



**IMPACT ASSESSMENTS FOR 2019/20: FUEL RETAIL
ORGANISATIONS (ASSOCIATIONS)**

FINAL REPORT

Study commissioned by

**WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING
AUTHORITY**

Study conducted by

MULTILINK CONSULTING (PTY) LTD



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PREFACE

A widely recognised truism is that skills development is central to improving employee productivity (De Grip and Sauermann, 2013). Significant improvements in productivity, as well as competitiveness, can be achieved by improving the skills levels of employees through skills training. Scholars, educationists and development practitioners argue that education, training and lifelong learning foster a virtuous circle of higher productivity, a higher employment rate and better-quality jobs, income growth and development (Hoekstra, 2014; Boring, 2017; Kis, 2016; Kim, 2016). The nature of the work in the fuel retailing sector has explicitly changed dramatically during recent years (Brown, 2006, Boston Consulting Group, 2019). According to the Boston Consulting Group (2019), new technology, regulations and new work processes have changed the skills requirements of many jobs. Employees in the fuel retailing industry now need access to regular and ongoing training to provide them with the necessary skills in this everchanging environment. At the same time, some workers need assistance with language, literacy and numeracy to cope with learning new processes and technologies. This forms the foundational basis for acquiring new specialist skills. The study was aimed at evaluating the outcomes the Wholesale and Retail Sector Education Training Authority's (W&R SETA) Fuel Retail Organizations (Associations) (FRA) programme over the period 2015/16 to 2017/18. The researcher used firm-level data obtained from interviews and strategic dialogue sessions with a panel of grant holders, learners, accredited training service providers and W&R SETA officials across the nine provinces of South Africa. The study found that, despite underspending on the grant, there is an undisputed need to continue to develop and promote the implementation of skills development in an inclusive manner across fuel retailers in the country. It is recommended the programme should be extended to exploit the increased uptake of the FRA Project observed during the 2017/18 financial year.

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EXECUTIVE SUMMARY

PROBLEM STATEMENT

South Africa is a country at crossroads. The 2019 quarterly labour force survey results confirm the continuous high unemployment rate of 55.2 per cent among the youth (15 - 34 years) (Statistics South Africa, 2019). A large percentage of South Africa's youth population is unskilled, making it impossible to secure employment even in cases where employment opportunities are available. In the fuel retail industry, operators are reluctant to employ unskilled labour given the stringent regulations in the sector. The situation has been compounded by slowed business activity arising from the extended economic downturn of the past decade.

To reduce unemployment in the fuel retail sector and to boost the competitiveness of fuel retailers, the W&R SETA made available R 16 125 000 in grant funding from its Discretionary Fund to facilitate training of learners in the fuel retail sector. The grant funding was aimed at meeting the National Skills Development Strategy (NSDS III) goals, to address the skills gaps as identified in the Sector Skills Plan (SSP) and contribute towards achieving the W&R SETA's Annual Performance Plan (APP) targets.

According to the W&R SETA's *Project Closure Report* of the FRA Project, as at the end of the programme in March 2017, a total of 600 service stations had participated in the programme. In 2019, the W&R SETA commissioned an impact assessment study to take stock of the progress made over the years and to inform current and future decision-making.

OBJECTIVES OF THE STUDY

The main aim of this study was to assess the impact of the FRA Project on improving skills development and capacity building. The study also sought to evaluate the impact of the FRA Project with regards to the implementation of the relevant legislation applicable in the fuel retail sector. The impact assessment was also conducted to gauge the effectiveness of the administration of the FRA Project and measured the effectiveness of the project concerning the socio-economic needs of the sector. The study also evaluated project outcomes measured against envisaged project goals. Lastly, the impact assessment project assessed the effectiveness of the skills provided to the beneficiaries were applicable and highlighted the key lessons learned during the implementation of the FRA Project.

METHODOLOGY: DATA COLLECTION AND ANALYSIS

Fieldwork data collection was undertaken by Multilink Consulting using a combination of web-based lime survey, computer-assisted telephone interviewing (CATI) and face-to-face interviews as deemed suitable and appropriate by Multilink Consulting with the concurrence of the W&R SETA. At the end of each questionnaire, participants were asked whether they would like to participate in a strategic dialogue session. Participants that agreed to participate in the strategic dialogue sessions were considered for one-on-one and focus group interviews.

Upon completion of data capturing and cleaning by a dedicated team of data analysis specialists, the clean and captured data was analysed in various formats and prepared for the final project report. For both quantitative and qualitative data, descriptive and multivariate statistical analysis was applied. Summary statistics were also computed. The data collected was processed and analysed using Microsoft Excel and the Stata statistical software package.

Qualitative strategic dialogues were conducted to corroborate quantitative data results. These were conducted mainly with regional managers and a panel selected from interviewees. For data collected from strategic dialogues and previous reports, a general inductive thematic approach was used to analyse the qualitative data collected.

KEY TRENDS ON LITERATURE

The literature review conducted shows that there is a strong business case for capacity building and skills development for fuel retailer organisations in South Africa given the rapid technological changes of the past decade (Boston Consulting Group, 2019). Empirical literature shows a strong correlation between high productivity at the firm level and employment of better-skilled workers, i.e., highly skilled workforce is associated with higher productivity and other organisational outcomes (De Grip and Sauermann, 2013, Hoekstra, 2014; Boring, 2017; Kis, 2016; Kim, 2016). Undeniably, the literature review conducted highlights the potential for the W&R SETA to leverage capacity building and skills development as a mechanism to foster economic development in South African focusing on the fuel retail sector and broadly.

FINDINGS

The year 2017/18 was the year in which the W&R SETA disbursed the highest amount of grants towards the development of the FRA Project. Impact analysis results confirm that the FRA Project played a role in addressing the skills gaps as identified in the SSP. Skills development was found to be a vital priority of the FRA Project. The legislation most highly impacted was the SSP followed by the NSDS III, the National Development Plan (NDP) and lastly the Occupation Health and

Safety Act (OHSA). Notably, the study results indicate that there has been a considerable return on investment that has been derived by the W&R SETA and project beneficiaries from the FRA Project.

Effectiveness analyses results suggest that the FRA Project was presented, assessed and certified in line with sector standards, was completed in time, applications and admissions processes were well streamlined and FRA Project achieved all objectives which were set at the start of the project. While the programme scored well in terms of effectiveness, i.e. no serious challenges experienced during implementation, the programme effectiveness was hamstrung by poor delivery of courses and the late issue of certificates and late grant payments.

The results of the empirical study highlight the importance of meeting the socio-economic needs of the project beneficiaries. Firstly, the project contributed to improved compliance with sector standards and specifications, enhanced skills, and increased youth access to sector opportunities. Secondly, the project contributed to empowerment, improved business performance, access to permanent employment, especially for the youth and presented community employment opportunities.

According to the results of the study, the FRA Project was implemented as per the set objectives within the project outcomes and deliverables, albeit underspending. The study results also showed that the FRA Project contributed towards the achievement of the W&R SETA's goals and objectives and APP targets, and ultimately NSDS III goals.

The experience of both grant holders and learners was that the project curriculum was relevant to the sector and industry requirements. In terms of key lessons learned during the implementation of the FRA Project, study participants highlighted the importance of skills development, staff training and accountability, need for continuous development of lecturers, bursary rules and enhancement of practical activities for the learners.

LESSONS LEARNED AND RECOMMENDATIONS

The most insightful result of the survey was that there is always a reluctance by fuel retailers to employ jobless and unskilled learners given the risks associated with fuel handling and trading. The W&R SETA needs to heighten the skills level of unemployed youth, women and learners with disabilities particularly for entry-level activities (basic math skills for counting money, ability to identify and manage health and safety issues, communication, cashier experience and customer service skills).

While the return on investment for the FRA Project is considered satisfactory, albeit grant underspending, value for money and programme returns can be further amplified by ensuring that mandatory training programmes are funded exclusively by the fuel retailers. Additionally, to achieve programme objectives and goals and value for money, it is further recommended that the W&R SETA should work in partnership with franchisors in the next iteration of the FRA Project. Partnerships can be achieved through direct contacting and cost-sharing between the W&R SETA and the franchisors. The strategy ensures that franchisors also invest in training, eliminates duplication of effort, streamline interventions and optimises the use of the limited financial resources given the current fiscal constraints and budget cuts.

While the study confirms that the FRA Project impacted the implementation of the legislation as applicable to the sector, it is recommended that the W&R SETA's strategic outcome-oriented goals should be aligned with the NSDS III programmes and all other relevant legislation. The strategic alignment will go a long way in simplifying performance monitoring and evaluation processes. Given the far-reaching trends disrupting the retail fuel market of the past decade, it is further recommended that the W&R SETA should undertake a process of identifying policy inconsistencies and policy conflicts with the view of initiating and influencing policy, regulatory and economic blueprint designs.

While the FRA Project scores well in terms of the effectiveness of the administration, the programme was hamstrung by poor delivery of courses and the late issue of certificates and late grant payments. The W&R SETA should actively strengthen the effective administration of the project. In the age of the Fourth Industrial Revolution, this can be achieved by business process mapping and implementing structured and technology-backed project management systems to promote unified processing of applications, validations, approvals, timeous grant processing and payments and certificate issuance. These systems should be linked with other SETAs through technologies such as blockchain used by the banking fraternity for ease of learner management.

Furthermore, in line with the fifth W&R SETA's strategic goal "*produce responsive and empowered training providers who can effectively meet the training needs of the wholesale and retail sector*" (W&R SETA Annual Report 2018-2019, 2020), it is recommended that the W&R SETA should consider introducing intensive skills upgrade programmes for tutors. The industry needs to gear up for changes in technology and business models. Changes in technology and business model require tutors with up to date and aligned sector-specific skills and knowledge. It is expected that tutor training will go a long way in eliminating the problem of poor course delivery and/or delivery dated knowledge. Implementing partners and training service providers must also

be provided with appropriate support, and their performance in delivering courses must be carefully monitored.

Transformation should be an integral part of the FRA Project. The W&R SETA should develop strategies that will result in amplified and sustainable socio-economic efficacy of the programme. It is worthwhile noting that long-run trends in employment and automation strategies have profound negative implications for the skill requirements of the sector. The W&R SETA need to promote learnership and skills programmes tethered to the Fourth Industrial Revolution to prevent the inevitable and catastrophic job losses in the future.

The evaluation of the project outcomes revealed very low levels of participation by people with disabilities and rural-based and independent small fuel retailers. Through directed programme policies and pronouncements, the W&R SETA can extend the programme benefits beyond the three provinces of Gauteng, KZN and the Western Cape. This strategy will signal the right messages to employers about the need to ensure the industry participates in government-linked interventions aimed at inclusive economic prosperity, poverty alleviation and fight against crime through the creation of employment opportunities for the unemployed youth.

While the impact assessment results indicate that the FRA intervention led to an improvement in business metrics, financial sustainability of grant holders and employability of learners; the envisaged impact was constrained by the low programme intake between 2016 and 2018. The high intake in 2017/18 suggests that the FRA Project was beginning to gain momentum and should be continued albeit with minor variations and in line with recommendations contained in this report.

Given the nature of the industry (long working hours and night shifts), skills change analyses suggest that the W&R SETA should prioritise and promote non-credit bearing and practical courses and harmonise with courses offered by other SETAs. Furthermore, the W&R SETA and fuel retailing firms should invest in transferable skills such as those relating to thinking and people.

Finally, the W&R SETA and fuel retailing industry needs to do more to promote and enhance the attractiveness of fuel retailing as a career choice. There are highly varied and rewarding career paths within the sector, with enormous potential for mobility down or upstream of the fuel sector value chain. However, these are often not apparent to learners and those working outside the sector.

CHAPTER 1

BACKGROUND, AIM AND METHODOLOGY

1.1 INTRODUCTION

To achieve organisational goals and objectives, organisations need competent employees. Organisations have to continually align themselves with socio-economic and technical changes to remain competitive. Organisations in both the private and the public sector engage employees to execute certain activities to achieve organisational goals and mandates. While efficient recruitment and selection initially provide an organisation with the required employees, training is necessary to give the employees job-specific skills that will enable organisations to survive over time (Swanepoel et al., 2000:493).

Training is a systematic and planned process to change the knowledge, skills and behaviour of employees in such a way that organisational objectives are achieved (Erasmus and Van Dyk, 1999). One of the significant goals of training and skills development is to eliminate performance deficiencies.

New regulations, investment in new equipment and the introduction of new systems require training to comply and adapt. Training, therefore, is often directed at improving the employees' job performance (measured in terms of productivity) and is fundamental for organisations wanting to adapt to changes and comply with regulations. Substantial evidence indicates that investing in people is one way in which organisations can make positive gains in productivity and other business outcomes (Tamkin, 2005:3).

1.2 ORIENTATION AND BACKGROUND

Socio-economically, South Africa is a country at crossroads. The 2019 quarterly labour force survey results confirm the continuous high unemployment rate of 55.2% amongst the age group 15-34 (youth) (Statistics South Africa, 2019). A large percentage of South Africa's population is unskilled.

On the other hand, South African fuel retailing firms are faced with critical problems arising from the extended economic downturn. The fuel retailing industry has unfortunately not escaped the consequences of the slowed economic growth witnessed since the global financial crisis of 2008/09. The economic slowdown has had a significant impact on fuel demand new investments in equipment and business expansion.

The fuel retailing industry is becoming more competitive, with technology driving product innovation. The volatility of the South African rand towards the dollar has increased costs of fuel and related products.

1.3 PROBLEM STATEMENT

Changes in the regulatory environment, advancement in information technology and changing business models have necessitated the need for technical skills in the fuel retailing industry. Technical skills have been identified as having the most considerable scope for development across occupational categories (Tamkin et al., 2004:14).

It is under this background that the government has been investing tremendously in the transformation of the training and education system. In line with this drive by the government, the W&R SETA launched the W&R SETA Fuel Retailers Programme (FRA Project) in 2016 to address the needs of fuel retailers affiliated to the South African Fuel Retailers Association (SAFRA) and the South African Petroleum Retail Association (SAPRA) (W&R SETA, 2020).

The FRA Project was aimed at meeting the NSDS III Goals, to address the skills gaps as identified in the SSP and contribute towards achieving the W&R SETA's APP targets. The programme focused on two building blocks: (i) organisational capacity building as well as (ii) skills development.

The efficacy and effectiveness of the programme have not yet been investigated and tested. In response and to gain a better understanding of the progress made to date, the W&R SETA commissioned a study aimed at evaluating the achieved outcomes of the programme.

1.4 RESEARCH QUESTIONS

In this study, the researcher gauged the progress made to date in as far as the FRA Project is concerned by answering the following questions:

- What was the impact of the FRA Project on improving skills development and capacity building?
- What was the impact of the FRA Project with regards to the implementation of the relevant legislation applicable in the W&R sector?
- How effective was the administration of the FRA Project?
- How efficient was the FRA Project in relation to the socio-economic needs of the sector?
- What was the impact of the FRA Project as per the set objectives within the Project

deliverables?

- How applicable and effective were skills provided to the beneficiaries?
- What are the possible lessons learned?

1.5 PURPOSE AND OBJECTIVES OF THE STUDY

According to the Terms of Reference (ToR) provided by the W&R SETA, the purpose of the impact study was to conduct an impact assessment of the FRA Project and to evaluate the W&R SETA key implementation processes; its efficiency and effectiveness in achieving intended objectives and the extent to which the anticipated outcomes were met.

1.5.1 Primary objective

The primary objective of the study is to inform the W&R SETA on the progress made to date in as far as the W&R FRA Project is concerned. It is expected that the evaluation results will be used by various stakeholders which include national, provincial and local government departments, the private sector, development agencies, business associations, cabinet and the parliament for policy planning, implementation, monitoring and evaluation.

1.5.2 Specific objectives

The specific objectives were to:

- Assess the impact of the FRA Project on improving skills development and capacity building;
- Assess the impact of the project with regards to the implementation of the relevant legislation applicable in the W&R Sector;
- Effectiveness of the administration of the project;
- Measure the effectiveness of the project in relation to the socio-economic needs of the sector;
- Evaluate the initial and actual project outcomes and outputs/deliverables;
- Evaluate the effectiveness of the skills provided to the beneficiaries were applicable; and
- Highlight the key lessons learnt during the implementation of the FRA Project.

1.6 EMPIRICAL STUDY RESEARCH METHODOLOGY

The research methodology utilised for this study was initiated and approved by the sponsor, the W&R SETA and implemented by Multilink Consulting accordingly. The methodology of this study was pertinent to the investigation, analysis and objectives that the research set out to achieve.

The study comprised of literature and empirical work.

Data were obtained from participants through the use of questionnaires, interviews and focus group sessions. The units of analysis in this study were grant holders, learners, training service providers and key stakeholders in a fuel retailing industry across the country.

The methodology entailed undertaking a sample selection and conducting of quantitative and qualitative research to determine the impact of the FRA Project funded by the W&R SETA during the period 2014 to 2018.

The research methodology comprised both quantitative and qualitative research approaches. Convenience sampling was used as a sampling technique, which, according to Struwig and Stead (2001) is a technique chosen purely based on availability, whereby respondents are selected due to their accessibility. The quantitative research approach targeted fuel retail grant holders, participants/learners that attended the courses, accredited services providers and chairpersons and members of the qualifications management boards in addition to the W&R SETA regional managers and co-ordinators. Qualitative research was used to process and analyse the research study statistics.

Qualitative research was conducted after the quantitative research. The strategic dialogues were held in the Gauteng and the Western Cape provinces. The qualitative research entailed four focus group discussions in the two provinces with a targeted average attendance of eight participants. The participants comprised of representatives from each of the main stakeholder categories listed under the quantitative research above. Overall, each group realised an actual average attendance of five participants.

The sample design that was adopted for the survey is a two-stage stratified sample design. The design was implemented first by identifying the sampling frame of different stakeholders. The stakeholders were then stratified by province and after that selected for the sample based on the proportionate distribution in each province. The selected stakeholders were interviewed via computer-aided telephone interviews (CATIs). Table 1 presents a summary of the quantitative and qualitative study sample distribution of fuel retailer organisations.

Table 1: Quantitative and qualitative study sample distribution of fuel retailer organisations

Category of Respondent	CATI Targeted Sample	Sample Records Received	CATI Response Realised	Total Response Rate
Quantitative Research Participants				
Grant Holders	100	100	52	52%
Participants/Learners	200	200	102	51%
Accredited Training service providers/QMB Members	90	42	28	67%
W&R SETA Regional Managers and coordinators	10	68	28	41%
Total Quantitative Sample	400	410	210	51%
Qualitative Research Participants				
	Targeted	Attendance Volunteered	Attendance Realised	Average Attendance
4 Focus group discussions @ average 8 participants	4	N/A	N/A	N/A

Source: Multilink Consulting, 2020

It is worthwhile mentioning that the sample records received from the W&R SETA were not 100 per cent accurate when considering the inclusion of duplicate and inaccurate records. From experience, records for three to five times the size of the sample are required to reach desired sample targets. Based on the targeted sample of 100 grant holders, a minimum of 300 records for this sample category would be ideal. This limitation resulted in lower realised response rates.

Based on the fieldworker feedback, all lists were exhausted with about 60 per cent of the W&R SETA sample list being usable. With this indication and considering interviewee non-response, the final response rate for the grant holders was 52 per cent. Similar response rates were 51 per cent for the participants/ learners, 67% for accredited training service providers and 41% for W&RSETA regional managers and coordinators. This bodes to an overall estimated response rate of 51% for the entire study.

The fieldwork for the survey began in December 2019 and ended in February 2020. This was followed by data quality control, check backs and follow-ups. Data capturing and cleaning was conducted in parallel. Focus group discussions were held in two provinces namely Gauteng, and Western Cape on 4 February 2020 and 12 February 2020 respectively. Focus group session planned for KwaZulu Natal could not be realised. In terms of the quantitative research, seven experienced Multilink Consulting interviewers were used to conduct the CATI interviews during

business hours on weekdays. The provincial focus group discussions were held at the W&R SETA Gauteng North offices, facilitated by the academic and research staff of Multilink Consulting. Against this background, the realised sample reached a total of 210 stakeholders combined.

1.7 RESEARCH INSTRUMENTS

The sub-sections below highlight the research focus areas and the design of the research instrument used for the investigative study on the impact assessment of the FRA Project.

1.7.1 Research focus areas

The research instrument (questionnaire) was designed in close co-operation with W&R SETA. The questionnaire covered all major and critical indicators required for the impact evaluation of the FRA Project and was designed to be completed within 20 minutes of interviewing. The questionnaire was adopted to capture information from the grant holders, participants/learners, accredited training providers/chairpersons and members of the qualifications management board in addition to W&R SETA regional managers and co-ordinators. The topics covered in the 2019/20 study of the impact assessment of the FRA Project are summarised in Table 2.

Table 2: Research topics of the 2019/20 impact assessment of the FRA Project

Projection scope
<ul style="list-style-type: none"> ▪ Brief description of the FRA Project funded. ▪ Brief description of the main objective of the FRA Project. ▪ Specification of the amount applied for to fund the FRA Project. ▪ Indication of the completion stage of the FRA Project.
Impact of the project with regards to the implementation of the relevant legislation applicable in the W&R Sector
<ul style="list-style-type: none"> ▪ The primary legislation is most critical for compliance in the sector. ▪ The main legislation impacted by the FRA Project.
Effectiveness of the administration of the project
<ul style="list-style-type: none"> ▪ The areas of the FRA Project that were impacted by the W&R SETA administration. ▪ The challenges/barriers that were experienced by the enterprise before receiving W&R SETA funding. ▪ The implementation challenges experienced by the enterprises during the FRA Project. ▪ The key enablers/factors making it possible in the implementation of the FRA Project.

Effectiveness of the project with regard to the socio-economic needs of the sector

- The impact of the FRA Project on the sector.
- The staff complement since the inception of the FRA Project.
- The extent to which the quality of skills/human resources has changed since receiving W&R SETA funding.
- The principal impediments to service delivery in the absence of the FRA Project.
- The social changes achieved through the FRA Project.
- The overall satisfaction rating with the FRA Project.

The evaluation of initial and actual project outcomes and outputs/deliverables

- The number of beneficiaries involved in the FRA Project prior to and after receiving grant funding.
- The change in the annual income and expenditure prior to and after project implementation.

The key lessons learnt during the implementation of the FRA Project

- The key lessons learnt during the implementation of the FRA Project.

Respondent demographic profile

- Name and contact details.
- The sector of operation/funding
- Province of location
- Geographic location

Source: *Multilink Consulting, 2020*

The instrument was designed to:

- (i) Assess the impact of the project on the implementation of the relevant W&R sector legislation;
- (ii) Determine the effectiveness of the administration of the project;
- (iii) Confirm the effectiveness of the project with regard to the socio-economic needs of the sector;
- (iv) Evaluation of the initial and actual outcomes and outputs/deliverables of the project;
- (v) Establish the key lessons learnt during the implementation of the FRA Project; and
- (vi) Document the demographic profiles of the respondents.

The questionnaire was written in English and was simplified to accommodate those participants

with lower literacy levels. This approach allowed for the development of historical, current and future FRA Project impact trends, the recommendation of a logic model and monitoring evaluation framework that will be used to monitor and report on programme performance in future. In addition to broadening activities eligible for assistance and reaching more enterprises plus ways of achieving higher impact, including assessing whether increasing the level of performance will improve the expected result as highlighted in Chapter 3.

1.7.2 Type of questionnaire, questions and measurement scales

The study adopted a semi-structured questionnaire with a view to taking a mixed approach of utilising both structured and semi-structured questions. The method allowed Multilink Consulting to gather focused, qualitative textual data but also uncover rich descriptive data on the personal experiences of participants moving from general topics to more specific insights on the FRA Project. Multilink Consulting utilised the approach to develop a preliminary hypothesis, explain relationships and to create a foundation for further research.

1.8 SAMPLING ERRORS

To fully complete the discussion of the research methodology, it is essential to reflect on sampling errors. Against this background, sampling errors for the FRA Project were minimised using the following:

- (i) Significantly replicating previous Multilink Consulting situational analysis instrument designs that minimised questionnaire design errors in previous studies;
- (ii) Utilising highly experienced permanent staff, the consistent check-backs of the face-to-face interviews and follow-ups of uncertain responses largely minimised interviewer respondent errors;
- (iii) Quality edit checks being exercised to ensure adherence to sampling requirements, completeness, comprehension, consistency, uniformity and accuracy;
- (iv) Reality checks being done after the completion of the quantitative research study. This resulted in high levels of confidence in the reliability and validity of the final research results; and
- (v) Members of the focus group discussions being selected from willing participants among state and non-state actors. The selection allowed discussions to probe further and establish a reality check on matters that were unclear in the quantitative research.

1.9 DATA ANALYSIS

Descriptive statistical methods were used for data analysis and interpretation. Data collected was analysed using Microsoft Excel and the Stata statistical software package. Descriptive statistics were analysed for all survey appropriate measures. These included frequencies, percentages and cumulative percentages for all measures. Multiple regression was employed to examine the relationship between human capital and structural labour market characteristics and skills. The results obtained from the statistical information were used to evaluate the skills level of learners and to draw conclusions about the current state of skills in the fuel retailing industry in South Africa.

1.10 RESEARCH ETHICS

To adhere to ethical principles, for both the quantitative and qualitative research, Multilink Consulting and the W&R SETA ensured that all targeted entities were informed about the purpose and the duration of the interview and focus group discussions respectively.

Multilink Consulting also ensured that all information supplied by respondents was treated confidentially and that their rights were respected by allowing them an opportunity to ask questions regarding the survey and to withdraw at any stage of the interview or focus group discussion process. For these purposes, the Multilink Consulting used a 'W&R SETA letter of introduction' that was directed to prospective respondents to authorise, motivate and encourage participation.

Also, the internal staff utilised as interviewers signed a confidentiality clause as part of their employment contract. Finally, no human subjects were harmed in any way during the execution of the survey.

1.11 STUDY LIMITATIONS

Before presenting the findings, it is essential to acknowledge the external environmental factors and public sentiment that prevailed during the time of executing the study. Highlighting these factors from the outset acknowledges that certain dynamics could have influenced the views of the survey participants. The survey period coincided with the November, December and January 2019/20 holidays which are retail sales peak periods.

The survey was initially intended to be conducted via web-based lime-survey to manage costs and turnaround. Grant holders and participants indicated they were unavailable to respond to the

survey questionnaires due to high business activity and turnover. Likewise, other types of respondents were unavailable due to leave and holiday travels. The survey was, as a result, converted to a CATI approach.

In general, there was unwillingness among regional managers to respond to the survey citing that the study was commissioned by W&R SETA head office. There was also a significant refusal by participants to answer certain questions, especially those regarding funding, income and revenue, resulting in some incomplete sections of the questionnaires.

In some provinces such as Free State, the respondents refused to answer questions in English in preference for Afrikaans. These challenges resulted in lower response rates and delays in completing the fieldwork.

Although this report does not aim to measure the impact of these external factors, it acknowledges that these external influences are essential when contextualising and interpreting the outcome of the impact assessment of the FRA Project in South Africa.

1.12 STUDY LAYOUT

The research is divided into four chapters, each with a different focus area. Table 3 presents a summary of the study layout.

Table 3: Layout of the study

Chapter	Contents
Chapter 1	Background, Aim and Methodology.
Chapter 2	Literature and Document Review.
Chapter 3	Results and Discussion of Empirical Study Outcomes.
Chapter 4	Lessons Learned and Recommendations.

The impact of skills improvement and capacity building on fuel retailing productivity is evaluated in Chapter 2 (literature review chapter), and the relationship between skills and productivity is discussed. The latest research evidence is contained in this chapter, and how skills embedded within a broader model of workforce capability to impact on business performance is explored. The results of the empirical study are contained in Chapter 3. In this chapter, the results of the study are discussed, interpreted, triangulated and compared with the relevant literature in the preceding chapters, and general conclusions are reached. The final chapter contains a summary of the lessons learned and recommendations.

CHAPTER 2

DOCUMENT AND LITERATURE REVIEW

2.1 INTRODUCTION

The chapter presents a critical analysis of theoretical and empirical literature exploring statistics, theories, research and legislation addressing the research question: *what is the impact of the FRA Project on improving skills development and capacity building in the fuel retail sector of the economy from the inception of the programme in 2016 to its end date?*; and to establish the return on investment that has been derived by the FRA Project.

The literature review focuses on significant achievements in the field, central areas of debate and outstanding research questions. The researcher identified and analysed material, research papers containing information relating to the research problem. The following sources were used.

- The National Skill Development Plan (NSDP);
- The W&R SETA Annual Report 2018-2019.
- The W&R SETA Strategic Plan;
- The W&R SETA APP;
- Approved journals;
- Internet websites;
- Textbooks; and
- Industry reports.

2.2 CONTEXT

Most jobs are becoming ever more complex and now require higher levels of skills (Marquardt, 2011). The available literature on skills development and capacity building interventions from both developed and developing countries has increased in the recent past decade, reflecting the fascination in various disciplines with the practice. The result is a proliferation of theories and empirical studies that try to explain skills development and its multi-dimensional, complex nature and contribution to business sustainability and economic development (Johanson and Adams, 2004; Pansiri and Temtime, 2008; Marquardt, 2011; Kraak, 2015).

The past two decades have been characterised by renewed and increased focus on innovative interventions for skills development, employment creation and organisational capacity development. (Meager, 2009; Nkechi et al., 2012). South Africa has also seen a growing interest in skills development and capacity building (Kraak, 2015). Driving the fascination is the idea that skills development and capacity building jointly have the potential to improve the sustainability of businesses, employability of unskilled youths and creation of employment in the process (Smith and Comyn, 2004; Maclean and Ordonez, 2007; De Brito et al., 2008; Fitchett, 2009; Hosie et al., 2013).

As a form of social capital, skills development promotes economic development through improved productivity and efficient deployment of an economy's factors of production¹. (Middleton et al., 1993; Olaniyan and Okemakinde, 2008; Keep et al., 2006; Bartik, 1994). This argument is reinforced by recent empirical findings that posit the existence of strong links between business sustainability, operational skills development, and job satisfaction. For example, Urban and Naidoo (2012), writing in the *Journal of Small Business and Enterprise Development* found that several operations skills are positively associated with business sustainability. Hosie et al. (2013) noted that there is a strong link between skills development and overall job satisfaction. This suggests that skills development results in low labour turnover and business stability and productivity, given the low rate of disruptions.

Similarly, in their book, *Overview of Workforce Education and Current Economic Surge in Oil and Gas Industry*, Neal and Neal (2019) highlight several challenges faced by the fuel retailing sector in the Permian Basin, US and offer possible solutions. Key among identified problems affecting the Permian Basin are lengthy working hours, demanding work, and extreme working conditions and hazardous environment. In response, Neal and Neal (2019) encouraged businesses to initiate training provided through internships.

Closer home, the shortage of skills is one of the most challenging aspects facing South Africa's economic future. In response, several initiatives have been launched by the government and the private sector to address the skills shortage challenge (Paver et al., 2019). These interventions seek to provide skills that will lead to job placement or increase the capacity of businesses to create sustainable jobs. Generally, the focus has been on the following areas:

- Business skills to enable emerging and micro-enterprises to become financially viable, thereby increasing job opportunities;

¹ Land, labour, capital, and entrepreneurship.

- Accredited learnerships, trade, artisan, or sector support skills that will result in permanent job placement and stable income; and
- Entrepreneurial skills development leading to the establishment of micro-enterprises in various sectors of the economy.

Skills development and capacity building are, therefore seen as an integral part of arresting the skills shortage and high youth unemployment levels currently facing the country (Bartik, 1994; Paver et al., 2019). For some time, the government has been at the forefront of promoting skills development and capacity building. In 1998 the Skills Development Act (SDA) was rolled out to aid the further development of skills within the South African workforce by encouraging workplaces to become active learning environments and make provisions for ongoing education and skills development.

According to the Parliamentary Monitoring Group (2000), it was hoped that the SDA would help address the skills shortage the country as a whole was facing at the time. The increased investment in skills development was intended to translate into higher returns on investment for employers, while simultaneously generating a more competent workforce with improved future employment prospects.

Through providing access to further training and education in a controlled environment, the SDA sought to empower employees while enticing employers to participate with promises of increased profit (Parliamentary Monitoring Group, 2000).

The SDA, and Skills Development Levy Act set the bar for focussed skills development programmes, and the Sector Education and Training Authorities (SETAs) were implemented to monitor skills development efforts and ensure that energies spent were in line with the overall sector skills plans (Lundall, 2003).

According to Statistics South Africa (2019), there has been an increase in higher education participation rates in South Africa, however, the poor transition of learners from the further training and education (FTE) phase to completion of Grade 12, to writing and passing the National Senior Certificate examination, are some of the reasons that the expansion did not meet the educational needs of all. The *Higher Education and Skills in South Africa* report released by Statistics South Africa in March 2019 further shows that access to funding for tuition was a significant concern for some of the youth who could not pursue higher education. Other barriers to higher education qualification attainments were poor performance resulting in high levels of drop out from tertiary institutions. The recent introduction of free higher education for low-income households is,

however, shifting the scale. Nonetheless, the efficacy of free higher education is yet to be ascertained.

According to the report, many students enrolled for higher education drop out, without completing a qualification or take up to six years to complete a three-year qualification. Very few students progress to advanced National Qualifications Framework (NQF) levels of study (NQF levels 8 - 10), honours (19,8 per cent), masters (6,3 per cent) and doctoral studies (1,4 per cent) (Statistics South Africa, 2019). It is under this background that the government has been investing tremendously in the transformation of the training and education system.

This literature review conducted addresses the theoretical and empirical developments underpinning skills and enterprise development programmes; to determine the effectiveness of their processes, programme performance, understand how well beneficiaries are supported and impacted.

2.3 THE FUEL RETAIL INDUSTRY

The South African retail fuel industry is a highly sophisticated industry built on a robust infrastructure (Matsho, 2010). Currently, South Africa produces 5% of its fuel needs from gas, 35 per cent from coal and 50 per cent from local crude oil refineries. Most recent and available statistics show that nearly 80 per cent of South Africa's crude oil is imported through the single buoy mooring (SBM) system off the coast of Durban. Royal Dutch Shell PLC (Shell) (26 per cent), Engen Petroleum (Engen) (26 per cent), BP PLC (BP) (26 per cent), Sasol Limited (Sasol) (16 per cent) and Total S.A (Total) (6 per cent) own the SBM, which is managed and operated by Shell and B.P. South African Petroleum Refineries (SAPREF), the country's largest oil refinery (Research and Markets, 2018).

Currently, South African consumers demand approximately 27 billion litres of petroleum per annum (DOE, 2018) which are sold to the public by between 4500 - 5000 retailers countrywide (SAPIA, 2016). Approximately 90 per cent of fuel stations are supplied by one of the larger oil companies which include Engen, Shell, Caltex, BP, Total and Sasol at a price fixed by the Department of Energy (DOE, 2018).

The fuel retail sector operates in a highly competitive and regulated environment that is characterised by low-profit margins and high stock turnover. It is both capital and labour intensive, with approximately 70 000 pump attendants employed in the sector (SAPIA, 2016). A study conducted by the DOE in 2004, found that the average fuel station sold 270 000 litres of fuel per

month, with approximately 70 per cent of all fuel stations selling only 200 000 litres (SAPIA, 2016). The current figure is estimated at 300 000 litres per month. The ratio of convenience store turnover to fuel volumes pumped is about R1.20 to R1.50 depending on the brand and location (Absa, 2017).

There are approximately 4 600 fuel retail stations within South Africa (SAPIA, 2016). Nearly half of these are owned and managed by independent dealers while the other half are owned by oil companies and leased out to dealers (SAPIA, 2016). The activities of service stations can be separated into two categories. Firstly, forecourt activities which include the sale of petrol, diesel, illuminating paraffin, liquid petroleum gas and lubricants. Secondly, additional activities could include convenience stores, car washes and automated teller machines.

In South Africa, the pricing of certain fuels is regulated. This includes the retail price of petrol and the wholesale price of diesel, kerosene and illuminating paraffin. Petrol may not be sold on credit, nor may it be sold at a discount and access to new entrants in the retail fuel sector is restricted. On the other hand, diesel has substantially been deregulated (SAPIA, 2016). Finally, self-service at fuel stations is prohibited to protect jobs (SAPIA, 2016).

The profitability of retail fuel stations has been declining. The cost of a new fuel station, often financed by one of the supplier-oil companies, ranges from R10 to R100 million (SME South Africa, 2017, Absa, 2017). In addition, operating costs are high, and 50.83 per cent of gross profit includes the remuneration of pump attendants, cashiers, administrative staff and the owner's salary or return on investment. Other expenses are rental (15.64 per cent of gross profit) and interest costs (2.11 per cent of gross profit) which are incurred for holding stock (fuel retailers are required to pay for all stock upfront).

In addition, advertising costs make-up 0.50 per cent of gross profit. Supplier oil companies incur the majority of advertising expenses which are recouped through the marketing margin. Other significant expenses (22.69 per cent of gross profit) include bank charges, water and electricity, telephone, and infrastructure maintenance (SME South Africa, 2017). According to the 2017 SME South Africa report, total costs made up 91.77 per cent of gross profit, leaving 8.33 per cent net profit before tax (SME South Africa, 2017). In this regard, the profitability of the retail fuel sector appears to be significantly influenced by the dealer margin, the location and size of the service station, and the price elasticity of demand.

2.3.1 Leading trends

Many fuel retailers are shifting their business model from the retail of fuel only to a one-stop forecourt-based model. Under the one-stop forecourt model, over and above fuel retailing, the businesses now house fast-moving consumer goods retail outlets (Creamer Media Reporter, 2019). These one-stop forecourts are established in partnership with leading franchises such as Pick n Pay Stores and Food Lovers Market.

The success and profitability of fuel forecourts lie in their ability to understand and meet the ever-changing needs of consumers while providing them with exceptional service at any time of the day. Even in the harshest economic conditions, this business model has proven to be successful for service stations.

For instance, convenience shopping currently allows consumers to fill their petrol tanks, and buy coffee, muffins or even fresh fruit while on their way to work. This gives fuel retailers a competitive edge and the opportunity to penetrate a growing fast-moving consumer goods market.

As more retail brands invest in this model, competition has increased, leading to a battle for market share. Therefore, fuel retailers are always working on introducing innovative solutions to keep abreast of industry developments to remain relevant, According to Creamer Media Reporter (2019), the following are the four key trends currently shaping the sector:

- **Competitive pricing** – while fuel forecourts provide consumers with the convenience of shopping 24/7, they still need to set realistic and competitive prices;
- **Staff motivation and training** – staff retention and performance is central to the success of forecourt stores. Many fuel retailers are investing in training and upskilling their employees which results in personal growth and development; and
- **Sustainable energy solutions** – the cost of electricity is one of the biggest challenges that keep fuel retailers awake at night. More fuel retailers are investing in renewable energy solutions to lower input costs and reduce their dependency on the grid; and
- **Meeting changing customer needs** – Forecourt retailers study the behaviour of customers and use this insight to improve product and service offerings.

2.3.2 Emerging trends

Globally, according to the Boston Consulting Group (2019), several far-reaching trends are disrupting the retail fuel market. Among the most powerful of these is the rise of alternative fuels (mainly electricity) for mobility, the emergence of new models in mobility, and the evolution of heightened consumer expectations around convenience and personalisation.

The ongoing shifts are altering the contours of competitive advantage in the industry and require a fundamental transformation of the standard business model and skills. Studies have shown that fuel retailers must develop a comprehensive response that adjusts the products and services they sell, adapts their network and business model, alters the layout of their service stations and convenience stores, and harnesses new digital tools (Boston Consulting Group, 2019).

2.4 THEMATIC AND CRITICAL REVIEW OF THE MAIN ASPECTS OF THE STUDY

This review is devoted to providing up-to-date key contributions, research on impact evaluations with a particular focus on the fuel retail industry. In addition to the W&R SETA's documentation, a literature search in the EBSCO and Google Scholar database was conducted using relevant terms.

The literature reviewed focused on the business case for capacity building and skills development, evaluation of programme policies, procedures and implementation processes, evaluation of programme efficiency and effectiveness. The literature on the socio-economic analysis of these programmes was also reviewed. This was achieved by way of thematic analysis and critical discussion of central issues of capacity building and skills development in literature.

The literature survey revealed that the evaluation of learning and skills programmes should be looked at from four different levels (the "*Kirkpatrick's Four Levels of Evaluation and the Phillips ROI Methodology*") (Phillips, 2007) listed below:

- **Reaction** - What does the learner feel about the training intervention?
- **Learning** - What facts, knowledge, etc., did the learner gain?
- **Behaviours** - What skills did the learner develop, that is, what new information is the learner using on the job?
- **Results or effectiveness** - What results occurred, that is, did the learner apply the new skills to the necessary tasks in the organisation and, if so, what results were achieved?

Evaluating effectiveness often involves the use of key performance measures (KPIs) - measures one can see, e.g., the faster and more reliable output from the machine after the operator has been trained, higher ratings on employees' job satisfaction questionnaires from the trained supervisor, etc.

2.4.1 The business case for capacity building and skills development programmes

The transformation of skills levels in the fuel retail industry is necessary as changes in service delivery channels and advancement in fuel technologies are driving the sector's competitiveness. The shortage of skills poses a risk for the industry. Therefore, industry skills development remains a priority. Rowley (1995), postulated that *"training and development is important for the maintenance of the human resource base of the organisation and must be viewed as an integral part of the core organisational strategy, rather than an ad hoc operation"*.

According to Tamkin (2005), emerging evidence suggests that training and development of the existing workforce have benefits for productivity and employee morale and engagement and that this is most clearly realised when such development activity is linked to the business strategy of the organisation. Employers who raise the skills of their workforce through recruitment focused training and development, reap benefits of productivity along with other gains (International Labour Organisation, 2010).

Productivity is defined as a relationship between outputs and inputs. It arises when an increase in production occurs with a less than proportionate increase in inputs, or when the same output is produced with fewer inputs. Productivity is measured either in terms of all factors of production combined (total factor productivity) or in terms of labour productivity, which is defined as output per unit of labour input, measured either in terms of the number of persons employed or in terms of the number of hours worked (International Labour Organisation, 2008).

Economists view productivity as a ratio that measures the quantity of output produced relative to the amount of input required to produce it, *ceteris paribus* (Carbaugh, 2007). Summarised thus:

$$\textit{Productivity} = \textit{Total output} / \textit{Hours worked}$$

An increase in productivity occurs when total output increases faster than the amount of input required to produce it. When there is an increase in the quantity of production with no increase in hours worked, productivity is said to have increased. Total output depends on both work and productivity. Output can only be increased through additional inputs or more efficient use of

resources.

Productivity improvements can be understood at different levels. The productivity of individuals may be reflected in employment rates, wage rates, the stability of employment, job satisfaction or employability across jobs or industries.

Productivity increases can be linked to various factors, for example, new capital equipment, technological advancements, organisational changes or new skills learned on or off the job. Productivity is affected by factors at the following levels:

- **Individual-level**, such as health, education, training, core skills and experience;
- **Enterprise-level**, such as supportive national macroeconomic and competition policies, economic growth strategies, policies aimed at maintaining a sustainable business environment, and public investments in infrastructure and education; and
- **National level**, such as supportive national macroeconomic and competition policies, economic growth strategies, policies to maintain a sustainable business environment, and public investments in infrastructure and education.

It is evident that skills development and other investments in human capital encompass only one set of factors necessary for productivity growth. According to the International Labour Organisation (ILO) (2008), skills development by itself cannot raise enterprise and national productivity. The ILO (2008) further argued that skills development must be an integral part of a broader development strategy if it is to deliver on its substantial potential to contribute to overall productivity and employment.

Productivity reorganises the economy by changing how innate skills and talents are used in the workplace. Each generation of inventions produces tools to take over more of the tasks that were once performed only by human beings. Societies adapt by creating jobs that require new sets of skills. Over time, work moves up a hierarchy of human talents, focusing on new tasks that require higher-order skills, ones that machinery cannot do very well.

The economy creates a new and more productive mix of technology and human talents by redefining the way people work. In the long term, the country's economy benefits from productivity. Productivity gains increase real income in the economy, which can be distributed through higher wages (Kawar, 2011). A low wage, low skills development strategy is unsustainable in the long run and incompatible with poverty reduction. "*Through investment in education and skills can the*

economy pivot towards higher value-added activities and dynamic growth sectors” (ILO,2008).

2.4.2 Linking training and skills to business performance

The principal aim of most organisations is to improve business performance. Understanding the link between people and business performance is of enormous value to managers and business owners. There is now substantial evidence that suggests that investing in people is one way in which an organisation can make positive gains in productivity and other business outcomes. According to Tamkin (2005), such investment can have a more significant impact than investment in technology, machinery, or in research and development.

A series of hugely important and robust research projects have indicated a strong link between business skills and productivity. A number of well-known “matched plant” studies by the National Institute for Economic and Social Research has considered the impact of workforce skills and development on productivity alongside a range of other factors such as investment in capital equipment and maintenance practices for matched comparator establishments.

A clear connection between higher skills and higher productivity has been identified, particularly at the intermediate skills level. Many studies have found that higher average levels of labour productivity in firms in continental Europe are closely related to the higher skills and knowledge of their workforces, especially intermediate skills (Tamkin, 2005, Kawar, 2011).

The expanding body of research on the relationship between skills and other organisational outcomes shows a strong association between what has been termed “high-performance working practices” and firm performance (Black and Lynch, 1997). These findings suggest that establishment practices that encourage workers to think and interact to improve production processes are strongly associated with increased firm productivity.

The higher the average educational levels of production workers within a plant, the higher the likelihood that the plant will perform better than average. Lynch and Black (1997) also maintain that the higher the average educational level of production workers or the more significant the proportion of non-managerial workers who use computers, the higher the level of plant productivity.

It does not, therefore, require a rocket scientist to deduce, based on these findings, that a more highly qualified and educated workforce is associated with greater productivity, more significant innovation and higher quality products or services. The implication for employers is the necessity

for more rigorous and demanding recruitment standards to increase the average education or qualifications levels of their workforce. It is intuitively convincing that a more highly skilled workforce should be beneficial to organisations and the human capital approach reflects the view that the market value of the firm increasingly depends on intangible rather than tangible resources (Tamkin et al., 2004).

An Organisation for Economic Co-operation and Development study on innovation in the UK’s small and medium enterprises suggests that higher qualification levels of both managers and staff boost innovation (OECD, 2004). Higher training expenditure per employee is also associated with higher technological complexity and originality.

According to Muchinsky (2002), organisations do not train and develop their employees just for the sake of doing so. Instead, it is because employees represent a competitive advantage that enhances organisational performance. A study conducted by Ibarra and Shady (2009), revealed that most training and development programmes aimed at the retail sectors resulted in more substantial and significant impacts on job quality, productivity and employability.

McClelland (1993) supports the evidence that a more highly qualified and educated workforce is linked to higher productivity, greater innovation and quality products or services. Providing individuals with formal education is one way to increase their human capital, thus contributing to aggregate productivity growth. Another way of raising human capital is training workers on the job. Research reveals that companies offering more training enjoy higher rates of productivity growth (Carbaugh, 2007). Table 4 provides a summary of the major studies reviewed.

Table 4: Summary of major studies

Author (s)	Key Findings
Rowley (1995)	Training and development are vital for the maintenance of the human resource base of an organisation and must be viewed as an integral part of the core organisational strategy.
Tamkin (2005)	Training and development of the existing workforce have benefits for productivity and employee morale and engagement.
ILO. (2008)	Investment in education and skills pivots an economy towards higher value-added activities and dynamic growth sectors.
Tamkin (2005)	Investment in skills development can have a more significant impact than investment in technology, machinery, or in research and development.
Lynch and Black (1997)	The higher the average educational level of production workers or the more significant the proportion of non-managerial workers who use computers, the

Author (s)	Key Findings
	higher the level of plant productivity.
OECD (2004)	Higher qualification levels of both managers and staff boost innovation.
Muchinsky (2002)	Employees represent a competitive advantage that enhances organisational performance.
Ibarraran and Shady (2009)	Most training and development programmes aimed at the retail sectors result in more substantial and significant impacts on job quality, productivity and employability.
McClelland (1993)	A highly qualified and educated workforce is linked to greater productivity, more significant innovation and quality products or services.
Carbaugh (2007)	Offering more training results in higher rates of productivity growth.
Becker (1962)	Employees and not the organisation should cover the cost of training; employees place more value in self-funded programmes.
Ahmad and Schroeder (2003)	Training has a positive effect on employee's commitment and operational efficiency.
Boon and van der Eijken (1998)	Skills development raises value-added per employee and gross output.
Faems et al. (2005)	Skills development and training has positive effects on profitability, voluntary turnover and productivity.

Source: Author

2.4.3 Evaluating programme policies, procedures and implementation processes

According to Weiss (1972), programme evaluation can have multiple aims or purposes, including:

- Understanding the existence of policies and procedures and processes;
- Understanding how a programme was implemented;
- Identifying critical differences between planned and actual implementation;
- Identifying implementation barriers;
- Collecting information to support the interpretation of future evaluations of programme impact;
- Improving the implementation process; and

- Informing future programme development.

Weiss (1972) went on further to posit that programme evaluation may focus on many different areas, including:

- Components of the logic model, such as inputs, activities and outputs; and
- Stakeholder attitudes, knowledge, and awareness.

Once the purpose and focus of the evaluation are determined, specific evaluation questions should be identified. The following are some sample programme implementation evaluation questions. Identifying the core components of implementation can be challenging, but doing so can be essential to focus on the evaluation. The evaluation questions selected should guide the selection of appropriate evaluation design.

- Did the programme policies and procedures identify the critical implementation steps?
- Was the programme implemented according to the policy and procedure requirements?
- What inputs and resources were required to implement the programme? Were all of these inputs and resources available?
- What were the critical activities completed during programme implementation?
- Did the activities result in the anticipated outputs?
- Was the programme implemented consistently across communities or environments?
- Were there any unintended consequences?
- What external factors influenced the implementation?

2.4.4 The efficiency of resources in implementing capacity building and skills development

According to Deniston et al. (1968), efficiency is a measure of the relationship between outputs, i.e. the products or services of an intervention, and inputs, i.e. the resources that it uses.

Scientifically, output is a measure of effort; it is the immediate observable result of intervention processes over which the managers of the intervention, i.e. the implementers, have some measure of control. An intervention can be thought of as efficient if it uses the least costly resources that are appropriate and available to achieve the desired outputs, i.e. deliverables, in terms of quantity and quality.

The quality of the inputs and the outputs is an essential consideration in assessing efficiency: the most economical resource is not necessarily the most appropriate and the trade-offs between the number of outputs and their quality are a vital factor of overall performance. Furthermore, assessing the efficiency of intervention generally requires comparing alternative approaches to achieving the same outputs, and this will be easier for some types of intervention for others.

In practice, the extent to which intervention activities are standardised or not, i.e. the factors of production are well known or not, usually determines how efficiency is measured and assessed. In a road-building project, for example, where the methods of construction are relatively well established, a standard measure of efficiency would be the cost per kilometre per class of road. As well, because other projects and jurisdictions are also likely to use that same measure of efficiency, among others, the bases for comparison and assessment, or benchmarks, are readily available in most cases.

On the other hand, a national initiative on women's rights, for example, is not standardised across countries. In such cases, relevant measures of efficiency typically address waste in the process, either at the level of inputs, i.e. economy, obtaining appropriate resources at least cost or fair market value, or at the level of the process, i.e. duplication of activities, conflicting processes, throughputs that do not link to outputs. As well, ethical practices, i.e. lessons learned from similar endeavours, can be used as benchmarks for assessing efficiency.

Some examples of useful and practical criteria for assessing the efficiency of a programme or a project are:

- Appropriate resources acquired with due regard for the economy and legislation;
- Activities carried out as simply as possible;
- Decisions made as close to where the products or services are delivered;
- Overhead as low as possible;
- Duplication or conflicts addressed and resolved; and
- Deliverables achieved on time and budget.

2.4.5 Evaluating capacity building and skills development programme effectiveness

According to Deniston et al. (1968), effectiveness is a measure of the extent to which the intervention's intended outcomes, i.e. its specific objectives, intermediate results, have been achieved. Explicitly, effectiveness is the relationship between the intervention's outputs, i.e. its

products or services, its immediate effects and its outcomes, usually meaning the intended benefits for a particular target group of beneficiaries (Deniston et al., 1968).

As such, an intervention is considered effective when its outputs produce the desired outcomes; it is efficient when it uses resources appropriately and economically to produce the desired outputs. For example, a teaching programme is considered effective if students learn, i.e. acquire the intended knowledge, skills and abilities; it is deemed to be efficient if it provides instruction, i.e. teaching time and materials, economically and of quality.

An efficient intervention is not necessarily effective. Teaching may be provided economically and efficiently, but if it is not of good quality, e.g. appropriate to the needs and interests the students, intended learning outcomes will not be achieved, i.e. it will not be effective.

Evaluating the effectiveness of an intervention involves three steps:

- Measuring for change in the observed outcome, e.g. did the students learn something;
- Attributing the difference in the recognised result to the intervention, did the students learn something because of the teaching; and
- Judging the value of the teaching to the learning, e.g. by using comparisons such as targets, benchmarks, similar interventions, the assessments of teachers, students, others, etc.

Interventions have no control per se over outcomes; at best, a programme strives to produce those outputs that have the highest likelihood of producing the intended results. As such, an intervention's effectiveness is driven primarily by two things: its design and its implementation, i.e. its management.

In many cases, attribution, i.e. internal validity, is typically the central challenge to assessing the effectiveness of interventions, i.e. how and to what extent can observed changes in outcomes be attributed validly to interventions. Where the internal validity of the programme is well established, e.g. an immunisation programme, attribution of outcomes, e.g. beneficiaries protected from disease because they have been vaccinated against that disease, attribution can be reasonably straightforward.

However, in the case of many development interventions, internal validity is not well established, and attribution can become a significant challenge. For example, attributing a change validly in the incidence of human rights violations in a country to an intervention or set of interventions might

be difficult for most evaluations.

The reality of methodological and resource constraints in carrying out practical evaluation means that often attribution is expressed in terms of likelihood rather than proof and that ultimately, the test of validity is credibility.

2.4.6 The economic value of capacity building and skills development

Skills development and capacity building for small businesses have in many societies and over many years been a major force for development. Despite this, the importance of skills development to economic growth and development has not always received sufficient recognition. The lack of recognition of skills development and the capacity building may reflect the failure, over decades, of economists and planners to take adequate account of the SMME sector in general.

In many countries, the fuel retail sector plays an essential role in the economic development of the nation, partly due to its contribution to gross domestic product (GDP²) and partly because of the number of employees working in the sector. Department of Energy (DOE) statistics suggest that fuel distribution activities, including retail, have the highest multiplier for every R1 of revenue generated, contributing an additional R1.68 that could potentially be added to the South African economy. In addition, revenue generated in the head office, storage, wholesale and retail components, implies an additional four jobs per R1 million spend in each component could be sustained.

A report released in 2010 by the African Capacity Building Foundation (Leautier et al., 2010) indicated that there is ample agreement that individual skills (human), organisational and institutional capital are critical variables for economic growth, poverty reduction and long-term socio-economic transformation. With globalisation and the transition to knowledge economies where knowledge is a crucial driver of international competitiveness, knowledge generation is taking place at a rapid pace as well as becoming obsolete quicker, making capacity development vital, primarily to allow for the exploitation and utilisation of experiential knowledge, intellectual capital and indigenous knowledge assets (Leautier et al., 2010). Investing in human, organisational and institutional capacity is thus critical for attaining economic vitality, technological progress, and political stability (Leautier et al., 2010).

² The total value of goods produced and services provided in a country during one year

2.5 CHAPTER CONCLUSION

The arguments derived from literature and discussed above make it abundantly clear that it does not require a rocket scientist to prove that indeed there is a strong business case for capacity building and skills development for fuel retailer organisations in South Africa given the rapid technological changes of the past decade. The evidence suggests that the benefits of training to a firm exceeds the training costs. High performing firms tend to employ better-educated people than lower performers, given that a better-educated workforce is associated with higher productivity and other organisational outcomes.

The literature review highlights the potential for the W&R SETA to leverage capacity building and skills development as a mechanism to foster economic growth in the South African context focusing on the fuel retail industry and broadly. Increasingly, skills development and capacity development are being employed by governments as a strategy for drawing workers into the mainstream, socially, economically and politically, while also supporting the national development agenda.

This chapter has provided the context and theoretical and empirical thematic discussions on developments underpinning skills and enterprise development programmes; to determine the effectiveness of their processes, programme performance, understand how well beneficiaries are supported and impacted. The next chapter covers the results and provides a discussion of the empirical study outcomes.

CHAPTER 3

RESULTS AND DISCUSSION OF THE EMPIRICAL STUDY OUTCOMES

3.1 INTRODUCTION

The purpose of this chapter is to present the results of the empirical study, in relation to the problem statement in Section 1.3 and the objectives of the research in Section 1.5 of Chapter 1. This chapter presents an overview of the findings emerging from the impact assessment of the FRA Project. The chapter discusses the analysis of primary data gathered from CATIs conducted among 210 grant holders, learners, accredited training providers and members of the qualification management boards and W&R SETA regional managers and co-ordinators.

The chapter winds up with the presentation of the results of the qualitative research of focus group discussions held in two provinces, namely Gauteng and Western Cape on 4 February 2020 and 12 February 2020 respectively. The analyses are presented by the different categories namely: grant holders, learners, accredited training providers and members of the qualification management boards and W&R SETA regional managers and coordinators in addition to the two focus group discussions in the two provinces – attended by respondents that volunteered or selected from the respective categories.

3.2 RESULTS OF THE IMPACT ASSESSMENT OF THE FRA PROJECT COMPUTER-AIDED TELEPHONE INTERVIEWS WITH STAKEHOLDERS IN THE SECTOR

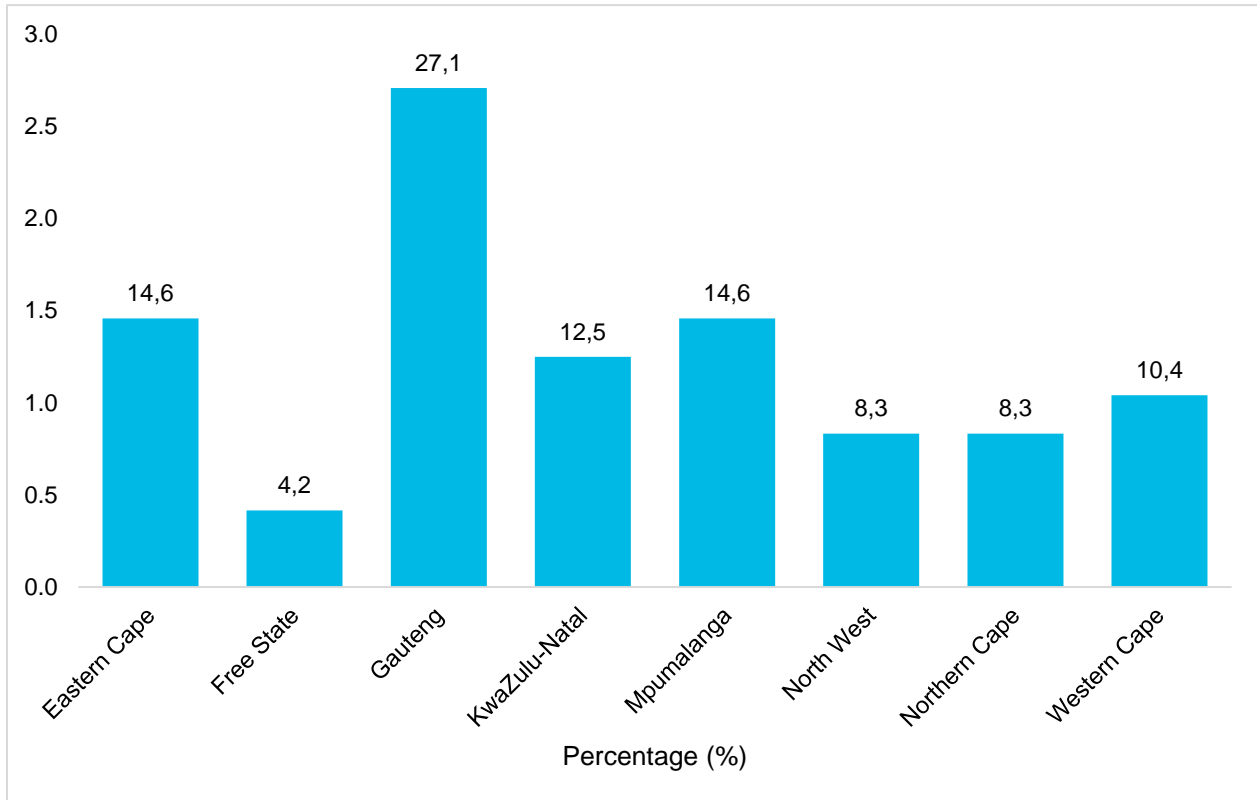
This section presents the results of the impact assessment of the FRA Project based on research conducted by Multilink Consulting.

3.2.1 Corporate, social and demographic profiles of grant holders, learners, training service providers and regional managers

An analysis of the respondents' gender, revealing distribution of males (96 per cent) and females (4 per cent) demonstrates a high underrepresentation of females in the sample. The industry employs predominantly male workers, especially during the night shifts, but there is a tendency for more female forecourt staff. Data analysis conducted reveals that sector employs approximately 16 per cent females and 84 per cent males. Age distribution indicates that most respondents were between the ages of 45 and 64 at the time that the questionnaire was distributed. The sample over-represents workers between the ages of 55 to 64 and under-represents workers between the ages of 25 to 34.

As indicated at the outset, the quantitative research covered all the nine provinces of the country. A total of 52 enterprise grant holders were interviewed, and the proportionate distribution per province is indicated in Figure 1 with the highest response coming from Gauteng (27.1 per cent) followed by the Western and Eastern Cape (14.6 per cent).

Figure 1: Provincial location of grant holder enterprises



Source: Survey Results, Multilink Consulting, 2020

On the other hand, as reflected in Table 5, grant holder respondents were mainly located in other retailers subsector specifically fuel and retail plus the general dealers subsector respectively.

Table 5: Sector distribution of grant holder enterprises

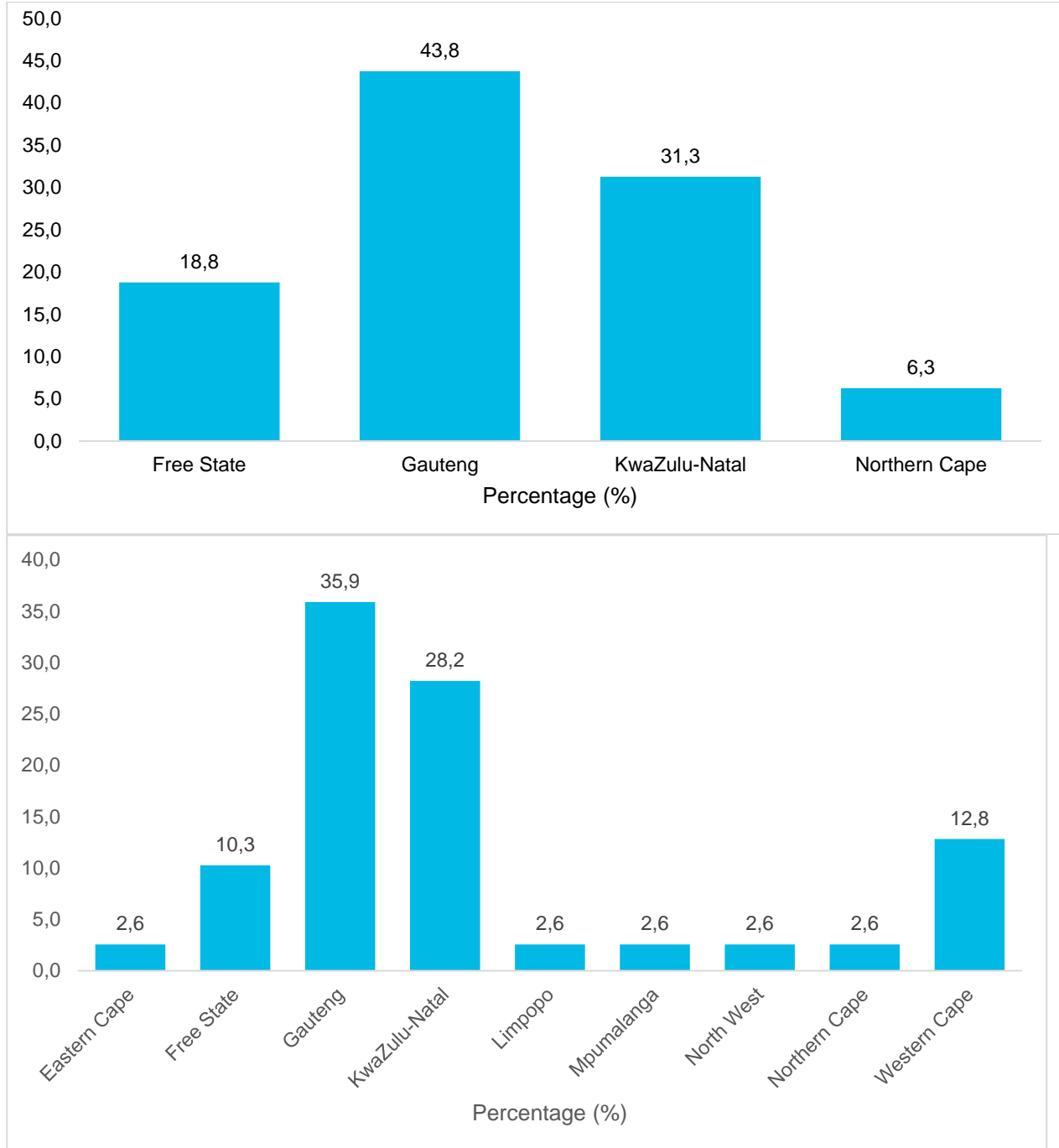
Retail sector	%
Food, beverages and tobacco	8.3
General dealers	22.9
Other retailers specify: Fuel and Retail	83.3

Source: Survey Results, Multilink Consulting, 2020

In terms of the learners, Figure 2 confirms that the majority hailed from the Gauteng province

followed by KwaZulu Natal, Northern Cape and Free State. Considering the sector of employment fuel retailers made the highest contribution, followed by general fuel dealers.

Figure 2: Provincial location of enterprises



Source: Survey Results, Multilink Consulting, 2020

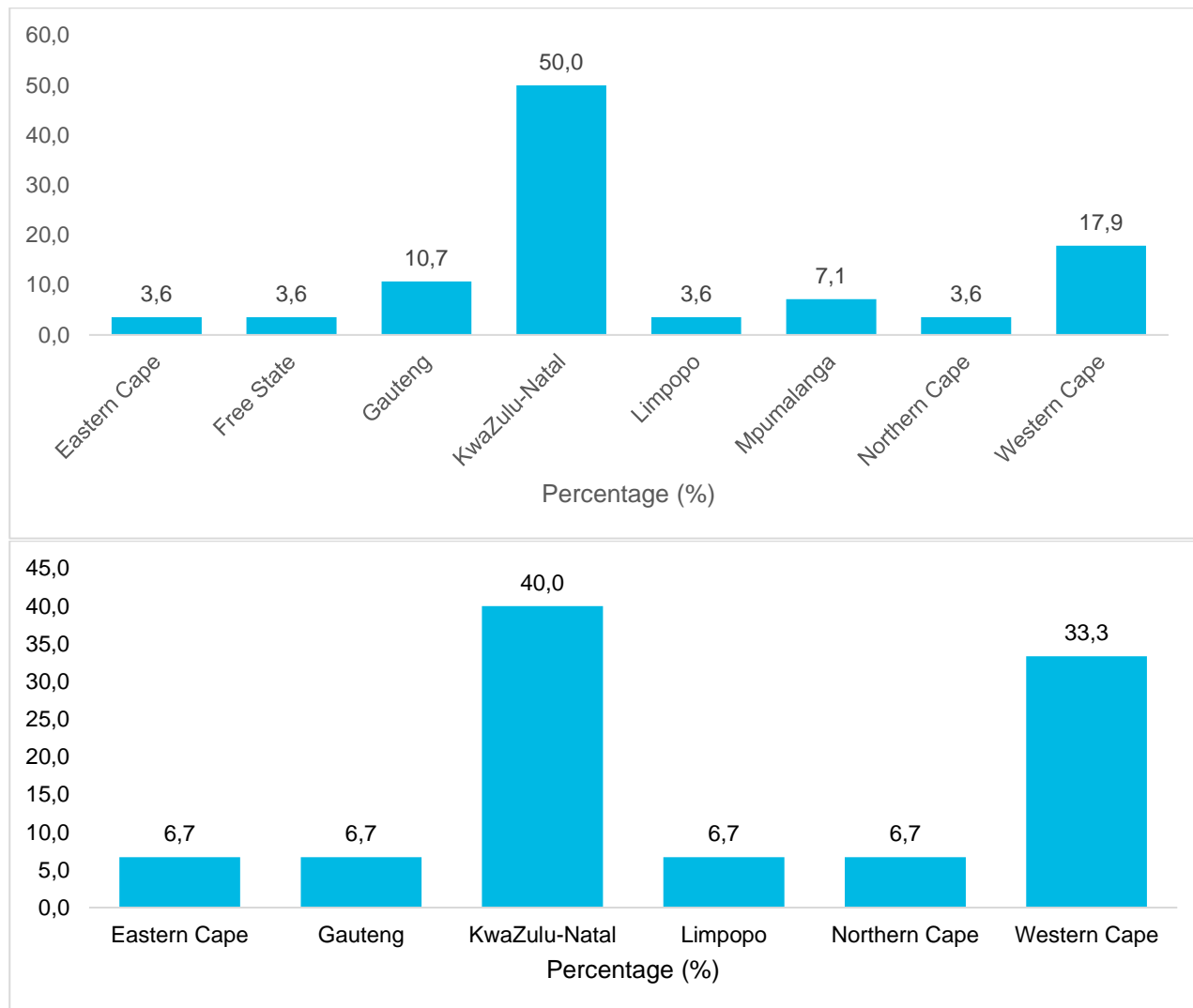
Table 6: Sector distribution of grant holder enterprises

Retail sector	%
Fuel retailers	79.5
General (fuel) dealers	20.5

Source: Survey Results, Multilink Consulting, 2020

The accredited training providers that participated in the survey originated from KwaZulu Natal trailed by Western Cape and other provinces, as reflected in Figure 3.

Figure 3: Provincial location of accredited training institutions



Source: Survey Results, Multilink Consulting, 2020

Table 7 confirms that the highest proportion of respondents (71.4 per cent) was contributed by TVET colleges with other public and private training providers constituting 21.4 per cent while universities appeared the least at only 7.1 per cent response rate.

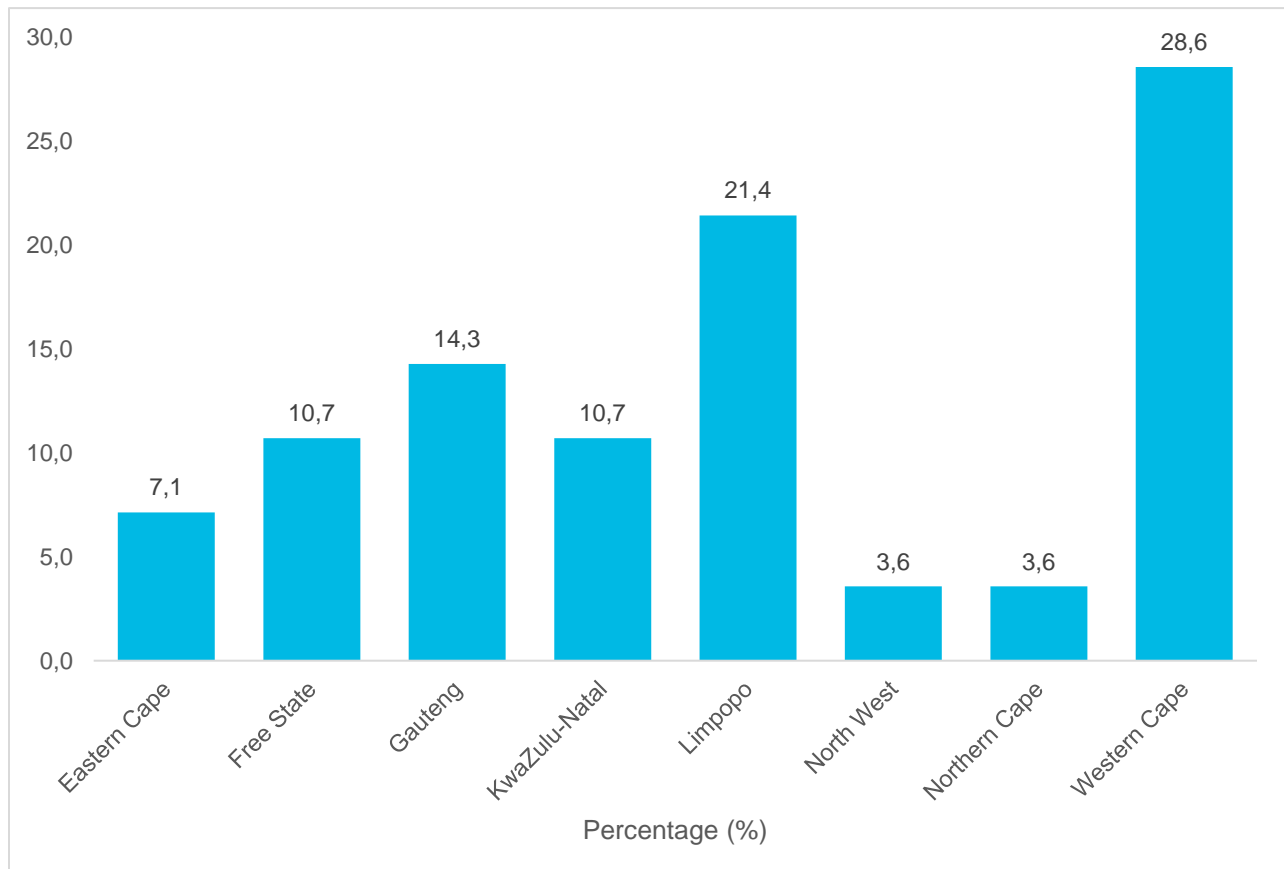
Table 7: Institutional distribution of accredited training providers

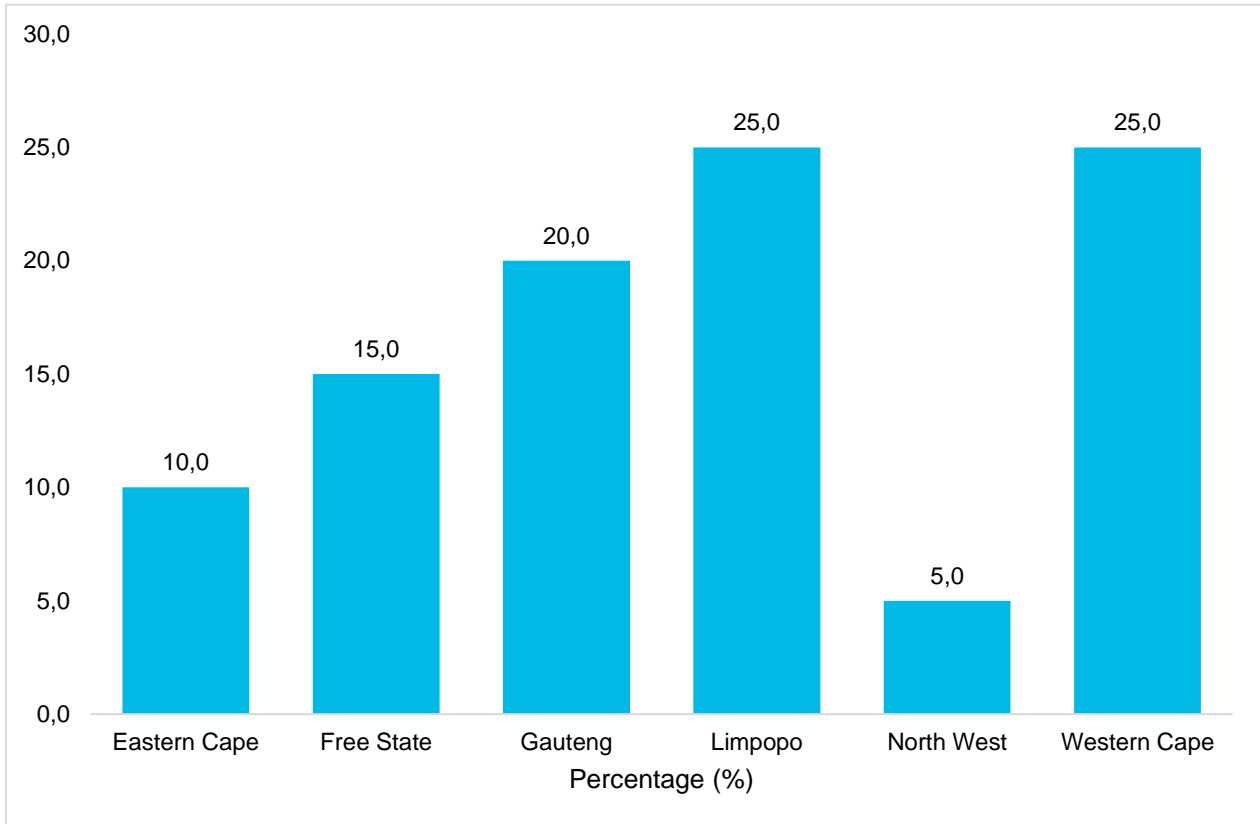
Retail sector	%
University	7.14
TVET	71.43
Other: Private Training Providers	21.43

Source: Survey Results, Multilink Consulting, 2020

Figure 4 indicates that the Western Cape and Limpopo provinces elicited the highest participation of the Wholesale and Retail Seta (W&RSETA) regional managers and co-ordinators. This was followed by Gauteng province while North West and Eastern Cape provinces recorded the least participation of managers and coordinators in the study.

Figure 4: Provincial location of W&R SETA regional managers and co-ordinators





Source: Survey Results, Multilink Consulting, 2020

322 Impact of the FRA Project on improving skills development and capacity building

As indicated in 5 grant holders reported that skills development was a priority (83 per cent) and that retail service station operations (forecourt attendant (63 per cent), health and safety (42 per cent) in addition to merchandising (42 per cent) were the qualifications that were mostly funded by the W&RSETA. The focus on skills development confirms the results of empirical studies conducted in other countries (Rowley, 1995; Tamkin, 2005).

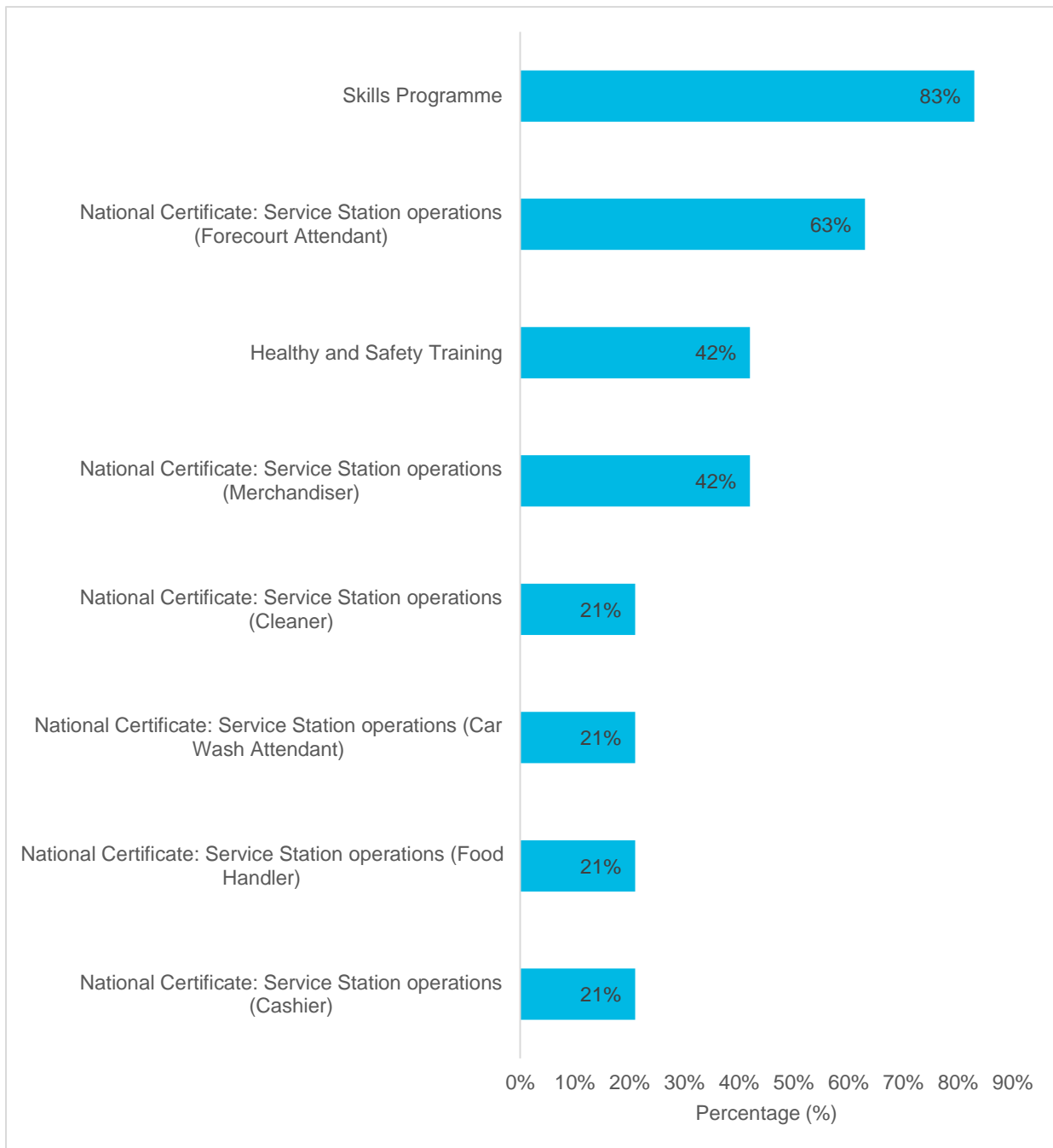
After service station operation, there was also a preponderance of safety, internship, and customer service each at 4.2 per cent respectively. On the other hand, learners pointed out firefighting (30.8 per cent), first aid (23.2 per cent), customer services (23.7 per cent), retail management (7.7 per cent), supervising management, service training and financial, retail management respectively (5.1 per cent) as some of the other significant courses attended sponsored by the W&RSETA for their institution.

As argued by the International Labour Organisation (2010), it is expected that those fuel retail firms that raise the skills of their workforce through training and development will reap benefits of



productivity along with other gains.

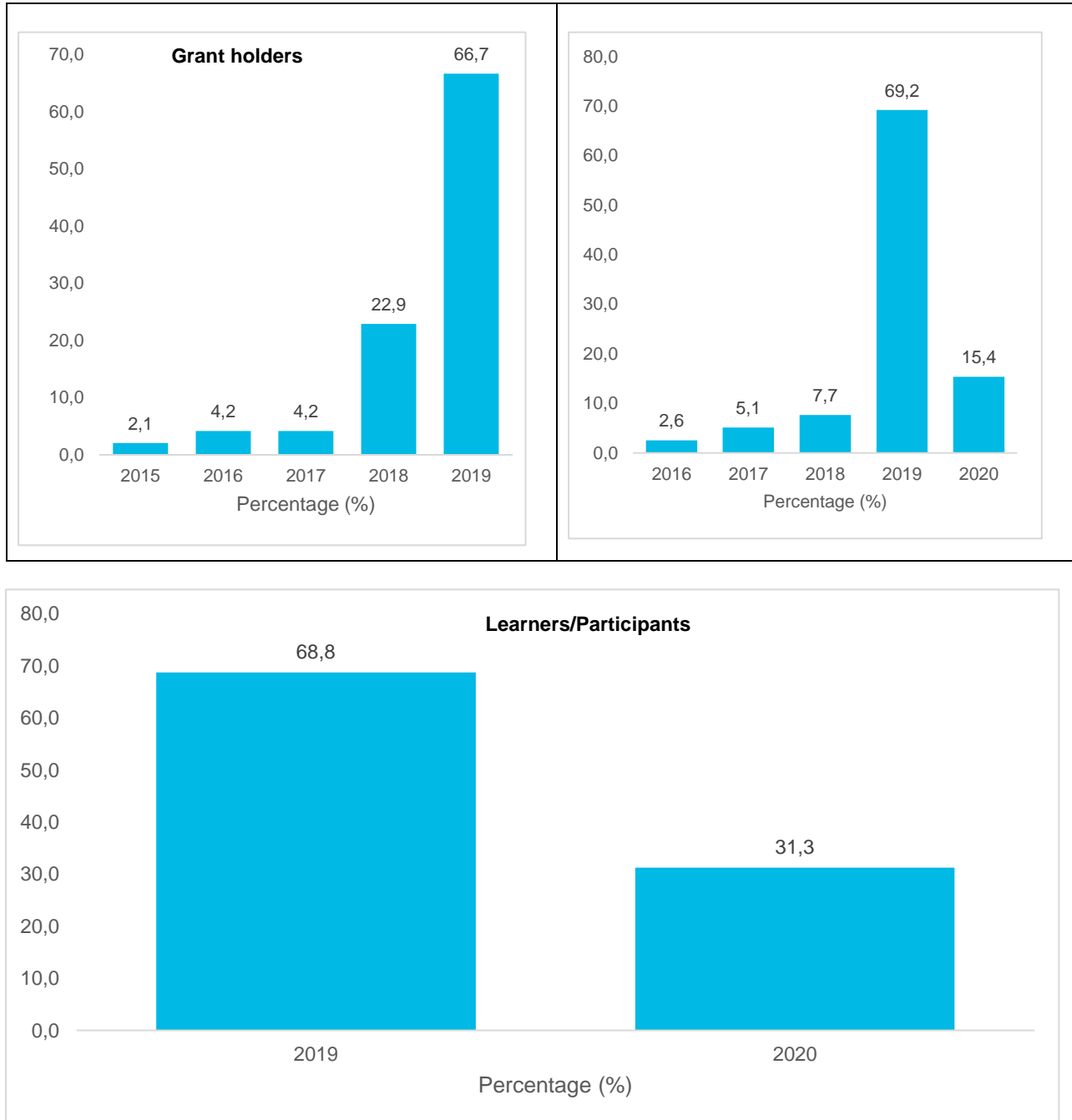
Figure 5: FRA Project funded interventions



Source: Survey Results, Multilink Consulting, 2020

In Figure 6, both grant holders and learners confirmed that the year 2019 was the year in which the W&R SETA disbursed the highest amount of grants towards the development of the FRA Project. The grant holders perceived 2018 to be second and 2017 plus 2016 third while on the contrary learners pointed to 2020 as the second-highest year of disbursement.

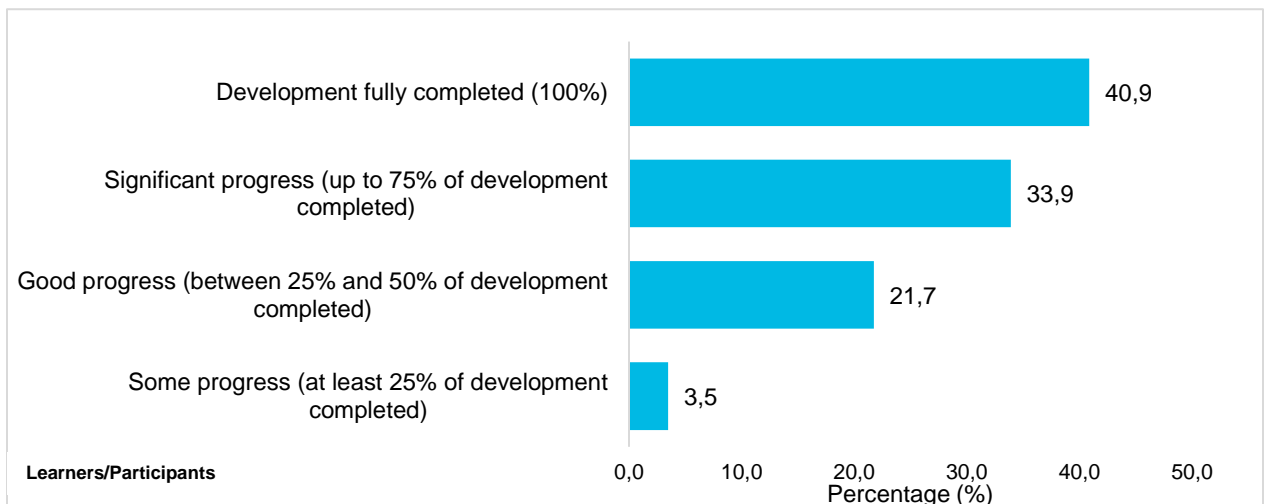
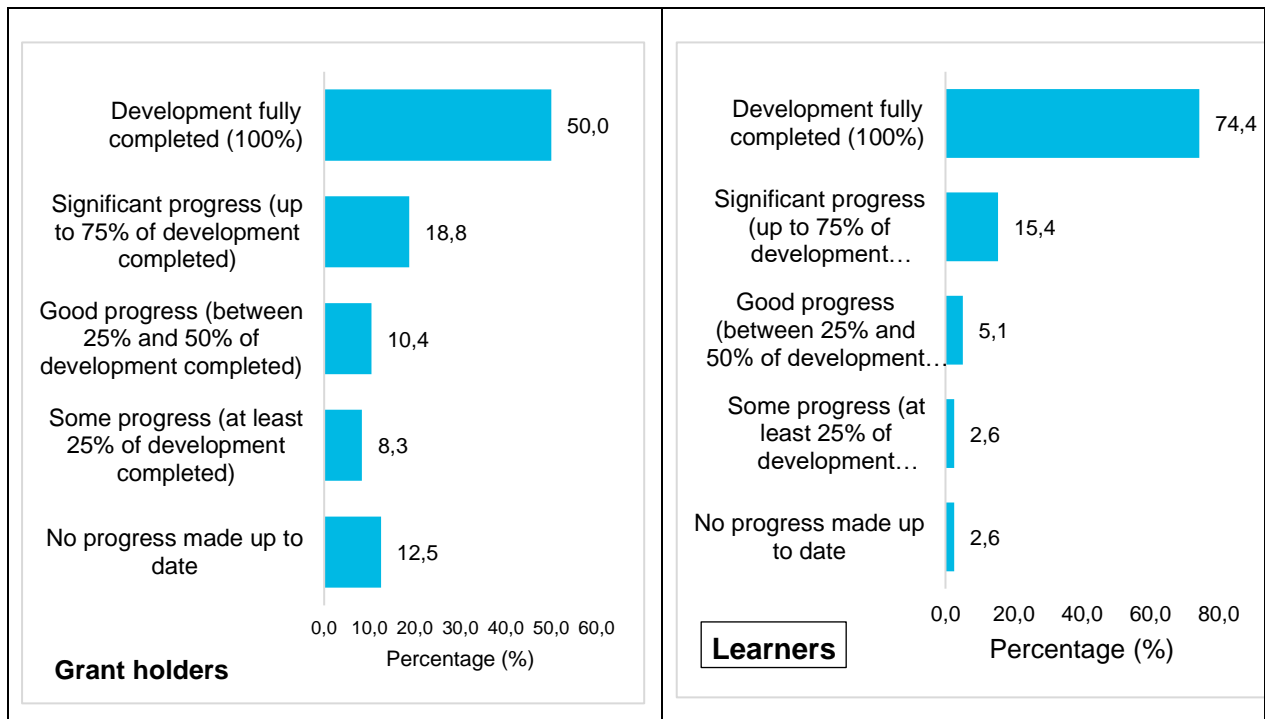
Figure 6: Year of receipt of FRA Project funding



Source: Survey Results, Multilink Consulting, 2020

In terms of the stage of completion of the FRA Project, the grant holders and learners were in concurrence that the highest proportion of FRA Project was fully (100 per cent) completed followed by those with significant progress (up to 75 per cent), good progress (25 per cent – 50 per cent) and some progress (at least 25 per cent) respectively. While 12.5 per cent of grant holders highlighted that there were some qualifications where no progress has been made up to date only 2.6 per cent of the learners were of the view that some qualifications were in this category of in-progress.

Figure 7: The stage of completion of the FRA Project

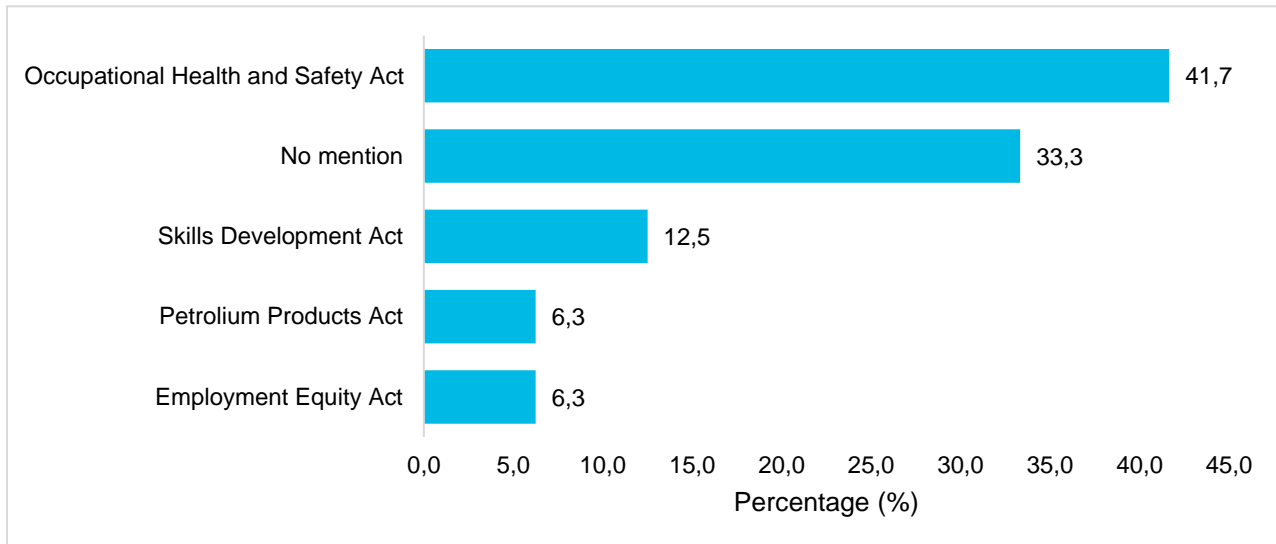


Source: Survey Results, Multilink Consulting, 2020

323 Impact of the project in relation to the implementation of the relevant legislation applicable to the W&R sector

Grant holders listed the primary legislation critical for compliance in their sector, as illustrated in Figure 8. According to the depiction, the occupational health and safety act was reported as the most vital legislation for compliance in the sector with the SDA second, Petroleum Products Act third and the employment equity act fourth.

Figure 8: The main legislation most critical for compliance in the sector



Source: Survey Results, Multilink Consulting, 2020

The grant holders indicated that the FRA Project in their organisations mainly impacted the implementation of the legislation in Table 8 as applicable to their sector. The legislation most highly impacted is the SSP followed by the NSDP, the NDP and lastly OHSA and the Employment Equity Act.

Table 8: The main legislation impacted by the FRA Project

Legislation relevant to the sector	%
Sector Skills Plan	77.1
National Skills Development Plan	66.7
National Development Plan	54.2
Basic Conditions of Employment Act	4.2
Occupational Health and Safety Act	2.1
Employment Equity Act	2.1

Source: Survey Results, Multilink Consulting, 2020

It is not surprising that the legislation most highly impacted is the SSP. According to Lundall (2003), the SDA, and Skills Development Levy Act of 1999 set the bar for focussed skills development programmes in the country and SETAs are the engines blocks established to implement and monitor skills development efforts and ensure that energies spent were in line with the overall sector skills plans. Resultantly, according to Statistics South Africa (2019), there has been an increase in higher education participation rates in South Africa.

3.2.4 Effectiveness of the administration of the project

Table 9 and Table 10 share the feedback by grant holders and learners in terms of the different areas of FRA Project that were impacted by the W&RSETA administration. The experience of both grant holders and learners is that the project was advertised and marketed effectively, the curriculum was relevant to the sector and industry requirements, the qualification development was presented, assessed and certified in line with sector standards, was completed in time, applications and admissions processes were well streamlined and last but not least the development achieved all objectives which were set at the start of the project. This definition of effectiveness resonates very well with Deniston et al. (1968) characterisation of programme administration effectiveness.

Table 9: The areas of the FRA Project that were impacted by the W&RSETA administration

Grant Holders - Statement	%
Was advertised/marketed effectively	85.4
Applications and admissions processes were well-streamlined	77.1
The curriculum was relevant to the sector and industry requirements	85.4
Was completed in time	85.4
Was presented, assessed and certified in line with sector standards	83.3
Received sufficient W&R SETA funding to complete the project successfully	62.5
Required more funding than initially budgeted for	47.9
Underestimated the funding requirements to complete the project fully	41.7
Achieved all objectives which were set at the start of the project	62.5

Source: Survey Results, Multilink Consulting, 2020

Table 10: The areas of the FRA Project that were impacted by the W&RSETA administration

Learners - Statement	%
Was advertised/marketed effectively	94.9
Applications and admissions processes were well-streamlined	97.4
The curriculum was relevant to the sector and industry requirements	97.4
Was completed in time	92.3
Was presented, assessed and certified in line with sector standards	94.9
Received sufficient W&R Seta funding to complete the project successfully	82.1
Required more funding than initially budgeted for	53.8
Underestimated the funding requirements to complete the project fully	56.4
Achieved all objectives which were set at the start of the project	92.3

Source: Survey Results, Multilink Consulting, 2020

Table 11 shows that there were two significant challenges and barriers experienced by both grant holders and learners before receiving W&R SETA funding, namely, lack of funding and inadequate compliance with critical sector legislation. It is also recognisable that the majority of grant holders and learners experienced no major challenges before receiving W&R SETA funding. In terms of the training service providers, the problems were mainly lack of funding but also high levels of non-payment of fees and unreliable transport. The regional managers and co-ordinators' views of the challenges were principally inadequate training skills and lack of funding.

Table 11: The challenges/barriers that were experienced by the enterprises before receiving W&RSETA funding

Grant holder - Statement	%
No challenges/barriers experienced before receiving W&R SETA funding	41.7
Lack of funding	27.1
Inadequate compliance with critical sector legislation	12.5
Inadequate turnaround times	4.2
Inadequate training/skills	25.0
Inadequate demand for products/services	6.3
Inadequate adherence with internal controls	4.2

Learners - Statement	%
No challenges/barriers experienced before receiving W&R Seta funding	64.1
Lack of funding	10.3
Inadequate compliance with critical sector legislation	2.6

Learners - Statement	%
Inadequate turnaround times	0
Inadequate training/skills	12.8
Inadequate demand for products/services	2.6
Inadequate adherence with internal controls	0
Training service providers - Statement	%
No challenges/barriers experienced before receiving W&R Seta funding	28.6
Lack of funding	60.7
High levels of non-payment of fees	17.9
Inadequate staff complement	3.6
Inadequate numbers enrolled	14.3
Unreliable transport	21.4

Source: Survey Results, Multilink Consulting, 2020

Table 11: The challenges/barriers that were experienced by the enterprises before receiving W&RSETA funding

Regional Managers and Co-ordinators - Statement	%
No challenges/barriers experienced before receiving W&R Seta funding	21.4
Lack of funding	32.1
Inadequate compliance with critical sector legislation	0.0
Inadequate turnaround times	3.6
Inadequate training/skills	25.0
Inadequate demand for products/services	14.3

Source: Survey Results, Multilink Consulting, 2020

Table 12 confirms the challenges experienced in terms of the effectiveness of the administration system during the implementation of the programme. The majority of grant holders and learners reported no problems encountered during implementation. Considering the implementation challenges reported, for the grant holders poor delivery of courses and the late issuance of certificates were major issues.

While learners also pointed out the late issue of certificates and the poor performance assessment of the participants. Training service providers identified late grant payments and increased non-attendance plus increased unrest on campus while the regional managers and co-ordinators highlighted late grant payments and inadequate access to information.

Table 12: The implementation challenges experienced by the enterprises during the FRA Project

Grant holders - Statement	%
None	69.4
Late grant payments	4.1
Poor delivery of courses	8.2
Poor performance assessment of the participants	2.0
Late issue of results	6.1
Late issue of certificates	8.2
Ease of access to information	4.1

Learners - Statement	%
None	51.3
Late grant payments	7.7
Poor delivery of courses	0
Poor performance assessment of the participants	12.8
Late issue of results	35.9
Late issue of certificates	5.1
Ease of access to information	5.1

Training service providers - Statement	%
None	21.4
Late grant payments	42.9
Increased non-attendance	25.0
Increased poor academic performance	7.1
Increased unrest on campus	14.3

Regional Managers and co-ordinators - Statement	%
None	21.4
Late grant payments	28.6
Poor delivery of courses	7.1
Poor performance assessment of the participants	3.6
Late issue of certificates	7.1
Inadequate access to information	14.3

Source: Survey Results, Multilink Consulting, 2020

Table 13 reflects the top five critical enablers highlighted by grant holders, learners, training service providers and regional managers. Grant holders consider the availability of funding to be the prime enabler while learners feel it is the provision of transport. Training service providers presented good relationship as the factor of cardinal importance but also equally mentioned the average number of enrolled learners, coaching students, the co-operation of the organisation involved and good people involved as critical enablers. The regional managers and co-ordinators highlighted employers, participation by employees, stakeholders and fuel retailers association.

Table 13: Key enablers/factors making it possible in the implementation of the FRA Project

Grant holders – Top Five Statement	%
None	62.5
Available funding	12.5
Well trained staff	8.3
Communication	2.1
Contact person was accommodating and always calling and checking up	2.1

Table 13: Key enablers/factors making it possible in the implementation of the FRA Project

Learners - Top Five Statement	%
None	17.9
Provided with transport	17.9
Training materials and equipment	7.7
Administration work	5.1
Communication	5.1

Training service providers – Top Five Statements	%
Good relationship	7.1
The average number of enrolled learners	3.6
Coaching Students	3.6
Cooperation of the organisation involved	3.6
Good people who are willing to learn	3.6

Regional Managers and Co-ordinators – Top Five Statements	%
Employers	10.7
Participation by employees	7.4
Stakeholders	3.6

Regional Managers and Co-ordinators – Top Five Statements	%
Fuel retailers association - the communication is excellent	3.6
ITC and human resource	3.6

Source: Survey Results, Multilink Consulting, 2020

3.25 Effectiveness of the project with regard to the socio-economic needs of the sector

In Figure 9, the grant holders and learners express their views in terms of the effectiveness of the project in relation to the socio-economic needs of the sector. The figure shows the results on an index scale ranging from 0 = strongly disagree, and 100 = strongly agree. The top three factors that are raised by grant holders are that the project contributed to improved compliance with sector standards and specifications, enhanced skills, and increased youth access to sector opportunities.

On the other hand, the learners alluded to the fact that the project secured them with a feeling of empowerment/self-esteem/self-worth, improved business skills but also access to permanent employment. It is recognised by the stakeholders at the lower end of the scale the lesser contribution of the project to increased profits, financial freedom and independence, respectively.

The feedback from regional managers and co-ordinators indicated contribution to improved skills, reduced the cost of doing business, secured permanent job opportunities for community members, improved the quality of products and services and most importantly enhanced security in the community.

The findings of the present study are confirmed by empirical findings elsewhere. As a form of social capital, skills development promotes economic development through improved productivity and efficient deployment of the country's factors of production. (Middleton et al., 1993; Olaniyan and Okemakinde, 2008; Keep et al., 2006; Bartik, 1994; Leautier et al., 2010).

Figure 9: The impact of the FRA Project on the sector

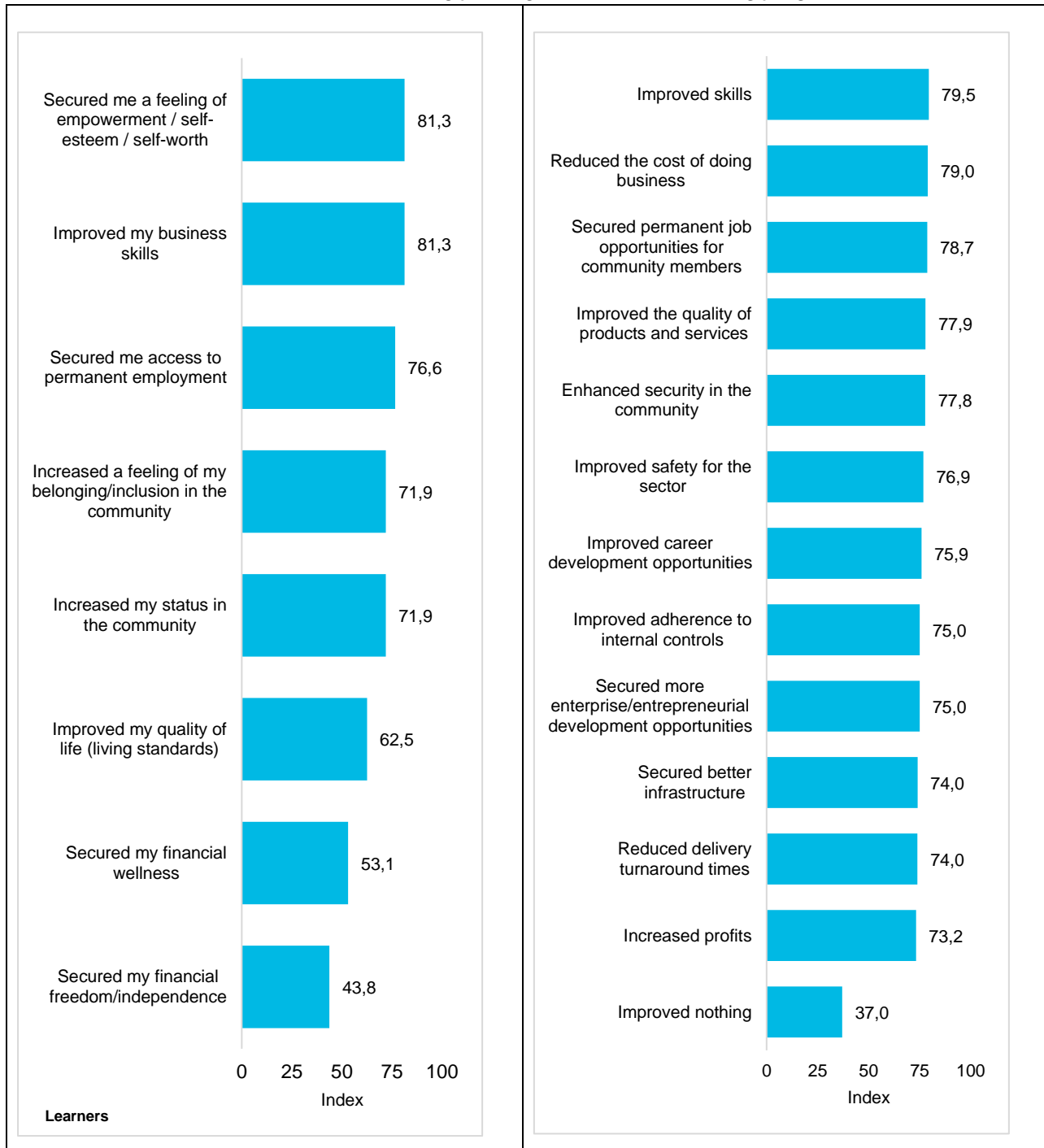
[Scale anchors: 0 = strongly disagree and 100 = strongly agree]



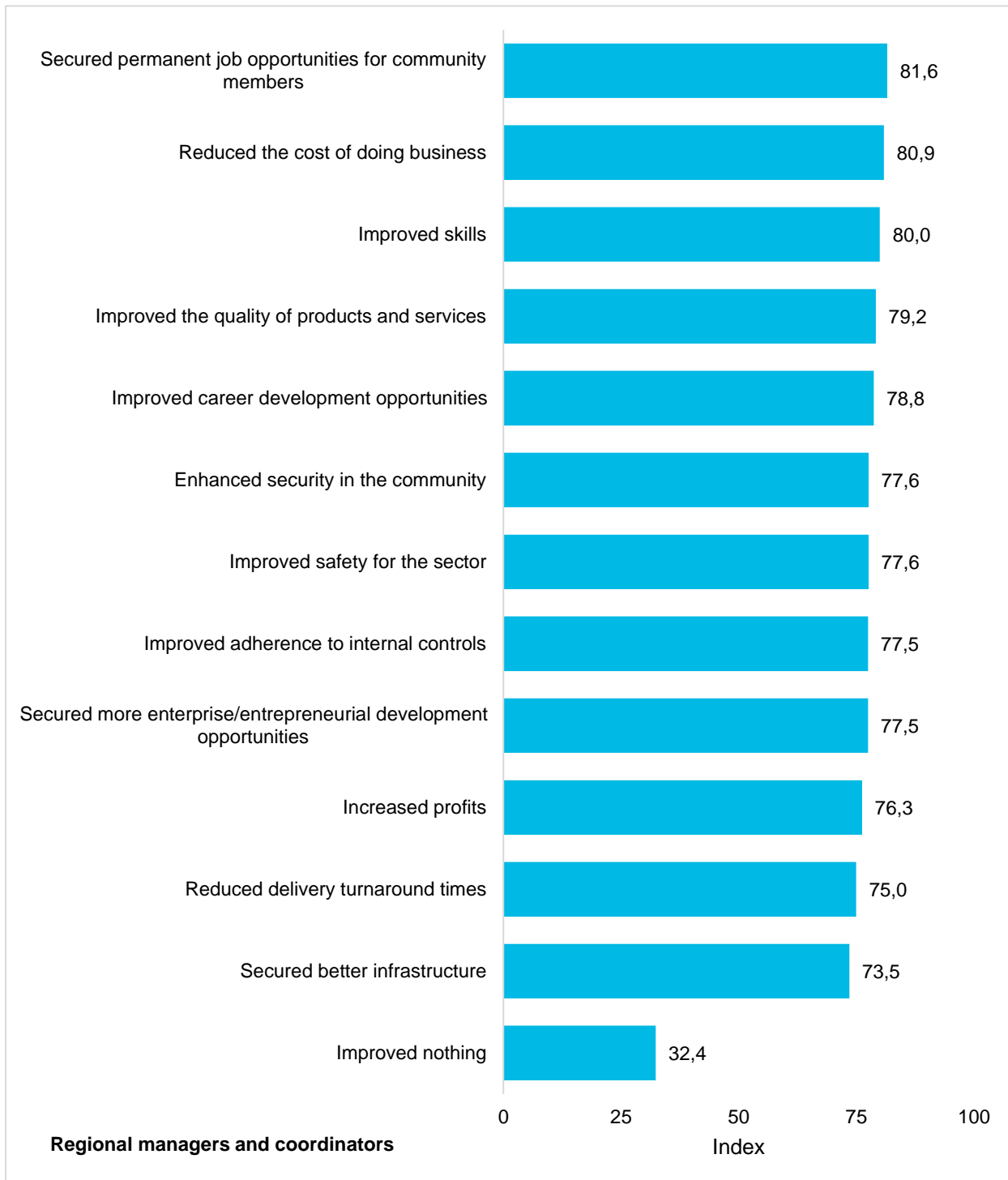
Source: Survey Results, Multilink Consulting, 2020

Figure 10: The impact of the FRA Project on the sector

[Scale anchors: 0 = strongly disagree and 100 = strongly agree]



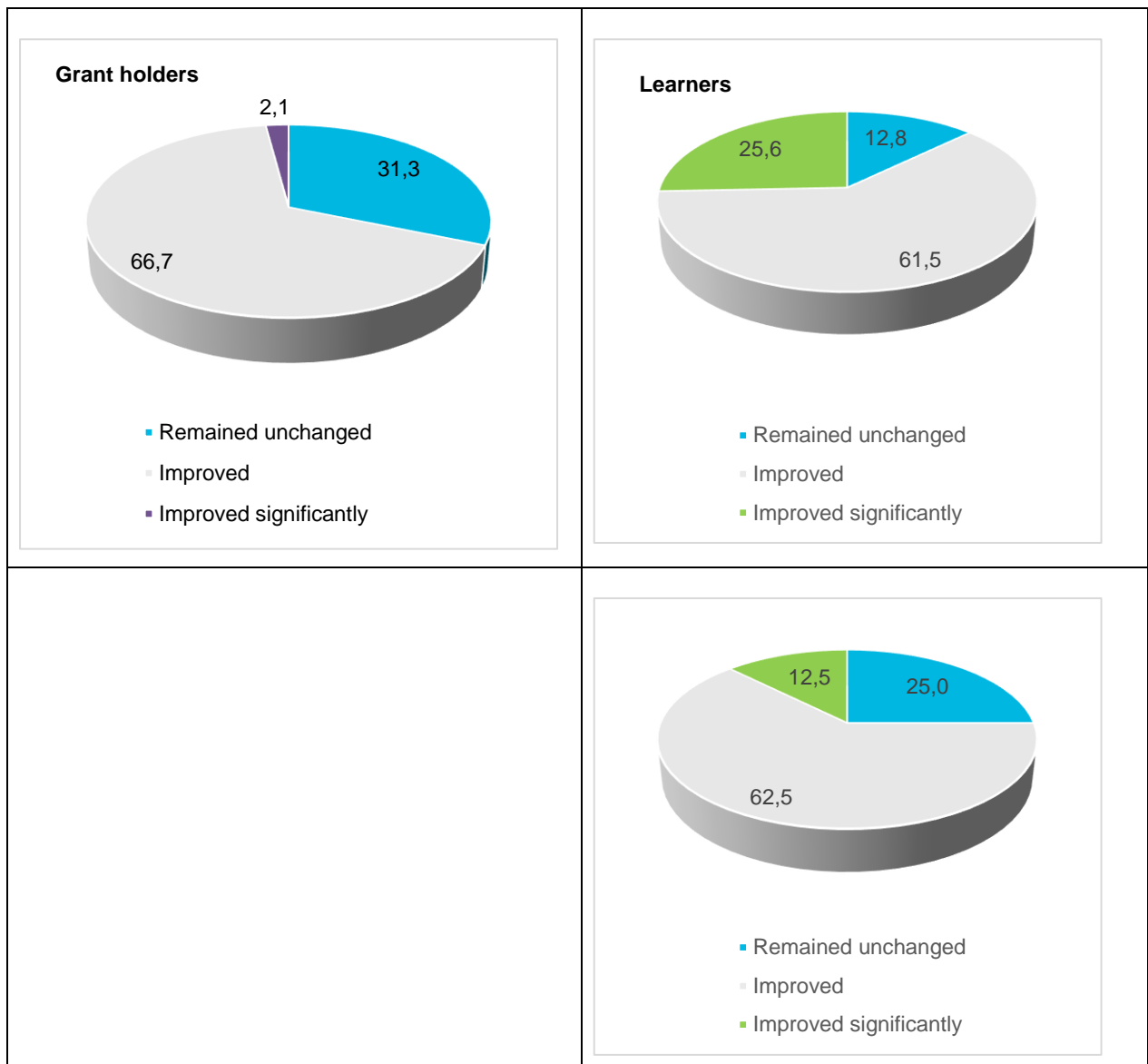
Source: Survey Results, Multilink Consulting, 2020



Source: Survey Results, Multilink Consulting, 2020

Figure 11 illustrates the feedback from grant holders and learners regarding the extent to which the quality of skills/human resources has changed since receiving funding for the fuel retailer organisations development - considering the grant holders 66.7 per cent reported that the skills have improved and 2.1 per cent that the skills have improved significantly. A total of 31.3 per cent indicated that they have remained unchanged. In terms of the learners, the results are 61.5 per cent, 25.6 per cent and 12.8 per cent respectively. However, none of the learners highlighted that the skills set has deteriorated since receiving funding.

Figure 11: The extent to which the quality of skills/human resources has changed since receiving funding for the FRA Project



Source: Survey Results, Multilink Consulting, 2020

Table 14 presents a reflection by the stakeholders on the key impediments to service delivery in the absence of the FRA Project. The grant holders identified unskilled staff, lack of funding and communication as major impediments. On the other hand, regional managers and co-ordinators presented a lack of skills and knowledge, access to skills development, employees with inadequate skills and lack of employment as significant impediments.

Table 14: The key impediments to service delivery in the absence of the FRA Project

Grant holders – Top five Statements	%
None	50.0
Unskilled staff	18.8
Lack of funding	10.4
Lack of communication	4.2
Inadequate staff training	2.1

Regional managers and Co-ordinators – Top Five Statements	%
Lack of skills	10.7
Lack of Knowledge	7.1
Access to skills development	3.6
Employees with inadequate skills for these organisations	3.6
Lack of employment	3.6

Source: Survey Results, Multilink Consulting, 2020

Table 15 outlines the social changes achieved through the FRA Project, as proposed by the stakeholders interviewed. The grant holders were of the view that the project led to better-trained employees, more community employment opportunities and staff skills development. The regional managers and coordinators were also of the opinion that the project provided job opportunities and security, improved capabilities for participants, access to employment, less financial strain, change of behaviour and the creation of new jobs for the community, especially for the youth.

Table 15: The social changes achieved through the FRA Project

Grant Holders – Top Five Statements	%
No mention	60.4
Better trained employees	8.3
More employment opportunities	4.2
Staff skills development	4.2

Grant Holders – Top Five Statements	%
Community members got employed	2.1
Regional Managers and Co-ordinators – Top Five Statements	%
Job opportunities and security	17.9
Improved skills for participants	7.4
After they are recruited, they get Access to employments a stipend - financial strain is reduced	3.6
Change of behaviour	3.6
Create employment for the community and young people in the community	3.6

Source: Survey Results, Multilink Consulting, 2020

In Table 16, grant holders and learners affirm that the FRA Project has thus far registered a very high satisfaction rating of above 70 per cent. The highest score was awarded to the accredited training service providers by both the grant holders and the learners. W&R regional and qualification managers were awarded second ranking by the grant holders and W&R Seta regional managers in the case of learners.

Table 16: The overall satisfaction rating with the FRA Project

[Scale anchor: 0 = extremely dissatisfied and 100 = extremely satisfied]

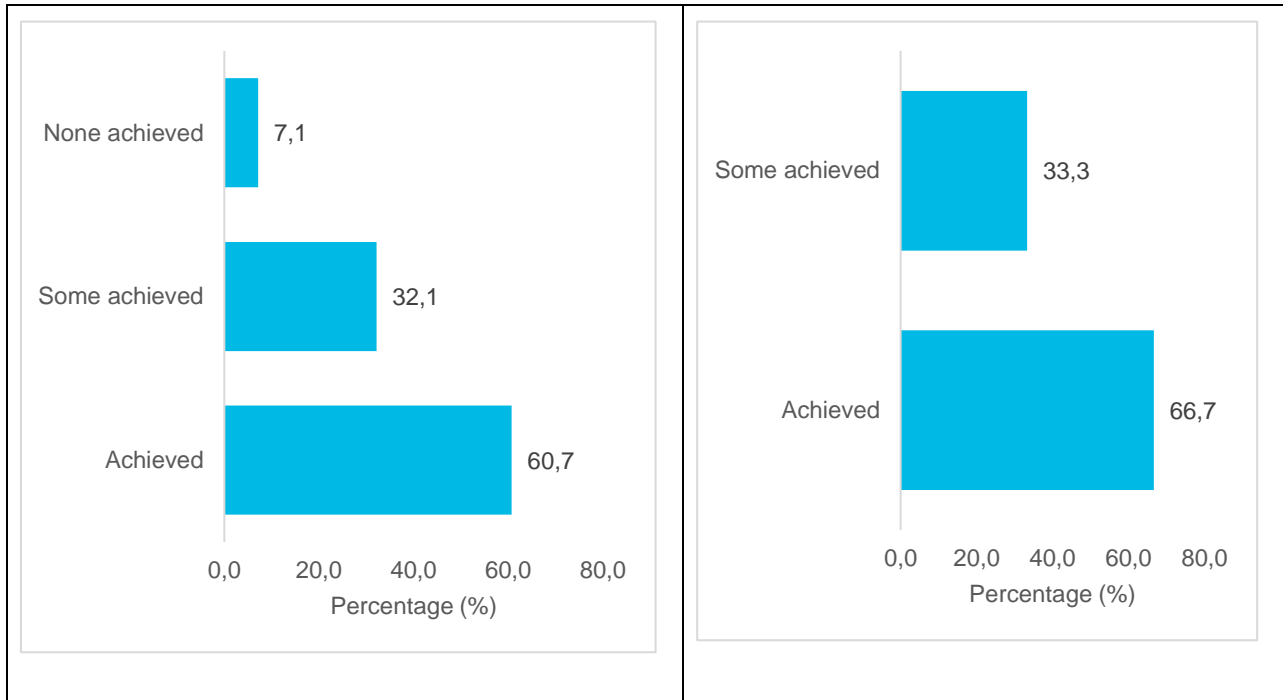
Grant Holders - Satisfaction items	Index
W&R SETA regional managers	64.79
Fuel retail association managers	64.79
W&R finance managers	59.79
Accredited training service providers	67.92
Overall project	71.67
Learners – Satisfaction items	Index
W&R Seta regional managers	80.79
W&R qualifications managers	80.00
W&R finance managers	79.21
Accredited training service providers	84.21
Overall project	86.84

Source: Survey Results, Multilink Consulting, 2020

Likewise as reflected in Figure 12, in terms of the level of achievement of the objectives of the

project, 60.7 per cent of the accredited training providers that participated in the study confirmed that the project achieved its overall objectives.

Figure 12: The level of achievement of the objectives of the FRA Project – rating by training providers



Source: Survey Results, Multilink Consulting, 2020

3.26 The evaluation of initial and actual project outcomes and outputs/deliverables by grant holders, learners and accredited training providers

Table 17 presents the change experienced in seven different project outputs/deliverables before and after receiving the W&RSETA funding. The mean computed from the scores of the respondents consistently shows an increase from before receiving funding from the W&RSETA for each output/deliverable in the table (except for the people with disabilities) indicating that the funding led to an improvement in the number of beneficiaries involved in training for the respective enterprises.

The fact that there is a decline in the mean of the people with disabilities after the implementation of the FRA Project is a matter that requires further research and attention by the W&RSETA.

Table 17: The report of the change in the number of beneficiaries involved in the FRA Project prior to and after receiving W&R SETA funding

Grant holders Statements - Before W&RSETA funding					
Target group	n	Minimum	Maximum	Sum	Mean
Women involved in the FRA Project	52	0	22	141	2.94
Youth (14-35 years) involved in the FRA Project	52	0	60	205	4.27
People with Disabilities (PWD) involved in the FRA Project	52	0	1	2	0.04
Temporary staff employed during the FRA Project	52	0	7	36	0.75
Staff trained during the FRA Project	52	0	17	107	2.23
Staff trained with accredited training during the FRA Project	52	0	15	69	1.44
Staff trained with non-accredited training during the FRA Project	52	0	42	67	1.40

Grant holders' Statements - After W&RSETA funding					
Target group	n	Minimum	Maximum	Sum	Mean
Women involved in the FRA Project	52	0	26	165	3.44
Youth (14-35 years) involved in the FRA Project	52	0	80	247	5.15
People with Disabilities (PWD) involved in the FRA Project	52	0	1	1	0.02
Temporary staff employed during the FRA Project	52	0	14	38	0.79
Staff trained during the FRA Project	52	0	26	200	4.17
Staff trained with accredited training during the FRA Project	52	0	26	161	3.35
Staff trained with non-accredited training during the FRA Project	52	0	42	67	1.40

Source: Survey Results, Multilink Consulting, 2020

Table 18 reflects the change in the annual income and expenditure reported by grant holders and learners as experienced before and after participating in the FRA Project. The data shows a remarkable decrease in the mean annual income of the enterprises represented by the grant holders but also in the mean yearly income of the learners that went through the FRA Project over the period. On the other hand, the enterprises also registered a significant decline in annual expenditure.

Table 18: The change in the annual income and expenditure prior to and after project implementation

Grant holders' statement - Before project implementation					
	n	Minimum	Maximum	Mean	Std. Deviation
The annual income of the organisation receiving W&RSETA funding	3	1500000	12000000	6166666.67	5346338.311
The annual expenditure of organisation receiving funding	2	4500000	11000000	7750000.00	4596194.078

Grant holders' statement - Before project implementation					
	n	Minimum	Maximum	Mean	Std. Deviation
The annual income of the organisation receiving W&RSETA funding	4	6000	5200000	1981300.00	2242397.726
The annual expenditure of organisation receiving funding	4	6000	11000000	3981000.00	5215902.479

Learners statement - Before project implementation					
	n	Minimum	Maximum	Mean	Std. Deviation
The annual income of beneficiary of W&RSETA funding	4	76000	126000	112000.00	24166.092

Learners statement - After project implementation					
	n	Minimum	Maximum	Mean	Std. Deviation
The annual income of beneficiary of W&RSETA funding	5	48000	155000	110800.00	47819.452

Source: Survey Results, Multilink Consulting, 2020

327 The evaluation of the effectiveness of the skills provided to the beneficiaries was applicable

The W&R SETA qualifications and learnerships database consist of six accredited and credit-bearing courses relevant to the fuel retail sector (Table 19). These courses are considered by the W&R SETA to be essential for the productive performance of occupational tasks.

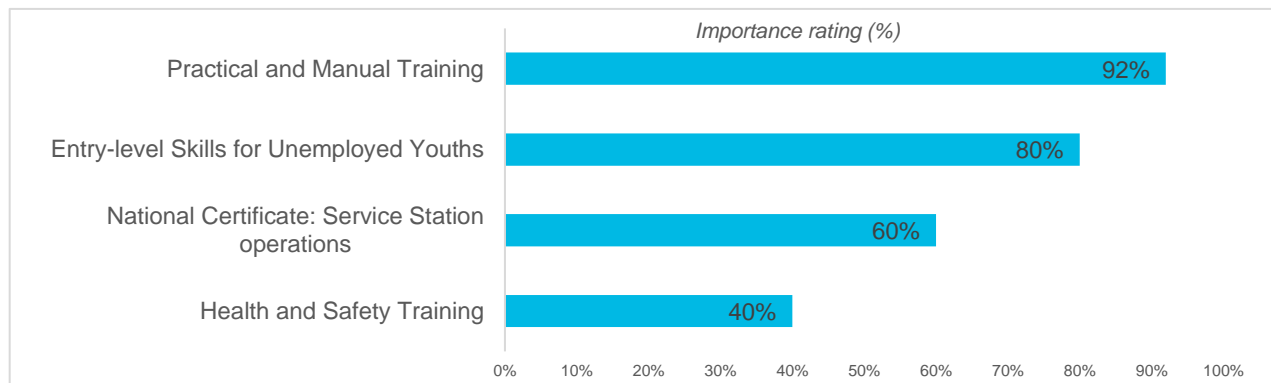
Table 19: W&R SETA qualifications and learnerships

Qualification title	Qualification code	Learnerships title	NQF level
National Certificate: Service Station operations	62709	National Certificate: Service Station operations (Cashier)	2
National Certificate: Service Station operations	62709	National Certificate: Service Station operations (Food Handler)	2
National Certificate: Service Station operations	62709	National Certificate: Service Station operations (Forecourt Attendant)	2
National Certificate: Service Station operations	62709	National Certificate: Service Station operations (Car wash Attendant)	2
National Certificate: Service Station operations	62709	National Certificate: Service Station operations (Cleaner)	2
National Certificate: Service Station operations	62709	National Certificate: Service Station operations (Merchandiser)	2

Source: W&R SETA

Figure 13 summarises the learnership and essential skills requirements for the sampled learners based on engagements with a panel of stakeholders during strategic dialogue sessions. The results confirm the essential character of these skills. However, it is worthwhile noting that certain mandatory training programmes such as safety, first aid and firefighting do not necessarily require the W&R SETA intervention. According to insights gained from the strategic dialogues, it was observed that most of the funded programmes are non-accredited practical courses and some of the courses are offered by other SETAs.

Figure 13: Essential learnership and technical skill requirements for fuel retailing workers



Source: Survey Results, Multilink Consulting, 2020

The results presented above in Figure 12 indicate that entry-level skills for the youth were identified as necessary by the respondents.

328 Synthesis of the key lessons learnt during the implementation of the FRA Project

Table 20 reflects the key lessons of experience learnt during the implementation of the FRA Project as expressed by grant holders, training service providers and learners. Grant holders highlight the importance of skills development, staff training and accountability while training service providers point out that the training required/provided is not always market related, there is a need for continuous development of lecturers, bursary rules and enhancement of practical activities for the learners. The learners expressed important lessons learnt about good customer care, advanced firefighting, improved working skills and safety.

Table 20: The key lessons the organisation learnt during the implementation of the FRA Project

Grant holders – Top five statements	%
No mention	37.5
Skills development	8.3
None	6.3
Staff training	4.2
Being accountable	2.1
Training service providers – Top five statements	%
Not always market-related	7.1
A continuous development of the lecturers that teaches the subject	3.6
Bursaries rules	3.6
It brings opportunities and changes people’s life	3.6
Learners enjoyed most the practical activities	3.6
Learners – Top five statements	%
Good customer care	12.82
Advanced firefighting	12.82
Improved working skills	10.26
More knowledge	7.69
Safety	7.69

Source: Survey Results, Multilink Consulting, 2020

3.3 FOCUS GROUP SESSIONS RESULTS

Strategic dialogues were conducted with a panel of stakeholders listed in Table 21 to attach practical meanings arising from quantitative data analysis.

Table 21: Focus group participants

Date	Location	Interviewed	Organisation	Position
04/02/2020	Pretoria	Sonwabo Gxaba	GPN W&R SETA	Regional Administrator
04/02/2020	Pretoria	Lebogang Khoza	GPN W&R SETA	Regional Manager
04/02/2020	Pretoria	Vusi Mdebela	GPN W&R SETA	Regional Co-ordinator
04/02/2020	Pretoria	Tinyiko Manyike	GPN W&R SETA	Acting Team Leader
04/02/2020	Pretoria	Bruce Makombe	Multilink Consulting	Lead Researcher
04/02/2020	Pretoria	Prof Paul Kibuuka	Multilink Consulting	Researcher and Academic
04/02/2020	Cape Town	Abie Riffel	Woolworths	Manager
04/02/2020	Cape Town	Lieza Blom	Western Cape W&R SETA	Regional Manager
04/02/2020	Cape Town	Lesley-Ann Roman	Truworths	Regional Co-ordinator
04/02/2020	Cape Town	Judy Braune	Braune Training (Pty) Ltd	Director
04/02/2020	Cape Town	Stanley Gweja	Multilink Consulting	Researcher

Source: Multilink Consulting, 2020

3.3.1 Analysis of Results from Focus Group Discussions

Interviews conducted with a panel established the following pertinent issues (see Table 22), and these were instrumental in formulating the study recommendations.

Table 22: Results from focus group discussions

Theme	Analysis results
Impact of the FRA Project on improving skills	<ul style="list-style-type: none"> Focus group participants concurred with the finding that there is always a reluctance to employ jobless and unskilled learners given the risks

Theme	Analysis results
<p>development and capacity building</p>	<p>associated with fuel retailing. As a result, stakeholders who participated in the two strategic dialogues emphasised for the need for transformation of the sector and the need to ensure that interventions such as the FRA Project are geared towards meeting the training needs of unemployed youth, women and learners with disabilities particularly for entry-level activities. A key theme that emerged from the two strategic dialogues was that mandatory training programmes should be funded exclusively by the fuel retailers and the W&R SETA should work in partnership with franchisors and other SETAs in the next iteration of the FRA Project.</p>
<p>Legislative impact of the FRA Project</p>	<ul style="list-style-type: none"> ▪ Focus group participants agreed that the finding that the FRA Project impacted the implementation of the legislation as applicable to the sector and further proposed that the W&R SETA’s strategic outcome-oriented goals should be aligned with the NSDS III programmes and all other relevant legislation.
<p>Administration of the FRA Project.</p>	<ul style="list-style-type: none"> ▪ Results from the two strategic dialogues confirmed that the FRA Project was presented, assessed and certified in line with sector standards, was completed in time, applications and admissions processes were well-streamlined albeit with minor setbacks such as poor delivery of courses and the late issue of certificates and late grant payments. Focus group participants proposed that the W&R SETA should adopt novel frameworks such as business process mapping and implementing structured and technology-backed project management systems to promote unified processing of applications, validations, approvals, timeous grant processing and payments and certificate issuance. These systems should be linked with other SETAs through technologies such as blockchain used by the banking fraternity for ease of learner registration and identification, qualification administration and graduation.
<p>Socio-economic impact of the FRA Project</p>	<ul style="list-style-type: none"> ▪ Intuitions obtained from the two focus group sessions conducted indicated the low participation of young people, women and people with disabilities and highlighted the need for the development of strategies that will result in amplified and sustainable socio-economic efficacy of the programme. The nature of the fuel retailing jobs was flagged as one of the primary reasons that explain the low participation of women and people with disabilities, i.e. long working hours and dangerous work environment. The strategic dialogues collectively confirmed that the view that long-run trends in employment and automation strategies have profound negative implications for the skills requirements of the sector. As a result, it was

Theme	Analysis results
	<p>proposed that the W&R SETA need to promote learnership and skills programmes tethered to the Fourth Industrial Revolution to prevent the inevitable and catastrophic job losses in the future.</p>
<p>Programme effectiveness and value for money</p>	<ul style="list-style-type: none"> ▪ Results obtained from the focus group sessions indicated that it is too early to accurately gauge the performance of the FRA Project given the low update of the programme during the formative years. Nevertheless, for the portions implemented, according to focus groups members there is evidence to suggest that the FRA Project led to an improvement in business metrics and financial sustainability of grant holders and employability of learners. It is against this background that participants of the strategic dialogues recommended that the FRA Project should be continued albeit with some modifications in the delivery of the programme.
<p>Effectiveness of the skills provided to beneficiaries</p>	<ul style="list-style-type: none"> ▪ Given the nature of the industry (long working hours and night shifts), strategic dialogue results indicate the need to emphasise and promote non-credit bearing and practical courses and harmonise with courses offered by other SETAs. These courses comply with legislation. It was noted that learners find the process of completing portfolios of evidence (POEs) challenging and impractical to complete given the time limitations. This discourages training. ▪ Furthermore, to improve the relevance and effectiveness of skills provided to beneficiaries, it was proposed that the W&R SETA should introduce intensive skills upgrade programmes for tutors to eliminate the problem of poor course delivery and/or delivery dated knowledge and skills.
<p>Lessons learned</p>	<ul style="list-style-type: none"> ▪ A greater focus on technology-based programme management and business process mapping would benefit the delivery of the FRA Project and enhance operational effectiveness. ▪ The devil is in the detail. Difficulties associated with delayed grant processing can undermine what would otherwise be an effective programme implementation framework. ▪ While the responsibility for implementation and training was contracted out, implementing partners and training service providers must be provided with appropriate support, especially tutor training and their performance in delivering courses must be carefully monitored. ▪ Building strong internal controls and frameworks is fundamental to maximising the effectiveness of future interventions.

Source: Multilink Consulting, 2020

The results from the focus group sessions conducted discussed above are further decomposed to inform the study's key recommendations. A vital limitation of the study was the difficulty in securing meetings with key industry stakeholders to participate in the focus group sessions. As a result, only two focus group sessions were conducted. Further efforts to organise meetings were hampered by some adverse developments such as the emergence of the 2019/20 novel coronavirus pandemic and load shedding. In addition, the study coincided with the long 2019/20 December and January holiday period which also hampered participation. Nonetheless, insights obtained from the two focus group sessions are considered adequate and exhaustive to address the research question and objectives.

3.4 CHAPTER CONCLUSION

The results of the analysis conducted in this chapter reveal some fascinating insights about the FRA Project. In line with the conclusions reached in Chapter 2 (Literature Review), the results of the analysis indicate that there is a strong business case for capacity building and skills development for fuel retailer organisations in South Africa. The programme has been well received by grant holders, learners, accredited training companies and relevant stakeholders interviewed.

This chapter has provided empirical insights on developments underpinning skills and enterprise development programmes; to determine the effectiveness of their processes, programme performance, understand how well beneficiaries are supported and impacted. The next chapter covers the conclusions and recommendations based on both the theoretical literature and the empirical study outcomes.

CHAPTER 4

LESSONS LEARNED AND RECOMMENDATIONS

4.1 INTRODUCTION

The study highlights the importance of continuous upskilling across all occupations in the fuel retailing industry to address the current skills shortages within the sector. These skills shortages threaten the efficient operation of fuel retail operators given the expertise required by employees to perform their jobs. It is, therefore, vital that the skills gap should be continuously addressed. The findings demonstrate the need for a highly-skilled workforce in fuel retailing to improve the performance by retailers in this ever-mutating environment and compliance with legislation and fuel retailing regulations.

The study highlights the importance of continuous upskilling across all occupations in the fuel retailing industry to address the current skills shortages within the sector. These shortages are critical to fuel retailing firms at an operational level owing to the expertise required to perform their jobs. It is, therefore, vital that the skills gap should be continuously addressed. The findings demonstrate the need for a highly-skilled workforce in improving fuel retailing performance by retailers in this ever-mutating environment and compliance with legislation and fuel retailing regulations.

4.2 LESSONS LEARNED AND RECOMMENDATIONS

4.2.1 Impact of the FRA Project on improving skills development and capacity building

The most insightful result of the survey was that there is always a reluctance to employ jobless and unskilled learners given the risks associated with fuel retailing. The W&R SETA needs to **heighten the skills level of unemployed youth, women and learners with disabilities particularly for entry-level activities** (Basic math skills for counting money, ability to identify and manage health and safety issues, communication, cashier experience and customer service skills). This will go a long way in ensuring compliance with NSDS III, SSP legislation and empowerment legislation and policies. This recommendation should not be viewed in isolation as the ILO (2008) argued back in 2008 that skills development must be an integral part of a broader development strategy if it is to deliver on its substantial potential to contribute to overall productivity and employment.

While the return on investment for the FRA Project is considered satisfactory, albeit underspending, value for money and programme returns can be further amplified by ensuring that mandatory training programmes are funded exclusively by the fuel retailers. Additionally, to achieve programme objectives and goals and value for money, it is further recommended that the W&R SETA should work in partnership with franchisors in the next iteration of the FRA Project.

Partnerships can be achieved through direct contacting and cost-sharing between the W&R SETA and the franchisors. This will ensure alignment between the W&R SETAs interventions and those of the franchisors. The strategy ensures that franchisors also invest in training, eliminates duplication of effort, streamline responses and optimises the use of the limited financial resources given the current fiscal constraints and budget cuts by the national government.

4.2.1 Impact of the FRA Project with regards to legislation applicable to the W&R sector

While the study confirms that the FRA Project impacted the implementation of the legislation as applicable to the sector, it is recommended that the W&R SETA's strategic outcome-oriented goals should be aligned with the NSDS III programmes and all other relevant legislation. It is expected that this alignment will go a long way in simplifying performance evaluation, monitoring and evaluation processes. Given the far-reaching trends disrupting the retail fuel market of the past decade (Boston Consulting Group, 2019), it is further recommended that the W&R SETA should undertake a process of identifying policy inconsistencies and policy conflicts with the view of initiating and influencing policy, regulatory and economic blueprint designs.

4.2.1 Effectiveness of the administration of the FRA Project

Effectiveness analyses results suggest that the project curriculum was relevant to the sector and industry requirements, the FRA Project was presented, assessed and certified in line with sector standards, was completed in time, applications and admissions processes were well streamlined. While the programme scores well in terms of the effectiveness of the administration as defined by Deniston et al. (1968), the programme was hamstrung by poor delivery of courses and the late issue of certificates and late grant payments. Difficulties associated with delayed grant processing and late issuance of certificates can undermine what would otherwise be an effective programme implementation framework

The W&R SETA should actively amplify the effective administration of the project. In the age of the Fourth Industrial Revolution, this can be achieved by business process mapping and implementing structured and technology-backed project management systems to promote unified

processing of applications, validations, approvals, timeous grant processing and payments and certificate issuance. These systems should be linked with other SETAs through technologies such as blockchain used by the banking fraternity for ease of learner registration and identification.

Furthermore, in line with the fifth W&R SETA's strategic goal "produce responsive and empowered training providers who can effectively meet the training needs of the wholesale and retail sector", it is recommended that the W&R SETA should consider introducing intensive skills upgrade programmes for tutors. The industry needs to gear up for changes in technology and business models. Changes in technology and business model require tutors with up to date and aligned sector-specific skills and knowledge. It is expected that tutor training will go a long way in eliminating the problem of poor course delivery and/or delivery dated knowledge. Implementing partners and training service providers must be provided with appropriate support and their performance in delivering courses must be carefully monitored.

4.2.2 Effectiveness of the FRA Project with regard to the socio-economic needs of the sector

Transformation should be an integral part of the FRA Project. The W&R SETA should **develop strategies that will result in amplified and sustainable socio-economic efficacy of the programme**. It is worthwhile noting that long-run trends in employment and automation strategies have profound negative implications for the skills requirements of the sector. The W&R SETA need to promote learnership and skills programmes tethered to the Fourth Industrial Revolution to prevent the inevitable and catastrophic job losses in the future. This recommendation is supported by empirical evidence. Investing in human, organisational and institutional capacity is critical for attaining economic vitality, technological progress, and political stability (Leautier et al., 2010).

The evaluation of the project outcomes revealed very low levels of participation by people with disabilities and rural-based and independent small fuel retailers. The fact that there is a decline in the mean of the people with disabilities after the implementation of the FRA Project is a matter that requires further research and attention by the W&R SETA.

Through directed programme policies and pronouncements, the W&R SETA can **extend the programme benefits beyond the three provinces** of Gauteng, KZN and the Western Cape. This strategy will signal the right messages to employers about the need to ensure the industry participates in government-linked interventions aimed at inclusive economic prosperity, poverty alleviation and fight against crime through the creation of employment opportunities for the unemployed youth.

4.2.1 Impact of the FRA Project with regards to initial and actual project outcomes and outputs/deliverables

While the impact assessment results indicate that the FRA intervention led to an improvement in business metrics and financial sustainability of grant holders, employability of learners, the projected impact was constrained by the low programme intake between 2016 and 2018. The year 2017/18 was the year in which the W&R SETA disbursed the highest amount of grants. The high intake in 2017/18 suggests that the FRA Project was beginning to gain momentum. It is against this background that it is recommended that **the FRA Project should be continued** albeit with minor variations and recommendations contained in the report.

4.2.2 Effectiveness of the skills provided to the beneficiaries

While it is expected that essential fuel retailing skills are required at entry-level, teamwork, problem-solving and planning, and organising skills are also a pre-requisite. Given the nature of the industry (long working hours and night shifts), skills change analyses suggest that the W&R SETA should **prioritise and promote non-credit bearing and practical courses** and **harmonise with courses offered by other SETAs**. These courses comply with legislation. Learners find the process of completing portfolios of evidence challenging and impractical to complete given the time limitations which in the long run discourages training. Furthermore, the W&R SETA and fuel retailing firms should invest in job-transferable skills such as those relating to thinking and people. The focus should not be only on occupational-specific or technical skills. The results of the empirical study highlight the importance of matching skills to jobs.

4.3 CONCLUDING REMARKS

The fuel retailing industry needs to do more to promote and boost the attractiveness of fuel retailing as a career choice. There are highly varied and rewarding career paths within the sector, with enormous potential for mobility with the fuel sector upstream and downstream value chain. However, these are often not apparent to learners and those working outside the sector.

It is also worthwhile noting that long-run trends in employment and automation strategies have profound negative implications for the skills requirements of the sector. The W&R SETA need to promote learnership and skills programmes tethered to the Fourth Industrial Revolution to prevent the inevitable and catastrophic job losses in the future. Future research can examine the occurrence and influence of technological (the rise of alternative fuels, particularly electricity, for mobility) and regulatory changes and mutating business models on skills demand and supply in the fuel retailing sector.

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