LEARNING-LED
COMPETITIVENESS
A Challenge for South African Development

South Africa has to respond to globalisation - and education, training and development will be central elements in that response. By Kenneth King, Simon McGrath, Christian Rogerson and Kobus Visser

For some, globalisation offers real possibilities for the eradication of world poverty; for others it is at the root of problems of poverty and inequality globally. Our position in this paper is that whilst it is possible to see real benefits within the broad and complex trends associated with globalisation, much of globalisation remains biased towards the interests of the North. Nonetheless, in this paper we shall work from the assumption that, whatever its problems, globalisation is here to stay for the foreseeable future.

Thus, the development challenge is to work to reduce its threats and increase its opportunities for countries, enterprises, communities and individuals. In our analysis, we seek to engage with this challenge by looking at South Africa’s experiences in selected sectors since 1994 and by considering how they measure up to the challenge of responding to globalisation.

The choice of sectors is influenced by our own professional backgrounds but is also driven by current trends in thinking about development and competitiveness, both North and South. The growth in theoretical and policy interest in globalisation in the 1990s was intertwined with the emergence of new arguments about the centrality of learning and knowledge to economic success. These debates were also interconnected with arguments that smaller enterprises were best positioned to respond to these new challenges.

This emphasis on micro and small enterprises also articulated with the ascendancy of neo-liberal thinking and a stress on entrepreneurship as vital to economic success. Thus, there appear to be strong reasons for looking at the points of intersection between education, training and enterprise development as a node for responses to globalisation. This is the focus of this paper.

At the heart of this focus is our main theoretical assumption: the importance of what we term “learning-led competitiveness”. We argue that strategies to improve individuals’ and enterprises’ levels of knowledge and skills are likely to be important elements in enabling them, and countries as a whole, to respond to the challenge of competitiveness under conditions of globalisation. As we shall see, this is a theme that has often been present in South African policy thinking.

There is a mass of literature on globalisation, which we do not propose to review. Nonetheless, it is important that we sketch briefly what it is that we mean when we use the notion. Globalisation’s characteristics include:

- an increase in the quantity and speed of flows of goods, services, capital and knowledge;
- the growth of the range and importance of global networks;
- an increased intensity of relationships within these networks;
- the emergence of new institutions of globalisation, such as the World Trade Organisation;
- the development of a new infrastructure of globalisation, centred particularly in the emergence of new information and communications technologies (ICTs);
- the growth of trans-national product assembly;
a significant (but not complete) decline in the power of nation states to develop and conduct their own economic, financial, fiscal and industrial strategies.6

For many analysts, knowledge production, dissemination and utilisation are now at the heart of national competitive advantage. Competitive advantage is seen as having shifted away from considerations of high volume to those of maintaining high value.7 However, others continue to argue that Africa’s best hope under globalisation is to focus on its existing resource endowment and comparative advantage, which in any case will be difficult to change quickly.8 Given the abundance of land and cheap labour, this argument points to the logic of African specialisation in agriculture, food processing and minerals extraction and processing.

This latter argument appears flawed. In spite of the World Trade Organisation, there is continued protectionism in the North in areas such as textiles, clothing and food. The clothing and textile industries of countries such as Kenya, Zimbabwe and South Africa have been seriously undermined by the dumping of second-hand clothes. Moreover, the supposedly safe “low technology” sectors are not entirely low technology in reality, given developments in areas such as biotechnology.

Cooperation as well as competition is emphasised in much of the writing on the new economy. This highlights the importance of networks, linkages, sub-contracting and clustering, as well as trust and communications. Moreover, there is a growing sense that the large African diaspora in the North could be made an engine of development in a similar way to that which is credited to the Indian diaspora in the emergence of Bangalore as an important centre in the global software industry. In this context, the large numbers of South Africans in the IT sector of many Northern cities could be a powerful resource if they could be attracted to reinvest their skills and capital in South Africa.

One of the weaknesses in some accounts of globalisation, particularly positive ones, is that they downplay the importance of context. We believe that both geographic and historical contexts are vital to an understanding of how globalisation operates and how responses to it are framed and understood. For this reason, it is important to look at the South African experience in education, training and enterprise development.

What is the legacy of South Africa’s past?
South Africa remains powerfully framed by the legacy of the past. Many of the policies developed since 1994 have focused both symbolically and practically on redress and reconstruction after the damage done to the nation by Apartheid. Democratic South Africa has inherited one of the world’s most skewed income distributions. Infrastructure and social services are massively distorted in provision and extremely inadequate in many parts of the country. Poverty is endemic. Average education and training levels are below what should be expected of a country with South Africa’s level of per capita income. The economy is massively structurally distorted towards large firms and capital-intensive production. There is a legacy of underinvestment and a poor savings ratio.

Under Apartheid, black education was underfunded, with this underfunding itself being differentiated according to race, ethnicity, gender and location. Although African enrolments did increase markedly from the early 1970s, major failings in educational quality and quantity were evident by 1994. In the training sector, African advancement was also seriously obstructed by the raft of Apartheid legislation, and accompanying racist attitudes and behaviour. Africans could only legally become apprentices after the Wiehahn Report of 1979 and the number of African arts-
economies of the North, and has sought to develop a unified system of education and training.

The two key structural elements of South African education, the National Qualifications Framework (NQF) and Curriculum 2005, are strongly influenced by the need to strengthen South Africa’s response to globalisation. For all the language of pupil-centredness and the adoption of the mantle of People’s Education, Curriculum 2005 is constructed around a set of economically-oriented outcomes. Curriculum 2005 is explicit about the challenge of developing meta-learning, learning how to learn. This is seen as a key element for an education to succeed in the putative knowledge economy of the future. Curriculum 2005 also places considerable emphasis on a series of “critical cross-field outcomes”, which reflect the influence of thinking in the developed Anglophone countries about education-economy relations. These outcomes were intended to be the core of the learning outcomes experienced across all the eight designated learning areas and provide a unifying principle for the Curriculum 2005 system. There is a clear sense of the importance of skills over knowledge. Moreover, it is a notion of skill that has its roots in the new concept of generic skills for a new economy rather than in an older form of technical skills for an industrial system.

Similarly, the eight levels of the NQF and its 12 fields of learning emerged historically from a process in which organised capital and labour were far more powerful than (typically rather disorganised) education. This is reflected in a view of knowledge that is largely constructed around the needs of the economy rather than the logic of the academic disciplines.10

Thus, it appears as if South African education is being reconstituted around a conscious attempt to respond to globalisation. However, there are three major sets of concerns with this reading. First, there are questions about whether the policies are based in a sufficiently detailed and accurate reading of the economic challenges. Second, the relationship between policy and implementation is still controversial. Third, tensions between the economic and social rationales for and impacts of education policy remain.

**Education and the economy**

Although a globalisation and competitiveness focus is implicit in the key reforms and explicit in a number of other policy documents, it can be argued that this has not resulted in an adequate reading of what specific economic opportunities exist for South Africa and its citizens. Rather than a model which addresses the fractured nature of South Africa’s economy and society, the Department of Education has done little more than borrow a Northern model of education for a Northern vision of a knowledge economy, with a bolted-on language of redress.

This is a vision of where South Africa might aspire to be and, hence, is useful in terms of long-term aspirations. However, it is not an adequate starting point and route map for transformation of rural subsistence or urban SMME economies through education. Whilst acknowledging the crucial role of the former in the current South African economy, we turn now to a brief consideration of the weaknesses of education policy with respect to the latter.

Both in the critical cross-field outcomes of the initial Curriculum 2005 model and in the specific learning area outcomes of Economic and Management Studies there is a place for entrepreneurship. Whilst acknowledging this, it is important to question what this means in South African policy terms. The discovery of the importance of entrepreneurship appears significant in terms of the ANC’s historical suspicions about the notion, reinforced as they have been by the strong ideological and practical concerns of its Communist and trade union alliance partners. However, this remains largely a vision of a formal and relatively wealthy small and medium enterprise sector rather than an acceptance of the existence, and rapid growth, of a micro and informal enterprise sector. Rather the latter is characterised as “survivalist” and our interviews with departmental staff often gave the sense that they would have wished this sector out of existence if this could be done. Our intention is not to celebrate survivalism, although the hard work and initiative of many “survivalists” is to their credit. Rather, it is to restate the earlier point that South African policy is too focused on where it wants to go to start from where it is now.

Strikingly, none of the documents linked to the FET policy process between 1997 and 1999 made anything more than the occasional mention of the needs of micro and small enterprises. In the first five years of democracy, there was no sense in the official education policy that there were possibilities for emergent SMMEs or for positive linkages with larger firms, and the implications of globalisation and the new economy for the importance of SMMEs were not grasped.

Remarkably for an African strategy in this area, the “National Strategy for Further Education and Training” made no mention of self-employment whatsoever.11 The Department does appear to have shifted its viewpoint since 1999. However, the reforms in the FET sector are too early in their implementation to judge the realities of any shift towards a self-employment focus.

**Policy and implementation**

There are long-standing academic debates about the nature of policy that make it clear that it is more than simply about the development of a vision and a blueprint for practice. However, this does not undermine the relevance and importance of questions about the relationship between policy and implementation.

Clearly, much has been achieved in transforming South African education away from the practices and structures of Apartheid education. However, it has suffered from overambition. For instance, it sought contemporaneously to reduce budgets, retrench staff, examine the conditions of the remaining teacher, transform governance and implement radical curricular reform.12

Moreover, the attempt to construct a new education and training system has been hampered by the decision in 1994 to keep separate the control of education and training under the Departments of Education and Labour, respectively. The relationship between provincial education departments and the national department has also been a factor in implementational weaknesses. Under the constitution, the national department comes up with policy, but the provincial departments have to implement it.

Although South Africa is a wealthy country by African standards, there are major resource constraints that weaken implementation. The most recent survey of South African schools shows some improvements since the first “Register of School Needs”.13 However, it still raises serious questions about the environment in which teaching and learning is supposed to take place. There was still a 40% shortfall in the number of classrooms: 34% of schools had no access to water and 17% of learners continue to be without toilet facilities: 34% of schools still had no telephones in 2000. Moreover, the biggest decline in this period has been in the number of schools in excellent and good condition, with at least 12 000 buildings in need of repair. To these inadequacies in physical resources must be added the effects of the massive retrenchment programme of the late 1990s, which led to the loss of a disproportionate number of well-qualified and experienced teachers.

Provincial departments are also very weak in terms of human and financial resources. Education delivery has proceeded while the new departments and administrative systems have been under construction. As the Curriculum 2005 implementation began in 1998, the provinces were faced with a major budgetary...
The South African constitutional settlement continues to affect adequate in their treatment of issues of equity and redress. At the structures will also be vital actors in that shaping.

Some of the problems with implementation lie with the level of participation in the process. While the Department of Education has portrayed the process as participatory, and this is certainly an improvement on the old dispensation, policymaking is still too far away from practitioners. Large numbers of other stakeholders have also felt excluded. Inevitably, low teacher morale has also played a part in the weakness of implementation.

It is argued that the reforms are insecurely grounded in the realities of classrooms, teachers and students. The system still seems to be struggling to overcome the dual crises of Apartheid under-resourcing and the educational resistance of the 1980s. In spite of the Department’s efforts, a new culture of learning, teaching and service is proving difficult to develop.

Economic and social rationales for education

South African education policies have been critiqued as inadequate in their treatment of issues of equity and redress. At the outset of this process, Badaat cautioned that equity and growth inevitably are incompatible and, where tensions occur, growth will win out over equity. Others raised early concerns that the NQF could undermine a focus on the redress of racial and gendered disadvantage.

Eight years after the coming of democracy to South Africa, the NQF is difficult to define concretely in terms of either pedagogy or content. In spite of claims by some supporters, a pupil-centred, progressive approach to teaching and learning cannot simply be read off from the decision to implement outcomes-based education. The outcomes-based approach is not about an official corpus of content, although decisions about specific outcomes clearly can have profound content implications.

It is emerging practices, and the broader socio-economic context, that will be the determinants of the inclusivity of the NQF as experienced. The claim that the new system will produce a more integrated kind of learning and hence empower individuals to take better control of their lives may or may not be true. Debate continues internationally about whether the actual form of competencies and outcomes actually reinforces the compartmentalisation and fragmentation of learning. Though policy commitments will serve to shape practice, individuals, interests and structures will also be vital actors in that shaping.

How successful has South Africa been in its attempts to construct a new skills development system?

The South African constitutional settlement continues to affect the coordination of skills development plans and activities. The responsibility for skills development is shared between the Departments of Labour and Education. Moreover, the most important group of provider institutions, the technical colleges, is under the direct authority of the nine provincial education departments. To complicate matters even further, the Department of Trade and Industry, particularly through its agency, Ntsika, has a strong concern with skills development for SMMEs.

The Department of Education has developed a policy for what it calls the Further Education and Training (FET) Band. This puts great stress on the importance of increasing institutional responsiveness and quality of provision. There is a strong emphasis on improving institutional and stakeholder involvement in management, as the system seeks to move away from the authoritarian approach of the past. In mid-2001 attention began to return to the issue of mergers as a key element in improving institutional effectiveness. By the end of 2002, the approximately 150 public colleges should have been merged to form 50 “mega colleges”. It is intended that these will have greater management capacity and the resources needed for specialist management tasks such as market analysis and student follow-up.

New quality assurance mechanisms are being introduced as part of the activities of the South African Qualifications Authority (SAQA). It is intended that providers’ market responsiveness be promoted by their involvement in the Department of Labour’s learnership programmes and in their relationship with the Sector Education and Training Authorities, which finally came into effective existence in 2001. Equally, there is an emphasis on the development of new information systems for student tracking. The policy seeks to increase competition among providers through the registration of private providers and the introduction of an outcomes-related element to the funding of public providers. Special funds also will be made available for innovation and basic needs.

Recognition of prior learning (RPL) and multiple entry and exit points should greatly improve responsiveness to students’ needs, particularly among non-traditional clienteles, although the introduction of RPL remains very slow.

The role of the Department of Labour in the skills development system lies in its focus on demand-side concerns. Its key document in this regard is the Skills Development Strategy of 1997. Although this document had a principal focus on medium and large firms, it also had a significant concern about the needs of smaller enterprises.

Learnerships are the centrepiece of the Department’s new approach. They are designed to meet the skills needs of all enterprises and of community development. They are intended to replace the declining system of apprenticeships, to enrich their content; and to expand the approach across all economic sectors. Learnerships seek to combine high quality theoretical preparation with rigorous work-based learning and students are assessed through a competency-based modular approach in both settings. Moreover, learnerships are intended to be available at a wider range of education and training levels than was the case for apprenticeships. However, the slowness in establishing learnership programmes has meant that the decline in numbers in structured dual site training has been slow to be reversed. This is potentially serious for South Africa’s broader attempts to increase international competitiveness, given the centrality of skills development to economic success.

Are technical colleges becoming more responsive to demands?

The slowness of NQF implementation and FET policy development has held up technical colleges’ attempts at becoming more responsive to their new environment. As noted already, the centralising tendencies of the Apartheid state have made colleges poorly suited to pro-active decision making and it is hardly surprising that principals adopted a “wait and see” approach for the most part.
Colleges have had little experience in curriculum development. The slow pace of curricular change in the past has not encouraged them to keep up to date with either equipment or staff development. Equally, it has made them poorly suited to respond to labour market changes and the needs of local employers. Thus, the kinds of responses needed to address the new policies are not readily available. Moreover, provincial departments are weak and are of little help to colleges with regard to curriculum development. Where more entrepreneurial colleges have sought to anticipate the NQF, it has too often been through buying British or American competency-based materials and courses off-the-shelf as a short to medium-term strategy whilst the NQF is developing. Rarely has this been linked with a real philosophical understanding of the possibilities or limitations of the new approach.23

This negative account of college responsiveness is not the whole story, however. Our research has found the introduction of new programmes and facilities in low-cost house construction in townships and educare.24 In KwaZulu-Natal, other research has pointed to expanded provision in educare, health and tourism.25 Equally, links with higher education institutions, particularly technikons, are increasingly common. Significantly, these include work on new information and communications technologies. Other technical colleges are engaged in providing higher education courses, owned by universities and technikons, supported by lectures over satellite links and online course materials.

Greater self-reliance also appears to be emerging within the college sector. In a number of cases, students and staff are engaged in maintenance and development projects, both on campus and in the community. This may have the spin-off of partially addressing the work experience crisis.

Does the skills development strategy deal adequately with the challenges of enterprise development and self-employment?

We have already critiqued the inadequacies of the Department of Education’s policy documents in this area. In the Department of Labour, learnerships may also be criticised at present for their heavy bias towards the formal sector. The minimum education and training level for access to a learnership programme is NQF level 1 – the equivalent of nine years of formal schooling. Moreover, as already noted, RPL is not yet in full use. Thus, the minimum educational requirements for access to a learnership are in danger of excluding more than half of those who are potentially economically active. However, the Department has been increasing its emphasis on micro and small enterprises over time. The National Skills Development Strategy of 2001 showed a stronger emphasis than previously on skills development for SMMEs.26 By the middle of 2001, relationships between the Department and the Department of Trade and Industry had developed to the extent that a joint three-day workshop plotted out the respective roles of different agencies, with the Niska Enterprise Promotion Agency given the role of lead agency.

Interest in supporting skills development for SMMEs has clearly grown in the more dynamic training providers. The Western Cape Education Department encouraged an alliance between its colleges and the Foundation for Economic and Business Development to work on NQF piloting, including a considerable enterprise education component. The new construction and educare courses on offer at a number of colleges are focused primarily on new SMME niches in these and surrounding townships.

At one large urban college, courses in interior design and photography, formerly packaged as leisure interest offerings for middle-class women, have been reworked to focus on new entrepreneurial opportunities across the divides of race and gender. In KwaZulu-Natal, a number of colleges have begun to offer short courses aimed at self-employment in bricklaying, computing, fitting and machining, plumbing and carpentry. There is also growing evidence of linkages with the corporate sector and a range of new initiatives at colleges are supported by external funding. Nonetheless, Kraak and Hall raise the concern that these are too often motivated by corporate responsibility rather than a more economic logic.27

In this paper, when we review business linkages more generally, we argue that innovative practices are less likely to emerge from corporate responsibility than from economic partnerships, although there is a possibility of a shift over time in relationships from the former rationale to the latter. Possibilities also seem to be present for colleges in the growing South African interest in various forms of inter-firm cooperation.28 This development may offer new market niches for colleges as providers of specific training products and might also help colleges in more successful outreach to SMMEs.

How healthy are South African micro and small enterprises?

There is sometimes a tendency towards polarity in writing about the SMME sectors of Africa between an account which stresses their entrepreneurial successes and another that emphasises the abject poverty that exists within their bounds. In South Africa, as elsewhere, there appear to be elements of both experiences. Where entrepreneurs have found viable niches, with significant barriers to entry, then incomes are likely to be relatively high and sustainable.

However, for those in low valued markets with low barriers to entry, the picture is much less positive. The generally rising levels of education in the sector cannot have a major impact in an environment where poverty is endemic amongst consumers. Thus, survival rather than entrepreneurship is the norm for those in “petty” trading and areas of production wedded to outdated technologies. For these, “survivists” movements into new areas of production or trade are common but reactive rather than proactive.

Macro-economic factors have a major influence on MSE health. It appears the survivist MSE segment is largely anti-cyclical, expanding in numbers as the overall economy declines. However, the more sustainable segment is pro-cyclical, being dependent on higher incomes for market expansion. To the extent that the South African economy is growing, there should be a concomitant growth in higher value MSEs.

There has also been controversy over the impact of neo-liberal policies on SMMEs. Their proponents have argued that they promote growth and open up new spaces for SMME activity. However, critics argue that the result of these policies has been declining per capita incomes, thus undermining the upper segment of the SMME sector. This debate has not been resolved, with effects appearing to be differentiated by sector and enterprise. However, it can be argued that better education and training, and the ability to access higher value niches, are crucial to successful responses. Moreover, it appears that the effects of privatisation and liberalisation are heavily dependent on the sequencing of these reforms.
The current pace of technological change also has major impacts on SMMEs. Shifts from glass and metal to plastic packaging, and the computerisation of cars and a wide range of electrical goods both threaten existing MSE production and maintenance activities. In some cases, such as computerisation, there is the potential for upskilling. In others such as the shift to plastic, there is little scope for any response other than identifying a new product to develop. Any successful response to technological change is likely to be heavily knowledge-based.

Infrastructure is seen as a major problem by entrepreneurs. Lack of communication undermines cooperation and business more generally. Inadequate roads and electricity are also major constraints. Equally, trust and violence are important. Higher levels of trust undermine business, whilst strong collaborative relationships in South Africa are often based in shared ethnicity. High levels of crime have had a negative impact on the development of many SMMEs.

Enterprise health is also highly dependent upon their own characteristics, which affect the probability of enterprise success. Capital is typically seen as the most important of these. It is widely identified as the major constraint on enterprise performance. Higher levels of initial capital appear to be positively linked to enterprise success.

Gender is also important. South African male entrepreneurs tend to be more successful than their female counterparts. Partly, this is due to greater prevalence of male entrepreneurs in more successful markets. Evidence also suggests that women are more risk averse; reinvest less; and are less profit-oriented.29 This highlights the importance of taking into account the gendered nature of opportunities, constraints and goals within the sector.

Location also has some significance to enterprise chances. On average, home-based SMMEs are less successful than those with separate premises. It is best to be located in formal urban areas. Location is strongly linked to arguments about the advantages of clustering, as proximity appears to increase learning opportunities.

**Are South African enterprises becoming better at cooperating with each other?**

Vertical linkages between enterprises of different sizes appear to be growing, although with considerable sectoral variation. Examples are common in the construction and building industry; clothing; retailing; catering; office cleaning; transport and footwear and often include large corporations.30 Weak linkages are driven by commercial and social responsibility concerns. In some cases, sub-contracting is an attempt to circumvent health and safety regulations and trade unions, and to suppress wages and costs. However, there are also more positive outsourcing reasons that can lead to healthy relationships between larger and smaller enterprises. Indeed, there appears to be a “high road” of upskilling, quality-conscious vertical linkage as well as a “low road” of cost-cutting and union-busting present in the current South African experience.

However, another powerful force is at work. Many large corporations were deeply implicated in the Apartheid system and they are widely perceived as having benefited from the system, at least indirectly. This, and a genuine desire to be good citizens, has led to a wide range of social responsibility activities designed to show that large corporations are serious about issues such as black empowerment and poverty eradication. Sub-contracting has been an important element of such strategies.31 This is a poor basis for successful sub-contracting although some social responsibility programmes have evolved into more genuine linkages.

The Department of Trade and Industry is also seeking to promote sub-contracting through its procurement policy, which seeks to support SMME access to public sector procurement. The government has sought to simplify tender procedures; to organise tenders into suitably sized segments to target SMMEs; to set appropriate standards, delivery dates and contractual obligations; and to introduce elements of price preference for targeted SMMEs.32 The establishment of Tender Advice Centres, where information about tenders is available and tender advice and counselling support services are provided to emerging SMMEs, is also intended to contribute to SMME development. However, SMME awareness of tendering possibilities and processes and successful tendering, remains very limited.

Although clustering has received international attention as an important element in enterprise development, there appears to be widespread misunderstanding and suspicion regarding the concept in South Africa, and little evidence of strong clusters emerging.33 The weakness of social capital and the continued high levels of crime and violence appear to be major constraints here. Moreover, South Africa is weaker than most of Africa in terms of associations among groups of small firms.

These weaknesses in cooperation are important, given the growing international evidence on its key role in enterprise success. Nonetheless, some positive examples can be found, such as in the jewellery industry and the West African clothing cluster, both in Johannesburg. The West African clothing cluster merits further examination as it illustrates many potential benefits for other clusters in South Africa. Rogerson argues that the act of clustering in the Johannesburg city centre has been crucial to success.34 Supply-side joint actions in the Johannesburg clothing cluster include the ad hoc borrowing and lending of basic tools and raw materials. Inter-enterprise collaboration also occurs through sub-contracting. In the case of the cut, make and trim businesses, all the enterprises in our sample were wholly engaged in production for retailers, wholesalers or other producers. Marketing joint actions are also taking place. Several firms reported sharing information about new products, ranges or design techniques with suppliers or buyers. In addition, there was regular telephonic contact between producers to share market information. Lastly, there were strong linkages between inner city producers and street hawkers in terms of marketing the outputs of clothing SMME producers. This linkage with hawkers is significant as one of the few types of cooperation that crosses a racial divide, between Asian producers and black hawkers.

**How has SMME policy supported enterprise development?**

In 1995, South Africa produced the White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa. This listed the following objectives for policy:

- Create an enabling environment for small enterprises;
- Facilitate greater equalisation of income, wealth and earning opportunities;
- Address the legacy of apartheid-based disempowerment of black business;
- Support the advancement of women in all business sectors;
- Create long-term jobs;
- Stimulate sector-focused economic growth;
- Strengthen cohesion between small enterprises;
- Level the playing fields between bigger and small playing fields, between bigger and small business as well as between rural and urban businesses;
- Prepare small businesses to comply with the challenges of an internationally competitive economy.

This policy closely reflects international best practice. Its objectives are indicative of a policy that is seeking both to provide a more enterprise-friendly regulatory framework and maintain a major proactive role for the state. The policy also shows a
strong concern with target constituencies of historically disadvantaged groups: blacks, women, youth and rural people. However, there is also a strong concern with competitiveness, as illustrated by an interest in linkages, tendering and procurement, developed in the White Paper and subsequently, and in the Danida-supported development of Manufacturing Advisory Centres. These MACs focus on clusters of more dynamic enterprises and have a powerful learning focus.36 The initial piloting of this approach in Port Elizabeth and Durban was being extended nationwide in 2001 and 2002.37

The policy has been criticised for having too many objectives, and thus, too little focus. In particular, although success stories are seen as the largest group, the state’s strong views about the undesirability of survivalism seem to preclude adequate attempts to understand and act upon the needs of such enterprises.

Conclusions
In this paper, we have argued that globalisation needs to be addressed by South Africa, whilst remaining mindful of its potential costs. We argue that knowledge is an important element of any possible response and suggest the notion of learning-led competitiveness as a way of thinking about the challenge. We suggest that there is a need to go beyond the rhetoric of addressing competitiveness to a deeper analysis within individual sectors. We also stress the importance of working cooperatively between sectors. This is something that South African departments have been far better at talking about than doing.

Implementation continues to lag far behind the ideas expressed in policy documents. Opportunities seem to lie in points where practical collaboration between sectors can be realised. For instance, skills development could be usefully linked to business linkages and local enterprise development. Above all, it is clear that South Africa must continue to work to respond to globalisation and that education, training and enterprise development will be central elements in that response.

Kenneth King is Professor of International and Comparative Education and Director of the Centre of African Studies in the University of Edinburgh. Simon McGrath is Director of the Research Programme on Human Resources Development at the Human Sciences Research Council but was a research fellow at the Centre of African Studies at the time of the research. Christian Rogerson is Professor of Geography at the University of the Witwatersrand. Kobus Visser is a senior lecturer in the Department of Management at the University of the Western Cape.

Notes & references
1 This article arises out of work funded by the UK’s Department for International Development, Education and Department and led by the Centre of African Studies, University of Edinburgh. DFID’s Enterprise Development Department provided additional funding for part of Prof Rogerson’s contribution to this research. Our thanks go to Dela Afenya and Henry Otchek who were members of the research team in their parallel work in Ghana and Kenya. Further detail about the project, see K King and S McGrath, Knowledge Enterprise and Growth: Symposium, Oxford, 2002, http://www.ox.ac.uk/centeras/.
2 Driving competitiveness: an integrated industrial strategy for sustainable employment and growth, Pretoria: Department of Trade and Industry, 2001. Although the notions of “North” and “South” are complicated by globalisation and complex patterns of social and economic inclusion and exclusion, the terms remain broadly accurate.
24 S McGrath 1999a.
25 Krantz and Hall 1999.
27 Krantz and Hall 1999.
33 Rogerson 1999.
35 Republic of South Africa 1995, Table 1.