

Rhodes University SETA M&E Research Partnership Initiative: Project 3

SETA Performance Management & Standards

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This report is one of several outputs from a research partnership addressing Monitoring and Evaluation in a SETA Environment (<https://www.ru.ac.za/elrc/projects/>). Implemented by Rhodes University from August 2018 – May 2020, the partnership was an initiative of South Africa's 21 Sector Education and Training Authorities, supported by the Department of Higher Education and Training and funded by the BANKSETA and ServicesSETA. This report must be read in conjunction with the other frameworks, scoping reports, and evaluation tools produced in the initiative. In addition, capacity development was undertaken, and a course outline has been developed.

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Acronyms

AG	Auditor General
CEO	Chief Executive Officer
DHET	Department of Higher Education and Training
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
KPAs	Key Performance Areas
M&E	Monitoring and Evaluation
MPAT	Management Performance Assessment Tool
NEPF	National Evaluation Policy Frameworks
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NT	National Treasury
SETA	Sector Education and Training Authority
SETMIS	Skills Education and Training Management System
SSPs	Sector Skills Plans

Glossary of Terms

Activities	Actions undertaken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilised to produce specific outputs.
Evaluation	Judgement of the performance of planned, ongoing or completed programmes, policy or development interventions, through systematic study. It addresses issues of causality, and analyses why intended outcomes were or were not achieved.
Goal	The higher-order objective to which a programme, policy or development intervention is intended to contribute.
Impact	The results of achieving specific outcomes. Examples include the impact of education and training on income levels and employment. Impact could also refer to changes in a situation that a policy or programme brings about.
Indicator	A measure designed to assess the performance of an intervention. It is a quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of an implementer.
Inputs	The resources that contribute to the production of, in this case, skills related outputs. These include finance, personnel, information, equipment, buildings.
Monitoring	Monitoring refers to the systematic collection, recording and reporting of information in order to <i>track progress towards the achievement of objectives</i> , and to identify the need for, and undertake, corrective action.
Outcomes	Outcomes are “ <i>what we wish to achieve</i> ”. Outcomes are the medium-term results specific to beneficiaries which are the consequence of achieving specific outputs. Outcomes are specified in terms of the effect the intervention is expected to have on beneficiaries.
Outputs	The products, goods and services that result from a programme or intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes (for example, qualifications).
Performance	The degree to which a programme or intervention, partner or implementing agency operates according to specific criteria/standards/guidelines, or achieves results in accordance with stated goals or plans.
Performance indicator	A variable that allows the verification of changes in the programme or development intervention, or shows results relative to what was planned.
Performance measurement	A system for assessing performance of programmes or interventions against stated goals.
Performance standard	Describe the accepted level of performance by an employee or organisation. They are useful for clarifying what is required to improve performance.
Theory of Change	A tool that describes a linear or non-linear process of planned change, from the assumptions(theory) that guide its design, the planned outputs and outcomes, to the long-term impacts it seeks to achieve.

Introduction

Research Process

This *SETA Performance Standards and their Implementation* report was developed through a research partnership initiative involving the 21 Sector Education and Training Authorities (SETAs), Rhodes University and the Department of Higher Education and Training (DHET) during 2018-2020. The initiative was funded by the BANKSETA and ServicesSETA. It produced a number of monitoring and evaluation (M&E) frameworks and tools, and a capacity development programme (see www.ru.ac.za/elrc/projects for reports, tools and presentations).

This project investigated how both management performance and institutional (delivery) performance standards could be developed and integrated. The original intention was to develop one set of performance standards for the SETAs. A substantial literature review of previous reports on SETA performance was conducted to inform this study. During this process it became apparent that substantial work that has already gone into a national management performance framework that focused on many of the management performance areas within SETAs. It was thus proposed that this work is not duplicated and that SETAs use the existing frameworks and tools. It is acknowledged that these tools are currently under review and that as the revised tools become available that SETAs use them. With regard to actual delivery in terms of the goals and plans related to skills development in South Africa, previous reports noted that there was a need for greater focus in mandate of SETAs and greater clarity in terms of the Theory of Change. This was done through a number of workshops and smaller consultative meetings with stakeholders in the skills development systems including DHET, the NSA and SETAs themselves. The Theory of Change that emerged from the review of policy and planning documents, previous reviews and the consultation processes has been used as the basis for the development of skills development performance standards. Further consultation and collaborative work across the stakeholders will be required to finalise these performance standards.

Purpose and Intended Users of the Framework

The *SETA Performance Standards and their Implementation* aims in the first instance to guide SETA managers (programme and other line managers), but also Chief Executive Officers (CEOs), and M&E implementation staff, on how to go about developing, using and integrating management and institutional performance standards.

Background, Definitions and Scope

The South African government is committed to improving the performance of government institutions, programmes, projects and operations. The recently revised National Evaluation Policy Framework highlights the importance of ensuring that credible and objective evidence from evaluations is produced and used to inform planning, budgeting policy review, programme management and performance improvement (Department of Planning, Monitoring and Evaluation [DPME] 2019). Evident within these commitments to performance improvements is a close relationship between management performance or the performance internal to the organisation, and service delivery performance or the quality and impact of delivery of the institutional mandate and strategic plans. This relationship is clearly articulated in the following quote:

The quality of management practices – how we plan; how we manage staff, finances, and infrastructure; how we govern ourselves and how we account for our performance – has a

significant influence on the quality of the outputs our department produces, the outcomes achieved, and ultimately, the impact our services have on society. Therefore, to improve the performance of a department, it is essential that the management practices of a department are assessed and strengthened. Good management practice is a precondition for effective, sustainable service delivery. (DPME 2012, p. 8)

This suggests that not only are the two areas of performance closely linked but there is a strong premise that improved management performance is a prerequisite and key enabler of institutional performance and the positive developmental impacts of an institution's activities.

The performance assessment system is thus not limited to ensuring compliance with specified policies, activities, outputs, outcomes and impact. It should serve as a mechanism to guide the direction of policy implementation, management practices, service delivery and ultimately to ensure that government institutions are doing what matters most in the overall aspirations of our country, as articulated in documents such as the National Development Plan.

Performance management can be understood as a systemic effort to improve performance through an ongoing process of establishing desired outcomes and impacts, clarifying a theory of change, setting performance standards, then generating data and using emerging insights to improve practice. The purpose of these processes is to support a continuous process of improving individual, departmental and governmental performance. Performance standards are useful in clarifying different levels of achievement so that participants can better understand what is expected of them, assess their performance relative to other similar individuals or departments, and have a guide on what is required to improve performance.

In seeking to develop performance standards to be used in the assessment and improvement of SETA performance, it is thus apparent that both internal and external performance require attention. So too does the relationship between these two dimensions of performance. The previous iteration of the National Evaluation Policy Framework (DPME 2011) suggests that institutional evaluation and performance management would be done through a combination of performance audits and process evaluation. It cites the performance audits by the Auditor General and the Management Performance Assessment Tool (MPAT) as examples of this kind of performance audit/ assessment. In contrast the evaluation of policy, sector plans programmes and projects in both the previous and revised National Evaluation Policy Frameworks (DPME 2011, 2019) are aligned to a number of forms of evaluation for understanding the quality and impact of delivery including diagnostic, design, implementation, impact, economic and synthesis evaluation. Although the internal institutional evaluations were not covered in the 2011 NEPF and it was noted that they would "be covered in later versions of the policy framework"; this has not occurred in the revised 2019 NEPF. This suggests firstly that internal performance assessment falls outside the ambit of the NEPF and secondly leaves a significant gap in terms of understanding the relationship between internal management performance and external delivery performance.

In order to address the need for monitoring and evaluating internal performance it is therefore proposed that the collaborative work done by a range of government departments including the Department of Performance, Monitoring and Evaluation (DPME), the Department of Public Services and Administration, the National Treasury, the Auditor General and the Office of the Public Service Commission form the basis for performance standards and performance assessment. In terms of external institutional performance the recently developed Theory of Change (see Rosenberg & Ward 2020, Framework for Monitoring and Evaluation in a SETA Environment) provide both the basis for performance standards and monitoring and evaluation processes. The key challenge for taking this work forward is how the two dimensions of performance (internal and external) are related to each other. This challenge is alluded to in a review of the Management Performance Assessment Tool (PDG 2015) as follows:

The underlying rationale for MPAT sets out better management performance as a precursor to better departmental performance. How exactly better management performance translates to better departmental performance in terms of service delivery is not particularly well explained, nor what evidence links the collective management achievement of the key performance areas to departmental performance. While examining linkages to departmental performance outcomes is beyond the scope of this implementation evaluation, how this is conceptualised is important to the overall design and it appears to be lacking at this time. (p. 86)

This report therefore firstly considers performance assessment and standards for each of the two dimensions of performance before briefly highlighting some of the key considerations with regard to monitoring, evaluation and improving the relationship between them. The simple graphic representation in Figure 1 helps to identify these performance areas and the relationship between them.

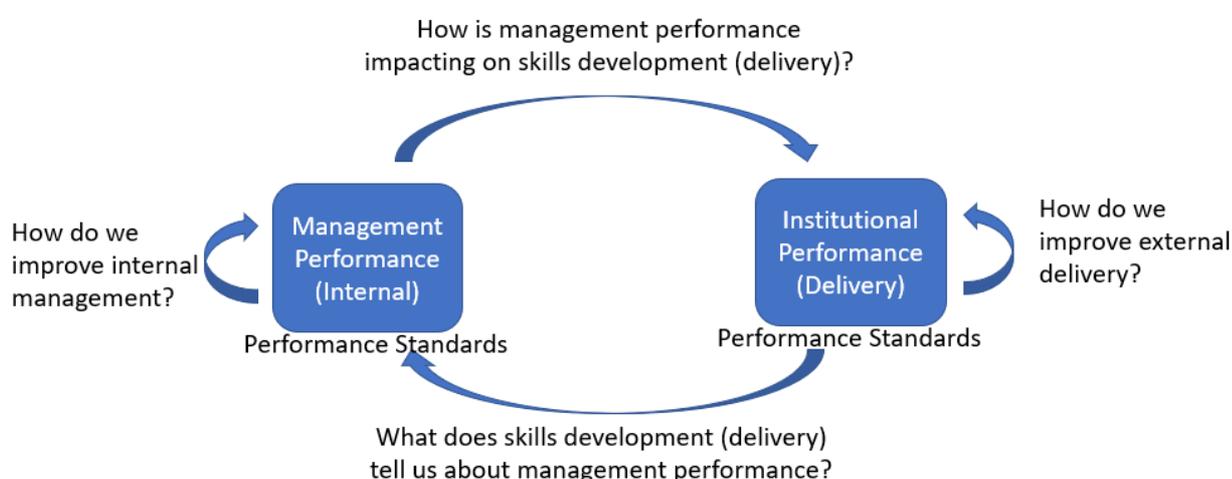


Figure 1: The relationship between management performance and institutional performance

Insights from the Literature, Past Research and Evaluations

Before considering performance frameworks and standards for the SETAs, it is important to briefly consider some of the challenges and achievements of the SETAs with regard to performance. An initial scoping report (Ward & Rosenberg 2019) reviewed several previous studies on SETA performance. These include studies conducted while SETAs reported to the Department of Labour (Grawitzky 2007; Singisi 2007; Marock et al. 2008; NEDLAC 2007). A number of studies that took place soon after the SETAs had moved to reporting to the Department of Higher Education and Training (Marock 2012; Presidency 2013) and two recent reviews that consider SETA performance (National Skills Authority [NSA] 2017; Mzabalazo & REAL 2018). The purpose of this scoping was to begin to identify persistent performance issues, some of which have been addressed, some of which are mentioned repeatedly but appear not to have been addressed, and some which appear to be persistent despite receiving substantial attention. Only key insights are included here with the detail and referencing contained in the scoping report.

A recurrent finding across the studies was the need for prioritisation of the multiple objectives associated with the SETAs. It was noted that multiple stakeholders (specifically labour, employers, and business) had

diverse and potentially competing expectations with regard to skills development. These expectations have shaped the objectives of the Skills Development Act and subsequent legislation and regulations and have led to an extensive list of objectives with little prioritisation and a level of complexity beyond the capacity of the SETAs and related institutions. Linked to this was an expanding mandate for SETAs against which they were ill-equipped to perform. This suggested a broad systemic failure based on deep-seated structural issues related to contested positions and contested skills development strategies, resulting in a contested and ‘creeping’ scope of work. This challenge is recognised in recent policy and planning documents such as the National Skills Development Plan but has not yet been addressed.

Closely linked to the above is a tension between national planning documents such as the National Development Plan, the National Skills Development Strategy and the Medium Term Strategic Framework on the one hand and the sector specific plans such as the Sector Skills Plans (SSPs). This has resulted in national consideration being carried across into the Service Level Agreements between DHET and the SETAs while the more specific SSPs were not given the same weight in the performance assessment processes. This may have contributed to creating the impression of poor performance from a sector perspective.

At the governance level, the above two issues have carried through into the structure of the SETA boards which represented the different constituencies. This resulted in the Boards in some instances operating as bargaining councils with board members feeling responsible to their constituencies rather than the sector and SETA they were supposed to serve.

The complexity of skills forecasting was also highlighted in the reports, and the expectations related to skills planning were seen to be unrealistic, thus negatively impacting on the perceptions of SETAs’ abilities to address skills mismatches in the economy. This challenge becomes especially relevant as SETAs are positioned as intermediaries between employers and skills providers.

Referencing Singizi (2007), NEDLAC (2007), Resolve (2009) and Grawitzky (2007), Marock (2012) suggested that the objectives outlined in the Skills Development Act and the National Skills Development Strategy are unrealistically long and complex. She noted that:

There is an overwhelming consensus that the lack of clear mandate has been a major contributing factor to the poor performance of the SETAs. The myriad of roles and responsibilities has led to a number of challenges related to planning, setting of targets, the kinds of programmes that are supported, the extent to which quality has been enabled, finance and grant making, as well as governance. (Marock 2012, p. 5)

The recent evaluation of the National Skills Development Strategy III (Mzabalazo & REAL 2018) explores a number of unresolved tensions some of which were raised in previous reviews and some of which reveal a level of analysis that goes beyond previous studies. These include the potential for trade-offs between developmental and economic goals; the uncertainty about whether resources should be directed towards the development of low, medium or high skills; the unresolved debate about ‘narrow occupational’ versus ‘broader vocational’ skills development; supply or demand driven skills development; and current or future skills needs. While the evaluation concludes that “this was not an error in planning but rather a deliberately broad enabling strategy” (ibid. p. 48), it does have significant implications for planning and performance processes. More specifically, it meant that NSDS III could be interpreted as “a ‘policy framework’ within which different implementers could select aspects and drive them in their sphere of work” (ibid. p. 48). It also meant that multiple interpretations could be brought to bear on implementing institutions such as the SETAs, creating potentially conflicting demands in the subsequent planning, implementation, impacts and perceptions of performance.

Many of these studies also noted that even once the mandate and focus of the SETAs has been clarified, key stakeholders including the Auditor General, National Treasury, DHET, the National Skills Authority and SETAs themselves will still confront the difficult task of monitoring and evaluating SETA performance. Three s in this regard were highlighted in the various reviews. The first was a tendency to focus on quantitative data related to inputs, activities and outputs. This resulted in a reliance on numerical reporting in the context of poor data and information systems. It also lent itself to the second consideration, namely a tendency to focus on narrow outputs such as, for example, the number of lower level qualifications achieved while failing to engage with the relevance and impact of achieving these qualifications. This in turn led to the third consideration which has the potential to open a major disconnect between internal performance management and the performance in terms of external delivery. This is most clearly evident in the tendency to set targets as a form of game playing, which enables the SETA to meet (and often exceed) their performance targets so as to be pronounced to be a high performing SETA, regardless of the extent to which the programmes had impacted on skills required by the sector. In many instances, SETAs have exceeded performance targets by well in excess of 100% with one of the reports suggesting that “approved SETA plans have set very low targets which SETAs can meet, and often greatly exceed, suggesting that the targets are entirely unrelated to the reality of delivery” (Presidency 2013, p. 56). This does raise the question about why there would be such concern from many stakeholders about SETA performance if they are regularly exceeding their targets and excelling in performance assessments. These findings will require careful attention as performance standards are developed and implemented within the SETAs and the broader SETA environment.

Management Performance Framework and Standards

The commitment to improving management performance within the public sector is located within the Constitution (e.g. Section 195); the National Development Plan (e.g. Chapter 13); and the Medium-Term Strategic Framework (e.g. Outcome 12). In 2010 Cabinet mandated the Department of Planning, Monitoring and Evaluation (DPME) to develop a single coherent framework that provided a snapshot of management practices in a department. Drawing on global best practice, the DPME, working collaboratively with the Department of Public Service and Administration (DPSA) and the National Treasury, and independent bodies including the Auditor-General and the Office of the Public Service Commission, developed the Management Performance Framework. This framework identified four management Key Performance Areas (KPA's). These were: Strategic Management; Governance and Accountability; Human Resource Management; and Financial Management. These four areas are common across many management performance systems and are “believed to be critical determinants of good performance” (PDG 2015, p. 14). An implementation evaluation (PD, 2015) noted that two additional areas require attention in terms of emerging global best practice: asset management and information management.

It is the intention of performance management frameworks that by clarifying desired outputs and outcomes, setting related performance standards and tracking performance relative to these performance standards, that new insights would emerge and that these would lead to improved practices. The purpose of these processes is therefore to support learning and continuous improvement, particularly at the organisational and systemic levels. It is these intentions and possibilities that inform the work on the national performance assessment framework and the Management Performance Assessment Tool (MPAT) in South Africa. It is recognised that there is substantial uncertainty about the future of MPAT. In the July 2019 DPME budget speech, Ms Thambi Siweya (Deputy Minister in the Presidency) noted that the DPME was “in the process of developing a new analytical framework for departmental performance, otherwise known as the new MPAT”

(<https://pmg.org.za/briefing/28582/>). Since then there has not been much clarity on whether this is actually happening or whether management performance assessment will move to another department. Regardless of this current vacuum there are a number of characteristics of the current MPAT and any future iterations that are important to consider before proposing an alternative management performance assessment framework or tool.

As has been noted above the four Key Performance Areas identified within the MPAT are based on global best practice and are not likely to change significantly. In order to support and operationalise the management performance framework, the four KPAs were further broken down into 17 Management Performance Areas (see the figure below) which were in turn measured against 31 standards.



Figure 2: Management Performance Areas. Source: DPME 2012

The standards are updated annually but significant attention is given to ensuring that it is possible to compare results across years. Although MPAT was designed for National Departments and Provincial Government, there appears to be no reason that the standards used could not be used by SETAs. The standards have been developed to comply with (and support compliance with) national legislation that is applicable to all government entities and is therefore relevant to the SETAs. Associated with each standard are four progressive levels of management performance. This allows a department to pinpoint specific areas of management performance that may require attention while also being able to build an aggregate picture of a single Key Performance Area, and of its overall management practices.

It is the intention of MPAT that results be ‘standardised’ and comparable across departments and over time. In addition, given the extensive work that has gone into developing the management standards within MPAT and the associated Management Performance Framework, and particularly the alignment with legislative requirements of transversal departments such as National Treasury, it is suggested that these management

performance standards (or subsequent updates) be used by SETAs for monitoring and improving management performance. Any alternative would require careful consideration with key stakeholders including DPME, National Treasury, the AG, DPSA, DHET and the SETAs before embarking on another process of performance standards development that may be at odds with existing national management performance standards. Even if responsibility for a broad management performance framework were to move out of DPME into, for example, DPSA, it still seems more productive to work with a national (transversal) process than to establish a separate set of management performance standards for the SETAs.

In line with the current standards in the performance management framework and emerging best practice, the following key performance areas require performance standards.

1) **Strategic Management** – this key performance area (KPA) needs to be based on the alignment between the Sector Skills Plan, the relevant skills development policies and plans, the resultant Strategic Plans and the Annual Performance Plan. In addition to a focus on compliance with planning requirements, there is a need to monitor and evaluate the *relevance* and *implementation* of plans in order to improve strategy and planning. It is proposed that *the current performance standards in the MPAT are sufficient to support these dimensions of SETA performance*.

2) **Governance and Accountability** – this KPA needs to be focused on ensuring the promotion and maintenance of the standards required of public administration. There are nine standards in the MPAT including: Service Delivery Improvement Plans, functionality of management structures, Audit Committees, professional ethics, fraud prevention, internal audit, risk management, corporate governance of information communication and technology, and the Promotion of Access to Information Act. It is proposed that two of these in particular (monitoring the Service Delivery Improvement Plans and the functionality of management structures) provide an opportunity to evaluate the relationship between management practices, performance management and service delivery. More specifically, the move from level 3 to level 4 of the standards allows for this deepening of insight and potential improvement and should therefore be given additional attention by DHET, the NSA and the SETAs.

3) **Human Resource (HR) Management** – this KPA focuses on improving the effectiveness of SETA employees. There are 11 standards in this KPA that are clustered into four sub-areas: HR strategy and planning, HR resource practices and administration, performance management, and employee relations, all of which need to be integrated. Most of the current performance standards are focused on legislative compliance and administration. There is a need to expand to a more strategic view of HR that includes ensuring that personnel are knowledgeable about the sector that they serve and are empowered to make decisions that enhance the efficiency of grant disbursements. As intermediaries between employers/ sector needs and skills development, SETA staff will need strategic competencies such as brokerage and partnering, ‘translation’ work, engaging the research-policy nexus, and understanding and managing the interface with the external environment. HR will need to understand and support the development of such competencies.

4) **Financial Management** – this KPA involves resource mobilisation and expenditure management. There are nine standards, all of which are closely related to the Public Finance Management Act (PFMA) and related guidelines and instruction notes. There is a reported tension between the increasingly complex requirements seeking to reduce financial mismanagement and corruption, on the one hand, and the complexity of accessing funding by sectoral stakeholders entitled to this funding. Given the important alignment of the standards with National Treasury requirements, it is proposed that the MPAT standards be used, but that an evaluative component be added that examines *the impact of these standards on service delivery to the sector*.

5) **Data Management** – the management performance as well as the monitoring and evaluation of the effectiveness of the SETAs in contributing to a transformed skills development landscape in South Africa

require robust and reliable data management. The 'standard on governance of IT' (existing performance standard under KPA 2) does not cover critical areas related to data management and it is proposed that DHET, the NSA and the SETAs develop a standard that deals with the management practices, performance and impact of data management. In particular, there is a need to focus on the structure, incorporation, availability, comparability and used of data within the Skills Education and Training Management System (SETMIS).

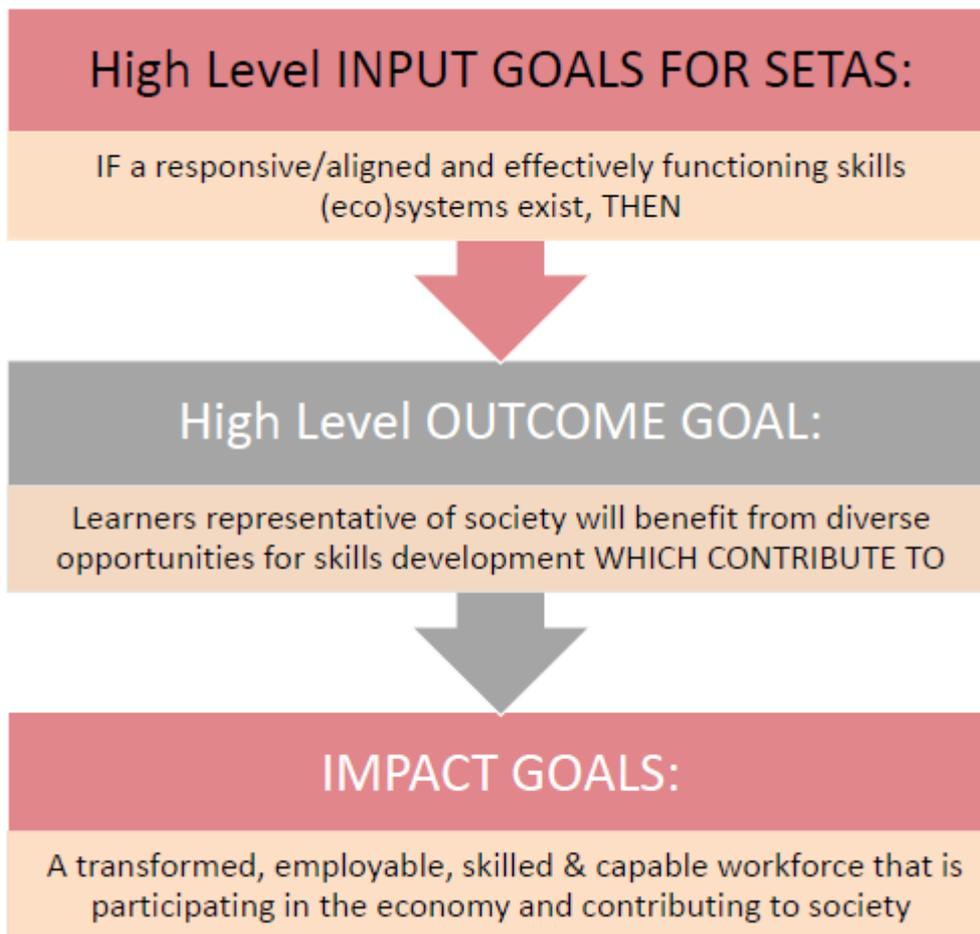
The details of the performance standards have not been provided in this framework since it is strongly suggested that the national performance standard (currently under review) be used as the basis for performance monitoring. *However, DHET, the NSA and the SETAs need to pay particular attention to articulating the relationship between management practices, management performance and service delivery in terms of relevant and timely skills development.* The shift from management practices to management performance is reflected in a number of the current performance standards as one moves from level 3 to level 4. This will require that substantial attention is given to operational and organisational improvement that enables progression from level 3 (mainly compliance focused) to level 4 (increasingly performance and delivery focused) by DHET, NSA and the SETAs, as well as other transversal institutions including National Treasury, DPSA, and the Auditor General. This will require that attention be given to the specific mandate of the SETAs, the development of adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development.

Institutional Performance (Delivery) Framework and Standards

Institutional performance in terms of the delivery of skills development requires the clarification of a theory of change that makes explicit the inputs and activities that will be required to achieve anticipated and desirable outputs, outcomes and impacts. It will further require clarifying performance standards, the generation and monitoring of data and the use of this data and emerging insights to improve practice. A key challenge, identified in many of the reviews summarised above, is that in the SETA environment there is a lack of a detailed and focused theory of change and associated causal pathways and implementation plans. This has significant implications for evaluating impact and thus for assessing the performance of the SETAs.

Central to a process of developing an institutional performance framework for SETAs will be a process of clarifying a theory of change associated with the National Skills Development Plan (and other policy and planning documents) and through this, the clarification of outputs, outcomes and impacts that can form the basis of performance standards. During the process of developing a monitoring and evaluation framework for the SETA environment (Rosenberg & Ward 2020) there were recurrent calls from stakeholders to develop a theory of change to guide the work of the SETAs. A number of workshops and focused engagements with DHET, NSA and SETA representatives resulted in the development of a high-level theory of change that will require further 'localisation' within the different SETAs. The background considerations informing this theory of change are provided in a separate document (High-level M&E Framework for the SETA Environment). It must be noted the theory of change presented here is not based on the authors' assumptions about how SETAs can or should contribute to the desired PSET outcomes and impacts, but *on the guidance in the policy documents and stakeholder consultation.* The theory of change is included here as the basis for the development of a performance framework and performance standards by the SETAs.

Theory of Change Guiding the Overall M&E in a SETA Environment



To achieve this we need a combination (non-linear impact pathway) of the following:

Skills intelligence (including both demand and supply); AND
Learning pathways, qualifications and standards; AND
Functioning providers; AND
Skilled and capable educators and trainers; AND
Funding that is adequate, effectively disbursed; AND
Attention to transformed and equitable access; AND
Career and study guidance; AND
Monitoring, evaluation, feedbacks for continuous improvement.

Not all the above are the remit of SETAs; SETAs' contribution needs to be monitored and evaluated in relation to other system elements, but focussed on the following areas of impact for which they do have a key responsibility, and which should therefore serve as their main indicators (for the overall M&E Framework; other indicators will be needed for internal M&E and reporting to DHET and Treasury at the level of inputs and outputs).

An ‘if ... then’ version of the theory of change (outcomes pathway) follows.

IF SETAs ...

- (1) Provide skills intelligence that is regularly updated, sector, industry and region specific; AND
- (2) Inform the development of learning pathways, qualifications and standards, AND
- (3) Support the development of functioning education and training providers, AND
- (4) Support the capacity development of educators and trainers, AND
- (5) Effectively disburse funds for diverse and relevant skills development opportunities that is adequate and effectively managed, to provide transformed and equitable access; AND

Career and study guidance aligned with real needs and opportunities; AND

Engage in monitoring, evaluation and feedbacks for continuous improvement,

THEN ... SETAs will have contributed to an aligned, responsive, resourced and effectively functioning skills (eco)system for sectoral and inter-sectoral skills needs and national priorities in South Africa.

AND IF learners enrol in and successfully complete skills training in this system ...

THEN learners will become more educated, skilled and employable (Final Outcome for SETAs).

FURTHERMORE, IF there is in place a responsive skills (eco)system as outlined above, in which learners succeed,

THEN ... South Africa will have a (transformed,) skilled and capable workforce who participate in the economy (economic growth, employment growth and productivity) and contribute to society (social development);

ULTIMATELY, this will improve social and economic development in South Africa.

Box 1: “If ... Then” Version of SETA Theory of Change and Non-Linear Outcome Pathways

Synthesised from the above the following were identified as strategic outcomes for which SETAs should take some (sometimes shared) responsibility:

- Beneficiaries’ **employability** (not employment), and
- The skills system’s **responsiveness** to needs (sectoral and societal)

which in turn depends on

- Learners’ **access** to diverse learning opportunities *as well as*
- Learners’ **success/completion rates**,

which in turn depend on

- Effective **grant management**,
- Sound labour market **intelligence**,
- The availability of appropriate **learning programmes** and pathways, and
- Effective SETA **interface** with employers and training providers, as well as
- **Quality providers** (both public and private).

There are many contestations around the relationship between the interventions of the SETAs and the outcomes and impact for beneficiaries and economic and social development within South Africa. If the complexity and contestation around these relationships is ignored, there is a very real possibility of relying on processes of simplification and abstraction in measurement and attribution that undermines effective

practice. In seeking to provide easily accessible representations of the extent to which outcomes have been achieved, there is a risk that performance standards misrepresent both what is being measured and the extent to which those being held accountable actually have control over the outcomes that they are being assessed on. Lowe and Wilson (2015) noted that “as a consequence of being held accountable for outcomes which are beyond their control, staff who are involved with the development and delivery of social interventions learn to manage what they can control, which is the production of data.” This is sometimes referred to as ‘gaming’ the system and as was noted in many of the reviews of the SETA systems summarised above, but more fully referenced in the scoping document, has at times resulted in easily achievable targets being set, or in some instances, allocating resources to achieve inappropriate indicators and associated performance standards. These risks suggest that the need for easily understandable performance standards must be accompanied by a careful qualitative evaluation and ongoing research into the relationship between performance standards and the delivery of services such as skills development. DHET, the NSA and the SETAs will need to work together to ensure alignment between indicators, performance standards and the achievement of the objectives set for the SETAs in the legislation, regulations and planning processes.

With the caution outlined above in mind, it must also be acknowledged that in many instances people are committed to doing a good job and well crafted performance standards, supported by monitoring and evaluation, can provide both guidance for and recognition of improved performance. This will require collaboratively developed and appropriate performance standards linked to the high level outcomes listed above. For example, in relation to “Beneficiaries employability”, the following template could be used to clarify the performance standard and provide guidance for improving performance.

Performance Area: Employability
Standard Name: Beneficiary employability
Standard Definition: Participants in SETA supported programmes develop the skills and capabilities that make them more likely to secure, and be successful in, their chosen occupation(s) to the benefit of themselves, the economy and society.
Importance of the Standard: The National Skills Development Plan provides as a vision for skills development the creation of a transformed, skilled and capable workforce that participates in the economy (economic growth, employment growth and productivity) and contributes to society (social development). This contributes to the objectives of the National Development Plan related to improved social and economic development and particularly to addressing one of the three priority areas namely unemployment. The WP-PSET notes that “one of the main purposes of the post-school system is to prepare workers for the labour market, or to enable individuals to earn sustainable livelihoods through self-employment of establishing a company or cooperative.”
Relevant Policy: Skills Development Act (1998, Section 2) which includes commitments to improving the employment prospects of persons previously disadvantaged by unfair discrimination. National Skills Development Plan (2017, Section 7) which requires that DHET clarify outcomes and indicators for the PSET systems including the extent to which “the unemployed are finding employment in fields in which they are trained.” (In consultation sessions focused developing an M&E framework for the SETA environment it was felt that this went beyond what SETAs could be held accountable for and thus the distinction in the Theory of Change between ‘employability’ and ‘employment’.

Box 2: Example of Performance Standard

Associated with each standard should be guidance on what progressive levels of achievement would entail. This provides both a quick insight into how well a SETA is performing relative to a particular standard as well as an indication of what could be improved to move to a higher level of performance. These performance standards will need to be developed (and redeveloped as levels of achievement improve or circumstances change) by DHET, the NSA and the SETAs.

Standard Name: Beneficiary employability			
Standard Definition: Participants in SETA supported programmes develop the skills and capabilities that make them more likely to secure, and be successful in, their chosen occupation(s) to the benefit of themselves, the economy and society.			
Standards	Evidence Documents	Moderation Criteria	Level
SETA does not have a list of scarce and critical skills* in their SSP linked to a plan to develop these skills.			Level 1
SETA has a regularly updated and evidence-based list of scarce skills in their SSP linked to a plan to develop these skills.	Sector Skills Plan	Verification that the SSP is up to date and that clear and reliable evidence is provided for both scarce skills and a logical link to the associated skills development plans.	Level 2
SETA has monitoring data and evaluative insight that shows linkages between the skills being developed and the relevance of these skills to the scarce and critical skills in the sector.	Monitoring data and implementation evaluations related to skills development initiatives (may only go to output level) and addressing scarce and critical skills.	Relevant indicators Monitoring data Implementation evaluations	Level 3
SETA has longitudinal/ impact evaluations (e.g. tracer studies) that examine the relationship between the scarce and critical skills and skills development interventions with regard to their contribution to beneficiary employability (outcome and impact levels)	Monitoring data and impact/ tracer study/ evaluations SSP incorporates insights and recommendations from the evaluations	Relevant Indicators Monitoring Data Impact evaluations/ Tracer studies Verification of incorporation of insights in the SSP	Level 4
* Scarce and critical skills in this context are defined as skills for which there is an absolute or relative demand (current or anticipated) in order contribute to economic and social development needs.			

Box 3: Levels of Performance

It is proposed that high level performance standards be developed for each of the nine strategic outcomes identified during the workshops and consultations conducted with DHET, the NSA, SETAs and other stakeholders.

Consolidation of the Management Performance Framework and the Institutional Performance Framework

Tracking the extent to which SETAs achieve the stated goals or plans in terms of both internal management and external delivery with regard to skills development is always going to be a complex undertaking. However, it is exactly these achievements that government is committed to and that stakeholders demand given the substantial amounts of money and other resources that are invested in the skills system and the importance of skills development in addressing pressing issues in our country.

The management performance framework and associated tool developed collaboratively in South Africa, and based on global good practices, provides detailed and comparable results that can support learning over time and between institutions. It is therefore proposed that the MPAT (or subsequent iterations of/ replacements for this tool at a national level) be used by the SETAs to monitor and report on key management performance areas. The existing four key areas:

- Strategic Management
- Governance and Accountability
- Human Resource Management
- Financial Management

along with the two areas highlighted in the review of MPAT

- Data management
- Asset management

should form the basis of a management performance system for the SETAs.

In addition to management performance the actual achievement of skills development outputs, outcomes and impact is an important area for performance management. The Constitution as well as a number of pieces of legislation and planning documents set out detailed principles, goals and objectives for post-school education and training, skills development and the SETAs specifically. The recent evaluation of the NSDS III highlighted the need for an explicit Theory of Change related to the skills development strategy and a number of reviews between 2007 and 2018 have called for clarification in terms of the specific role of the SETAs. The Theory of Change presented above is based on the legislation and planning documents currently in place or being finalised as well as on consultation with key stakeholders. Based on this Theory of Change nine strategic outcomes were identified and it is proposed that these strategic outcomes be used as the basis for developing a high level performance framework for understanding and improving the delivery of the goals and plans for skills development. It is acknowledged that these nine dimensions of institutional performance are cumulative in that some depend on the achievement of others. This is in line with the structure of the Theory of Change and the assumptions that guide change processes. These processes were represented in a number of ways in the various consultations and consolidated into the representations given above. The strategic outcomes are listed here again for ease of access.

- Beneficiaries' **employability** (not employment), and
- The skills system's **responsiveness** to needs (sectoral and societal)

which in turn depends on

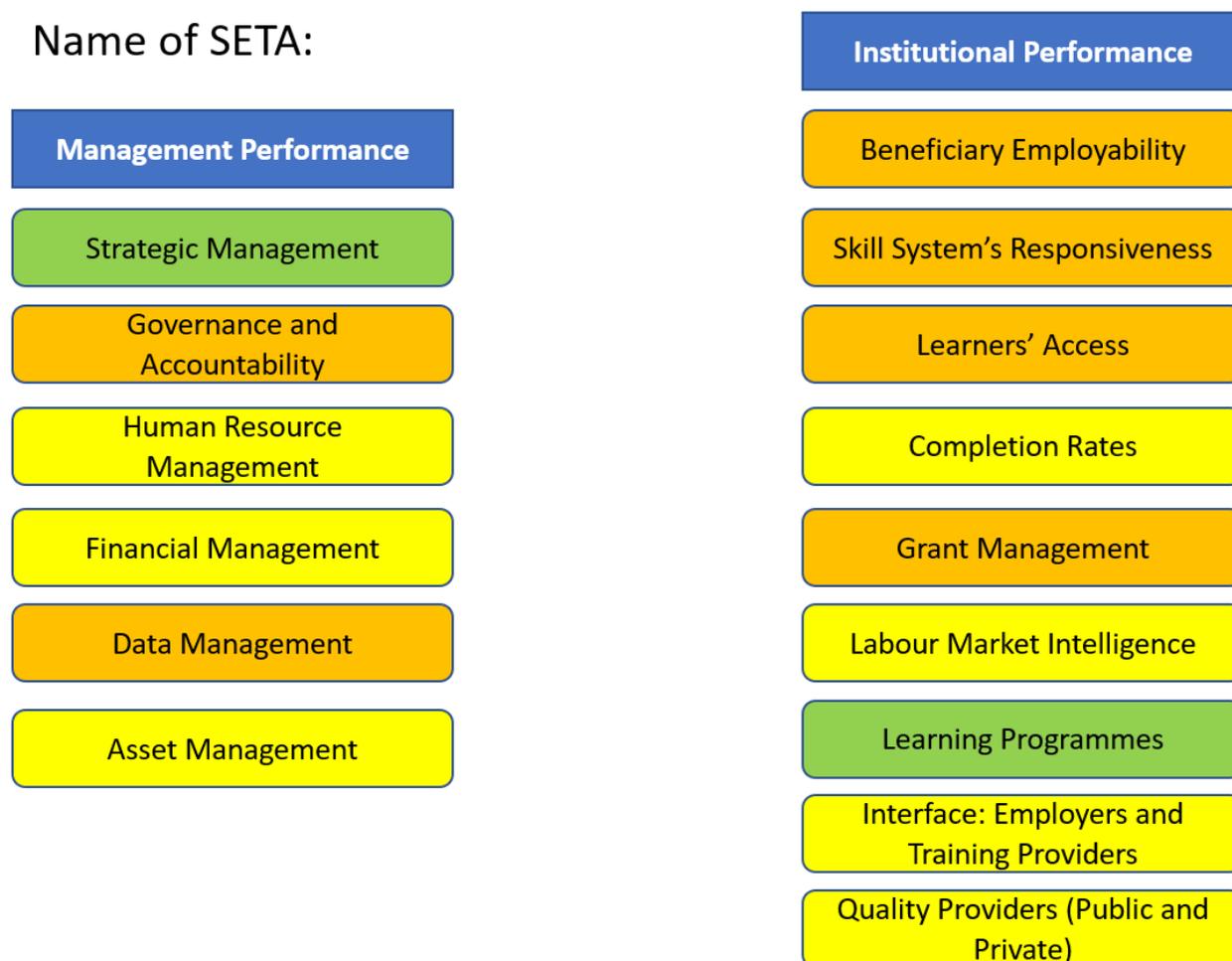
- Learners' **access** to diverse learning opportunities *as well as*
- Learners' success/**completion rates**,

which in turn depend on

- Effective **grant management**,
- Sound labour market **intelligence**,
- The availability of appropriate **learning programmes** and pathways, and

- Effective SETA **interface** with employers and training providers, as well as
- **Quality providers** (both public and private).

By developing performance standards and performance levels for each of the performance areas listed above it would be possible to develop a very high level ‘dashboard’ of SETA performance. This ‘dashboard’ part of the annual SETA Monitor publication mentioned in the *Implementation Guidelines High Level SETA M&E Framework*. A possible representation of this ‘dashboard’ is provided below. The colours used represent a summary or consolidation of the scores obtained for the Management Performance Areas within each Key Performance Area.



Box 4: Dashboard of SETA performance

Cognisant of the risks associated with the processes of simplification required to represent the complexities of management and skills development outputs, outcomes and impacts in such a high level dashboard (or in fact any performance management system), it is recognised that deeper evaluative processes will be required alongside this model. Two areas in particular require careful attention in terms of monitoring and evaluation. The first is the relationship between management performance and institutional performance or the delivery on the goals and plans related to skills development in the sector (SETAs) and in the country as a whole (DHET and NSA). The second area relates to the use of the dashboard to support learning and organisational

improvement both in terms of management performance and in terms of institutional performance (delivery). (These relationships are represented in Figure 1.)

An example of the relationship between management performance and institutional performance is evident in the relationship between Financial Management and Grant Management. There has been substantial pressure on the SETAs from National Treasury (NT), the Auditor General and other stakeholders to improve financial management within the SETAs. A number of systems have been introduced to address these concerns and in many SETAs there has been a substantial improvement in the scores on the MPAT related to financial management. However, many of these financial management systems have made it extremely complex and time consuming to access grant funding from the SETAs. This has resulted in many smaller companies without the internal capacity or economies of scale to make the applications worthwhile to simply treat the Skills Levy as a tax and not to access grant funding. This suggests that an activity system analysis that makes explicit the tools, rules and divisions of labour related to financial management and to grant management would be useful. In addition, a realist evaluation methodology that makes explicit “what works, why and for whom” would be useful to better understand and address the diverse expectations from different stakeholders. (The activity systems analysis and the realist evaluation methodology are outlined in some detail in the *Framework for Monitoring and Evaluating the Mandatory Grant* final report produced within this research partnership.) It will be up to SETAs, in consultation with partners in the sector and the broader skills development system to identify key contradictions or opportunities at the interface between management performance and institutional performance and to develop appropriate monitoring and evaluation processes to understand, address or scale these issues.

Similarly, in seeking to improve either management performance or institutional performance the range of evaluation tools developed by the DPME could be used. By way of example in the example given above in Box 3 the question may arise as to why the Learning Programme performance standard is rated at level 4 while the Beneficiary Employability is rated at level 2. Various types of evaluation may provide useful insights to improve both the understanding of the relationships between these performance areas and support improved performance in the system as a whole. An implementation evaluation would provide useful insights into a particular programme in terms of the relationship between the design of the programme and its contribution to addressing scarce skills. An impact evaluation and in particular a tracer study may provide a longer term perspective and a deeper understanding of what ‘employability’ may entail in a particular sector. (The use of the different types of evaluation and how an evaluation plan could be developed is explored in greater detail in the *Framework for Monitoring and Evaluating the Discretionary Grant* final report produced within this research partnership.)

Concluding Comments and Way Forward

There is a commitment within government to improving the performance of government institutions, programmes, projects and operation. There is also an assumption that the quality of management practices and associated performance has a significant influence on the delivery of government institutions in terms of the quality of outputs, outcomes and impacts. A number of reviews of the skills development sector/ strategies and more specifically, the role and performance of the SETAs between 2007 and 2019 have highlighted challenges and successes in terms of SETA performance. This has led to calls for the development of performance standards for the SETAs and the reporting on SETA performance against these standards.

This report has focused on both dimensions of performance namely internal management performance and external performance related to the delivery of skills development. In terms of internal management the various reviews revealed that despite a number of improvements in governance (smaller boards and independent audit committees); strategic planning (training and guidance on the development of Sector Skills Plans, Annual Performance Plans and Strategic Plans); and financial management (AG and NT reports being taken seriously) in most SETAs. Despite these improvements in key performance areas, many challenges have remained with SETAs being put under administration and concerns that the SETAs are struggling to address the skills challenges in the country. Clearer performance frameworks and standards should enable SETAs to reflect both the successes/ improvements and to better understand the areas that require further attention.

Over the past ten years a collaborative effort across the Department of Planning, Monitoring and Evaluation, the Department of Public Service and Administration (DPSA) and the National Treasury, and independent bodies including the Auditor-General and the Office of the Public Service Commission, have developed and used a national management performance framework and associated tools. Although this framework is currently under review it is strongly recommended that given the standardisation of the tools for use across government institutions, in this case SETAs, and the comparability of results both over time that the existing Management Performance Assessment Tool be used until such time that a revised version is made available. This will enable SETAs to reflect on the key areas of; strategic management; governance and accountability; human resource management; financial management; and the emerging areas of data management and asset management.

Numerous reviews and evaluations of the National Skills Development Strategies and the SETA system have highlighted the lack of a clear mandate and theory of change as a major contributing factor to the poor performance of the SETAs. This has resulted in diverse and at times conflicting demands and expectations from multiple role players which raise significant challenges in terms of planning, implementation, impacts and perceptions of performance. This necessitated substantial work during this project to review the goals, principles and objectives of existing and emerging skills development related policies and planning documents. Despite these reviews, no clear articulation of the theory of change related to the SETAs was available and it was agreed that a series of workshops and subsequent consultations was required to develop a theory of change that could in turn provide the basis for a performance framework and performance standards. The theory of change that was developed has been used to inform the *High-level M&E Framework for the SETA Environment* that should guide DHET, the NSA and the SETAs in developing monitoring and evaluation processes related to the skills development sector. Within this theory of change nine strategic outcomes were identified and it is proposed that these be used as the basis for developing a performance framework and associated performance standards for the SETAs. This will require a collaborative effort that firstly confirms the theory of change and the associated strategic outcomes and then develops the actual performance standards.

Through these processes of working with performance standards, it must be acknowledged that there are risks with regard to using simple standards to represent outputs, outcomes and impacts in complex contexts. This risk was well documented in a number of the reviews that informed this study and include SETAs being held accountable for outcomes which were beyond their control and SETAs gaming the system by setting very low targets in order to ensure success. This suggests that the setting of and working with performance standards requires associated qualitative evaluation and research. Two areas in particular are highlighted, namely the need to evaluate the relationship between management performance and institutional (delivery) performance and the need to evaluate the relationships and potential for improvement within the two areas of performance. This will require a range of evaluation types and methods.

It is therefore proposed that SETAs work with DHET and the NSA to incorporate the recommendations contained in the *High-level M&E Framework for the SETA Environment* into agreed upon performance standards as outlined above. This work could be used to develop a high level dashboard for each SETA that can be shared in the SETA Monitor as a way of developing deeper insights into the individual and systemic challenges, opportunities and improvements in relation to management performance, skills development delivery and the relationships between them.

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