are broken down by NQF level. It was reported that stipend amounts will always vary across programmes based on NQF level. What you also find is that learners are at various stages of their studies when they participate in a work-based training programme. This too is taken into consideration. Learners who have

graduated will not receive the same amount as those conducting their work-based training programme to graduate or as part of their qualification.

The next step is to review the grant allocation in terms of how the budget will be split amongst the various HWSETA programmes. This will determine how much funding will be made available to each programme including stipend amount further determined by the NQF level. Therefore, stipend amounts can vary from year to year.

Through experience, a challenge identified is that one employer may host learners for the same work-based training programme. However, within a group of learners, it is possible for funding to occur from various sources. Thus in one group of learners, it is possible to find that some are funded by the HWSETA; others by the employer or other SETAs; or even a combination of employer, HWSETA, and other SETAs. When another SETA or the employer offers a stipend that is higher or lower than what the HWSETA is offering, it creates tension and conflict. As a consequence, the HWSETA has in the past had to increase stipend amounts for some of its programmes.

Currently, the HWSETA does not have a policy or guideline with regard to determining how stipend amounts should be calculated and allocated to various programmes. Furthermore, no official benchmark exercise has been conducted by the HWSETA to assess current alignment with employers in the sector and other SETAs (HWSETA, Projects Manager).

## **4.3 Discussion**

### **4.3.1 Learners' perceptions**

Overall, the learners reported that the work-based training programmes were laudable and a fruitful learning experience, notwithstanding the challenges from delayed stipend payments for some. However, it was unclear as to whether these could be attributed to the employer or the HWSETA. Even though some learners may have considered the stipend amount to be little, it was accepted as the reality. More importantly for some, the reality was that the work-based training programmes were a requirement to graduate or complete their learnership and thus there was not much of a choice when it came to stipend amounts.

When learners read an advert placed in a newspaper, they receive the message and react in a number of possible ways primarily based on the information available to them. An individual may choose to apply for a work-based training programme for a number of factors such as the appeal of the organization itself, the opportunity offered, the stipend amount offered and the duration of the programme. As some learners were applying through their colleges to complete WIL to graduate they would accept any opportunity offered. Furthermore (and as previously stated), the stipend amount was either mentioned only at the time of the interview or when the learner received a contract. The implication of this is that the potential influence a stipend amount on learners' decisions to apply for a particular work-based programme is negligible.

For many individuals, after time and effort had been put towards the recruitment process, they may have accepted the stipend amount offered rather than delay and be deterred by the amount. Of course, for others, participating in a work-based training programme is a form of gaining experience – and an income. These may indeed have applied for a work-based training programme mostly because of the stipend's appeal.

Most learners stated that transport as a monthly expense utilized the biggest portion of their stipend. The remainder of the money may at times not have been sufficient to last through the month. The usage of the stipend is complicated by a learner's circumstances. Learners, like all of us, come from different backgrounds and this either facilitated learners through the training or frustrated them. Some learners were able to obtain financial assistance from family and thus minimize financial stress, while it was reported that others became so stressed it was evident in their behaviour: towards the latter part of the month, they would not at times report for work.

There is no doubt that stipends do offer some form of encouragement and that without a stipend, those less fortunate may not be able to participate. Without the experience, this would reduce their chances of finding employment. The overall attitude of the learners is that a stipend is a form of assistance or motivation to keep going. Some take any offer out of desperation. Therefore, a stipend of any amount is considered important, although an amount should be reasonable enough to alleviate financial stress and burden from individuals.

#### **4.3.2 HWSETA representative perceptions**

Currently, the grant allocation process is conducted from a top-down approach rather than a bottom-up approach, and yet the grant allocation process plays a vital role regarding how the

budget is split and how it is split across various programmes. This approach limits the involvement of the HWSETA representatives. Challenges have been experienced by employers and learners with regard to variations in stipend amounts. As a result, the stipend for some programmes has been increased.

Currently, there is no policy or standard operating procedure which has the potential to minimize what some would consider a subjective exercise. This would create a more structured process informed by various sources. The HWSETA has not conducted an official benchmark, and therefore, no real comparison is available to determine and aid understanding about where the HWSETA is currently positioned in comparison to employers and other SETAs.

There also is no clear indication of where the HWSETA would like to be positioned. Would the aim of such a policy or guideline be led by the intention to provide quantity or quality training? Perhaps there is a need to relook and reframe the understanding and purpose of the stipend amount.

## **SECTION 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1. Introduction**

The study has been an effort to understand what stakeholders think about the (perceived and actual) value of the financial resources that are meant to support learners during their participation in the work-based programmes. What is pleasing is that the overall experiences of and perceptions about the stipends tilt the balance in favour of the offering. With the high levels of inequality and poverty in the country, it has become more than essential to some students in that its use extends beyond the student to the family's needs. The study confirmed the extended use of the stipends from the learners (i.e. transport) to their families (i.e. food). This conclusion has an implication that there is a need for an increased stipend amount to alleviate financial pressure for students.

### **5.2 SUMMARY**

Overall, the study reiterates an appreciated partnership and relationship amongst the learners, employers and HWSETA representatives (employees, managers and board members). As much as they are separate entities, individuals or groups of individuals with their specific interest, the stipend's connection has given them an extended appreciation of their role and impact in the labour market. Their interactions around the stipend payments have extended their view as individuals and organizations, and dealing with learners has affected how they redefine their mandate and make decisions. Mainly, for the internal stakeholders such as programme managers, the executive and the Board, the findings should reactivate a sense of purpose in that the impact of the stipends is now known.

The study affirms the value of stipends in the learner's well-being. One critical positive is that stipends have assisted in the recruitment and learner retention in the work-based programmes. This is shown through reduced absenteeism and increased learner performance in the programmes. And although the stipends are primarily meant to support the learner's training process, stipends seem to be an additional social-economic and welfare assistance to the students and their families. As such, an increase in the stipend amount contributes more widely to the learner's world and purpose. As such, there is hope that the stipends will be increased.

Although there are more positive indications of efficiency, there are also a few areas of concern. Amongst these is that in the HWSETA there is currently no policy or standard operating procedure (SOP) which has the potential to minimize what some would consider a subjective exercise. This would create a more structured process informed by various sources. Along with this deficiency is that the HWSETA has not conducted an official benchmark, and therefore, no real comparison is available to determine and aid understanding about where the HWSETA is currently positioned in comparison to employers and other SETAs. This implies that the HWSETA is not clear on how it positions itself among its peers. Both the policy and SOP (serving as regulations and procedure) would consolidate and guide the HWSETA's intentions to provide excellent service for entry into the labour market.

### **5.3 CONCLUSION**

It is undeniable that the work-based programmes provide valuable work experience, which in turn increases the chances of finding employment (Mahlati 2016). More so, given the perceptions of low standards of education and training, the role of WIL programmes is even more essential to help make learners be competitive. Having well-exposed learners, with a good blend of theory and practical experience, gives the economy a competitive advantage in that they feed into the production of quality services and products. A capable workforce is encouraging to investors in that they will get a return from what they put into the economy.

The study confirms that the stipend contribution extends beyond exposing learners to the workplace: it further eliminates the barriers such as no experience and lack of access to networks and information (Skosana et al. 2016). In addition to gaining valuable experience, learners naturally develop their non-cognitive abilities and this enhances their chances of being productive citizens in the labour market and in their social and domestic lives. Furthermore, there is value created with regard to contacts one can access particularly for individuals from previously disadvantaged backgrounds and communities.

What has also been revealed by the study is that the HWSETA is dependent on the guidelines set out in the discretionary grant policy. This is, however, providing not to be adequate, hence there is a need to reconsider strengthening the policy provisions to ensure that the HWSETA is competitive and effective. The availability of budget (actual amount) may not be a fair justification to arrive at a final allowance amount to be paid to learners. Things such as the

value of that training, the type of occupation (scarcity), and learner background (learner profile) may need to be some of the considerations when assessing and approving stipends/allowances. For example, learner transport needs and affordability seem to be essential matters that need consideration for the daily commute to the workplace. Therefore, a learner's profile should help arrive at a certain broad understanding of the learner's economic standing.

There are clearly a set of unintended effects of stipends, but for the most part these are good in that some learners use the stipend to alleviate their broader poverty and generate an income while they acquire essential practical experience. Nonetheless, the study also points to the need for control – or certainly guidelines – on how learners use their allowances since they are primarily meant to ensure their effective participation and completion of the work-based programme.

#### **5.4 RECOMMENDATIONS**

It is clear that the stipends offer practical support in the form of covering transport expenses. They also motivate learners to participate in the HWSETA programmes. Although the amounts received by learners may not be adequate in some situations, they do encourage the learner to partake in work-based learning programmes. Stipends and the work-based programmes provide learners with opportunities to enter the formal labour market in South Africa, especially those learners who are from poor families.

##### *Increased the Amount*

With the ever-fluctuating economy and increased living expenses, one key and justified recommendation that the stipend amount needs to be increased. Given the levels of desperation and need to participate in the work-based training programmes, most students have accepted the amounts offered. However, this understanding should not be a justification for not increasing a budget for stipends. Despite challenges with stipends, those who have to go through such programmes find them fruitful as a learning experience and preparation for work.

##### *Refine Payment Systems*

One of the findings of the study relates to the challenge of delayed stipend payments for some students. As much as it was unclear as to whether these could be attributed to the employer or the HWSETA, all stakeholders must ensure a smooth transfer of funds to students. Addressing



this challenge will enhance the impact of these work-based training programmes in that students will not waste time worrying about funds but will focus on absorbing the experience. This calls for more transparency and improved communication between students, employers and the HWSETA.

#### *Transparency in Recruitment*

As the study had found that students are eager to participate in the work-based training programme, it is important to give them all basic and relevant information, including the financial amount of stipends. This will help them make informed decisions and reduce the possibility of unfounded expectations amongst learners. In this way, the most dedicated learners will be recruited. Any review of the recruitment process should include this consideration of upfront information about the stipends because lack of information has the potential to trigger frustration such as dropping out and absenteeism emanating from unmet expectations.

#### *Strengthen Employer support*

It is clear that the work-based training programmes are essential in facilitating the transition from training to the workplace. Building from the narrative of “making every workplace a Training Space”, more investment must go into making the workplace more learner-friendly and ensuring that support to the employers is guaranteed as a long-term incentive for stability and certainty.

#### *Review the HWSETA Discretionary Grant Policy*

A review of the HWSETA Discretionary Grant Policy is recommended in order for it to integrate the guidelines and outline of the stipends funding model of the work-based training programmes and projects. In doing so, the HWSETA will have a sustained practice which will outline the clear process and standard approach to the payment of stipends amounts.

#### *Further recommendations*

Other recommendations made were to increase the footprint of the HWSETA programmes and review existing entry requirements as these may be too high. A Baseline study on students’ perceptions and attitudes towards the HWSETA Artisan Programme should also be considered.

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