

**AN INVESTIGATION INTO THE DISBURSEMENT PROCESSES OF THE
VOCATIONAL EDUCATION TRAINING LEVY IN NAMIBIA**

**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
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ABSTRACT

This thesis explores the possibility of improving the collection and disbursement processes and procedures of the Vocational Education Training (VET) levy by the Namibia Training Authority (NTA), to determine challenges faced by the NTA in administering the VET levy, and to propose a framework for the collection and reimbursement or redistribution of the fund. The study was based on a sample of sixty respondents. Only fifty-four took part in the actual study representing a response rate of 90 %. The study adopted a mixed method design. The findings of the study were presented through the use graphs and were also described qualitatively. The key findings of this study were that the NTA levy is distributed to qualifying employers only subject to a cap of 50% of the amount contributed by the employer. The study further found that the levy was disbursed to cover other in-house and on job training costs. The study found that the board of directors did not have an independent committee to review and approve claims from employers. Other recommendations included the treatment of the levy by companies for tax purposes, the possibility of widening the revenue base, creation of a reliable data base and the issue of monthly assessments, fixed grants, reimbursement of costs to employers, individual students, distribution to qualifying employers, disbursements for in house and on job training schemes. The need for the introduction of inspectors and a system of liaising with other state organs to improve reliability of data was identified. The study recommended five areas for further research which include the impact of NTA funding on the national skills development requirements, the adequacy of the funding on the beneficiaries, undertaking a similar study using a pure quantitative or qualitative design only, an investigation into the productive efficiency and effectiveness of TVET graduates sponsored by the NTA and evaluation of employers' perspectives of the NTA levy.

Dedication

I dedicate this research to my lovely wife Jataleni Saima, my daughter Ndapanda Tunameme Laimi, my mother Laimi Ananias, the Namibia Training Authority staff and my friends, for all their support during my study. I am thankful for their inspiring guidance, invaluable constructive criticism and friendly advice during the work on this thesis.

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Declaration

I, **Absalom Tunatate Ipinge** hereby declares that this research is a true reflection of my own research and that this work, or part thereof, has not been submitted for a degree in any other institution of higher learning.

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List of acronyms

| | |
|------|---|
| BIPA | Business Intellectual Property Authority |
| IRD | Inland Revenue Department |
| NED | Non – Executive Director |
| NTA | Namibia Training Authority |
| OJT | On the Job Training |
| TVET | Technical Vocational Education and Training |
| VET | Vocational Education and Training |

CHAPTER ONE

INTRODUCTION AND ORIENTATION OF THE STUDY

1. Introduction

1.1 Orientation of the Proposed Study

A number of developed and developing countries have adopted levy grant schemes such as training grant schemes, training levy refunds, levy exemptions, tax incentives and payroll-based taxes with to meet their national skills demand (Association of Colleges, 2015). According the European Centre for Development of Vocational Training (Cedefop) (2008), investment in human capital is currently recognised as one of the key engines for economic development and social cohesion. The Government of the Republic of Namibia has through the Vocational Education and Training Act, 2008 established a vocational and education levy which came into effect on the 1st of April 2014 (Deloitte Namibia, 2014). The Namibia Training Authority (NTA) administers the levy on behalf of the Government. In terms of the Act, employers incurring annual payroll costs of more than one million Namibian dollars are required to pay an amount equivalent to one per cent of such cost to NTA (Deloitte Namibia, 2014).

1.2 Statement of the Problem

Although there have been studies undertaken on the disbursement processes of the vocational education training levy, the researcher did not come across any studies done on the investigation of the disbursement process of the vocational education training levy in Namibia, or on whether the VET levy is a tax or just an ordinary levy, and who should

administer it, hence this study aims to fill that gap. The study also sought to investigate what is the best framework for the administration of the training levy and investigated challenges that the NTA may face in its endeavours to collect and redistribute the levy in an equitable and fair manner to those entities that are paying the levy. The utilisation of the levy may not meet all funding needs. According to Gorman, Moore, Blake and Phillips (2006), in some cases government grants do not support on the job training (OJT). Gorman, *et al.*, further claim that the majority of governments do support mostly the class type of training. One of the requirements of the NTA is that for a firm to be able to claim from the fund, the claim should be supported by an attendance list from the training provider as well as a proof of payment to the service provider. According to Jones and Grimshaw (2012) it can be concluded that OJT and other in-house training may not allow respondents to benefit from the training levy reimbursements. A levy scheme may be designed to offer specified assistance, exempt small firms, around a universal model or a highly differentiated reimbursement scheme (Jones and Grimshaw, 2012)

1.3 Objectives of the Study

The main objective of this study is to investigate the disbursement process of the vocational education training levy in Namibia. The study will seek to understand whether the NTA or the government has developed a sound and proper framework for the collection and reimbursement or redistribution of the training levy in Namibia. It will also explore challenges faced by the NTA in administering the VET levy.

The specific objectives of this study are:

- To investigate the collection and disbursement processes and procedures of the VET levy by NTA;

- To determine challenges faced by the NTA in administering the VET levy; and
- To propose a framework for the collection and reimbursement or redistribution of the fund.

1.4 Significance of the Study

This study is intended to contribute to the body of knowledge on the development of sound and sustainable VET levy collection and reimbursement or redistribution system in Namibia. The study will assist in the development of a sustainable levy distribution framework that is just, fair and equitable to all stakeholders. The study will further enable the researcher to demonstrate graduate research skills required at the Master of Business Administration level.

1.5 Limitation of the Study

The study will focus on a payroll-based vocational training levy, as such the results may not be applied to other levies that the government may impose from time to time. Furthermore, the population and the scale of the study may not allow the results to be generalised to other existing statutory levies.

1.6 Delimitation of the Study

The study will not consider the impact of the training on the recipients of the grants and related sectors including determining whether there is an improved skills base or not. Furthermore, the study will not consider other national training incentive programs offered by the government.

1.7 Implementation of vocational training

The demand for a skilled workforce equipped with vocational education is no longer questionable in the modern environment, but the major challenge is how do nations develop and implement national funding strategies (European Centre for the Development of Vocational Training , 2008). Cedefop (2008) contends that in most European countries there are sectoral funds that are financed by either a tax or levy and managed by government institutions. In Namibia, the funds are centrally managed by the NTA (Government of the Republic of Namibia, 2014).

A vocational training levy can be compulsory, enforceable either by the state or by a sector (Narayan and Rutherford, 2012). It can be funded from a number of sources including payroll and revenue-based sources (Ziderman, 2016). According to Ziderman (2016) public funding for national training can be either cost-sharing (training levies), donor supported, cost-sharing (tuition fees) and income from the production of goods and provision of services (Elson - Rodgers & Westphalen, 2006). The Government of Namibia adopted a training levy that is payroll based (Deloitte Namibia, 2014). A payroll based levy is one that is calculated as a proportion of the total annual payroll cost. The levy is normally based on a small percentage of say 1% of the total annual payroll costs. According the Association of Colleges (2015) in the United Kingdom, there are generally two main levies, namely: the levy - grant and the levy exempt system. The levy - grant system allows a levy to be collected from all firms as a proportion of payroll costs. The system then redistributes the levy as a vocational training grant to companies that meet the set creteria (Association of Colleges, 2015). On the other hand the ley exemption also

known as the “train or pay” requires companies to demonstrate that they are training so that they are exempted otherwise they have to pay the levy (Association of Colleges, 2015).

The most popular levy system is the levy - grant system. In the levy grant system employers are levied a proportion of their payroll costs. In this system the responsible authority will distribute funds to certain firms upon meeting certain condition in terms of training their own workers (Narayan and Rutherford, 2012; Ziderman, 2016). The levy - grant system seems to be the approach taken by the Namibian government (Government of the Republic of Namibia, 2014). Another levy system is the revenue payroll cost levy system where public institutions charge students a fee for undertaking a specific course or training. The fees charged to the students compliment public funds provided to the public institution by the state from payroll taxations (Elson - Rodgers and Westphalen, 2006). This mechanism, therefore, means that the levies collected by the state are channelled to public insistutions that are providing the vocational training.

Along an array of the funding mechanisms lays the demand - led funding mechanism. The demand - led funding mechanism involves individual employees and employer regulating the provision of vocational training at company level (Elson - Rodgers and Westphalen, 2006). Private training insitutions are another funding mechanism for vocational education and training. Under this arrangement, trainees pay their fees directly to training providers.

The VET levy rate in the majority of countries tend to range between 0.4 % to 3 % ((Dar, 2004);, 2004:Ziderman, 2016). Namibia’s vocational training levy rate is set at 1 % of the payroll cost (Government of the Republic of Namibia, 2014).

1.8 Summary

This chapter laid the foundation of the study by identifying the research problem, objectives of the study, significance of the study, and the possible limitations of the study. The reviewed literature on how other countries have adopted and implemented vocational training levies supported by sound and robust disbursement processes. The chapter also sought to establish the reasons for and the level of adoption of vocational training levies by different countries regionally and internationally. This is critical because, there is need to understand why there are variations in the application of the disbursement processes and related structures and beneficiaries. Vocational training levies have the same objective but vary in terms of collection, administration, beneficiaries and utilisation.

The next chapter is devoted to an exposition of the literature review undertaken by the researcher. The approach adopted in the presentation of the literature is to discuss the disbursement criteria, challenges of the disbursement processes and possible solutions in terms of how other successful countries have implemented vocational training levies. This will constitute a review of the literature from various empirical studies in other jurisdictions.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter addresses the conceptual framework of vocational training levies. It explores various literature on different types of levies, grants and exemptions. The chapter further addresses administrative challenges as well the best practices of administering a system of vocational levies in including governance and challenges of various disbursement processes. It concludes with a key summary of findings from the literature view.

2.2 The Funding Frame work

Most countries have established national training funds. A training fund may be defined as a flow of financing national training emanating from outside the normal government budgetary process (Johanson, 2009). According to Ziderman (2016) the frame work of vocational encompass three major activities. The activities are revenue generation, use of the funds (disbursements) and institutional arrangements (policies and governance).

The funding for vocational education training is generally generated by governments through various sources. Ziderman (2016) argues that the conventional educational financing has become inadequate to national skills development needs, hence the shift from traditional funding to a search for alternative sources. The most common sources are donors, levies, taxation, school fees, government grants to training institutions, sale of services and goods (Ziderman, 2016; (ACER, 2015). Vocational training may also be funded through various instruments and incentives to employers (Ziderman, 2016). These

may include indirect subsidies which may involve tax incentives credits and to some extent interest free loans to employers and beneficiaries (Muller and Behringer,2012; Ziderman, 2016). These incentives are aimed at encouraging participation in order to receive an indirect financing benefit or saving for enterprises (Muller and Behringer,2012). According to Muller and Behringer (2012) these indirect savings may involve statutory tax credit that result in companies paying less tax as a result of a reduced tax base.

The government may raise vocational training levies through general revenue raising systems and sectorial levy grant schemes (Gospel and Casey, 2012). The general revenue raising levies are statutory schemes from which training levies are raised by charging of taxes from corporate tax payers for the national training budget while sectorial levies are normally levied on specific sectors (Abdel-Wahab, Dainty and Ison, 2010). The levies are then distributed through a state agent (Ziderman, 2016). Regional examples include the Zimbabwe Manpower Development Fund (ZIMDEF) and the various Sector Education and Training Authorities (Zimbabwe Manpower Development Act; James,2009). ZIMDEF is the state agency in Zimbabwe responsible for collection of training levies from various employers and distribution to those employers running the apprenticeship programs for various craftsmen (Durango, 2002). This is the similar role that is performed by the NTA in Namibia. The broad funding framework is that employers should contribution to the training that may be required by an prospective employee for the benefit (Johanson, 2009).

2.3 Training levy regimes

2.3.1 Pay roll taxation

A framework for a vocational education training demands that all employers who meet a certain threshold are required to contribute towards the national fund through a monthly or annual levy based on total labour costs (Johanson, 2009). Under normal conditions employees are not required to contribute towards the national fund (Palmer, 2015). The practice is known as the grant mechanism. The levy is a statutory requirement that obligates all employers to contribute apart from those that are exempted by law (Johanson, 2009).

The levy is normally one percent of the gross payroll (Maglen, Wall, Rokovunisei and Taufaga, 2015). Maglen et al, (2015) state that the system involves two distribution approaches: that is general levy refunds which are funds intended for employers who operate their own in-house training programs and those companies that do not have a systematic training approach. The employers have to submit a claim for each training provided to employees (Palmer, 2015). The other alternative approach to this levy grant scheme is where employers are allowed to deduct the levy due from their contribution.

2.3.2 Tax Instruments

Several developed countries subsidise employer training participation through tax instruments allowing companies to deduct their training expenditures from the tax payable, or to allow individuals employees as well to deduct their personal training outlays from their income tax (Oosterbeek, 2013). As firms' training expenditures are part of their normal operation costs, firms will normally be allowed to deduct such costs from their tax bill.

2.3.3 In – kind industrial contributions

Another form of funding for vocational training is through donations of old and new equipment to vocational training facilities for training purposes (Horne, Ngangan, Tavail-Melachon, & Brown , 2014).

2.3.4 Budget allocation

One major source of funding for TVET is direct government budget appropriation to public institutions. However, this funding model is also getting stretched (Durango, 2002). Durango (2002) argues that due to budget constraints in most Southern African countries the model of direct budget allocations is dwindling.

2.4 Distribution of TVET Funding

The major objective of setting up any TVET funding is to ensure that there is sufficient appropriate funding in line with the national training objectives of any nation. This brings the question of what constitutes a better model for distributing funds by any responsible state organ after its allocation. A number of models have been suggested.

2.4.1 Direct Budget Allocation

According to Durango (2002), states should allocate the funding to beneficiary through public non-Government organization and other private institutions. He further argues that the institutions must be the ones that cater for the training needs of the training of the pre-employed, unemployed and SMEs. It is further argued by Durango (2002) that there is a system of hiking input to output in order to achieve the objective of funding. However, Durango was not clear about the actual funding model for these institutions. He does not mention how the amount for each institution should be determined. The

Tunisian Authorities, in a bid to improve the efficiency of the fund, introduced a training cheque. This is a direct allocation to the beneficiary, thereby giving the freedom to a training institution of their choice (Walther and Gauron, 2006).

2.4.2 Levy – Grant / Rebate

Most governments have a number of Levy Grant or Rebate Systems. The bottom line of this system is that they should involve payment and claiming from the system. These schemes generally collect levies from companies and then redistribute the collected levies to qualifying or eligible firms (Gospel and Casey, 2012).

Ziderman (2016), claims that the levy grant system provides most governments with alternative mechanism for encouraging the corporate world to prioritise company.

Ziderman (2016) further states that while the existence of variants of levy schemes, the core principles of the Levy Grant scheme was that business had to incur the training expenditure before a refund is approved.

2.4.3 Rebate System

According to Gospel and Casey (2012) a national Government do have an option of a levy system. A rebate system may be used to redistribute TVET fund. This scheme is also known as a train or pay scheme. According to Walter and Gauron (2006), the rebate scheme in Tunisia allowed business to claim training expenditure as an advance of the TVET tax levy. The objective was to make the system less cumbersome. Ziderman (2016) calls this the rebate system at cost reimbursement. Ziderman (2006), states that the businesses first pay the levy and receive back on a cost incurred basis for designated training. The responsible authority would normally set a ceiling for what can be claimed back. Accordingly, the levy grant system may collect levies from both the employees

and employer. The principle of paying grants to employers remain the same (Palmer, 2016).

2.4.4 Distribution of the Levy via Sectorial Funds

The South African system allows for the funds to be distributed to sectorial funds, that have authority over a specific sector according its assessment of needs (Wather and Gauron, 2006). The South African system is run based on the collection and distribution of levies by a Sector education and Training Authority (SETA). In 2000, South Africa implemented a levy-grant policy (Skills Development Levies Act, 1999) to give an incentive for workplace training across private and public sector workplaces alike, but the impact of the levy-grant scheme in the public sector was restricted by financial and management processes unique to that environment (Paterson, 2005).

A SETA is an organization that represents vocational training education in South Africa similar to NTA. A SETA was established as per section 16 of the act, to improve skills development in South Africa. One of the primary objectives of SETA is to collect Skills levies from employers within each economic sector, in term of the skills development levies Act and to make the funds available within the sector for vocational training education training. The funds collected by SETA are disbursed to employers, training bodies and to trainees in the form of discretionary grants and bursaries. Each SETA is in control of levy (Turner, Halabi, Sartorius and Arendse, 2013).

The SETA is divided into different sectors like mining, health and focuses on funding projects. Prior to 2000, there were 33 industrial training board in South Africa that covered various sectors. They focused mainly on apprenticeships, while NTA is in the process of implementing apprenticeships. Most of the funds are used in projects, training, key

priority and community projects. According to the Skills Education Training Authorities website, in March 2000, the then Minister of labour, Membathisi Mdladlana formerly established 23 SETAs, each with its own clearly defined sector and sub-sectors.

SETA is also funding companies through mandatory grant, whereby company are paid before the payment of levy (James, 2005). This is a reverse of the NTA practice, which says incur first and claim latter. Meaning that the companies just need to submit their training plan through SETA will pay them and do the collection later. The SETA is more concerned with learnerships, internships, unit-based skills, programmes and apprenticeships, the SETA also given greater power than the training boards and far reaching responsibilities. Furthermore, funding for each SETA depend on the company categories since companies are placed in group like platinum, silver and gold. This may be disadvantage to small companies that may not benefit since the categories are determined by set up of companies whether a company has sufficient equipment for those projects to be funded. It is also requirement for a work place to be SETA accredited for a company to participate. The SETA agreement with employers has extensive requirements as compared to NTA requirements <http://www.vocational.co.za/category/this-is-an-information-website-about-seta-in-south-Africa/http://twitter.com/coursetraining>)

2.5 Summary

The chapter examined the TVET funding schemes. The chapter examined the collection and disbursement of the funds by the responsible state organ. The first and most common funding model is the collection of tuition fees from the students. Some TVET colleges are involved in either production of goods or provision of services as part of the training. The output is then sold to consumers as a means of generating income for the college. A

number of other schemes which include payroll taxation, levy – grant scheme, levy exemption, tax instruments, direct budget allocation and the rebate system. The study therefore recognises that there are several models that a country may implement based on its national training goals. Furthermore, the study found that most levies are based on a fixed percentage per annum. However, the percentage tends to range between 1% and 4% per country. The next chapter examines the methodology used in the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research Methodology is the approach taken by a researcher to acquire information for a study. This chapter presents an overview of key areas of research methodology. It provides an outline of the type of the research, the basis of choosing the methodology, research philosophical issues and the strategy. The chapter presents the population, sampling, research instrument and its administration. Data collection and analysis approaches are described in this chapter including validity and reliability. Chapter three also discusses the limitations of the study, elimination of bias and the treatment of ethical issues in the study.

3.2 Research Design

A research design is the grand plan regarding how the research is conducted. Cooper and Schindler (2014) contend that a research design is the plan on how one intends to accomplish a particular task, and that in research, the plan provides a structure that informs the researcher as to which theories, methods and instruments that the research will be based on. It is, therefore, the purpose of this section to provide detailed information on the research design adopted for the study. The study adopted a descriptive design in order to accomplish its objectives. Cooper and Schindler (2014) contend that descriptive research is aimed at describing the phenomena associated with the respondents, as it exists. While the descriptive approach may appear simple, it is as challenging as any other research approach that requires high research skill (Cooper and Schindler, 2014). The study

involved assessing the effectiveness of levy disbursement system structures, processes and procedures at the NTA. There is a need to fully describe the levy disbursement system at the NTA during the research to develop a thorough understanding of the system, thus the descriptive research design was adopted.

3.3 Population

Neuman (2011) defines population as the abstract idea of a group of many cases from which a researcher draws a sample and from which the results from that sample can be generalised. It is a requirement for a researcher to decide on the characteristics and size of a population for each study (Neuman, 2011). A population is normally a group or collection of objects or people who form the core respondents.

The composition of the population for this study included senior management at NTA, Namibia Chamber of Commerce and Industry (NCCI), Construction Industry Federation (CIF), Engineering Council of Namibia (ECN), Chamber of Mines of Namibia (CMN, Namibia National Farmers' Union (NNFU) National Union of Namibian Workers (NUNW), Metal and Allied Namibian Workers' Union (MANWU), Namibia Food and Allied Workers' Union (NFAWU) and Mineworkers' Union of Namibia (MUN). The directors and deputy directors in the Ministry of Education also formed part of the population. The total population for this study was sixty in number.

3.4 Sampling

According to Cooper and Schindler (2014) by selecting some of the elements in a population, a researcher is able to draw some conclusions about the entire population. This study used a census sample. Sampling involves the use of either probability or non

probability methods. Probability sampling involves the use of statistical methods for the selection of respondents (Denscombe, 2011). The method includes techniques such as random sampling, cluster sampling, systematic sampling and stratified sampling. It is popular with large populations. However, non-probability makes use of non-statistical theories. It involves techniques such as quota sampling, convenience sampling (first to hand) and purposive sampling (Denscombe, 2011). It is the choice or preference of the researcher that determines who forms part of the sample.

A census is defined by Cooper and Schindler (2014) as a count of all elements in a population. The use of a census was motivated by the fact that the population of the study was considered small since it was less than one hundred in number. Cooper and Schindler (2014) state that when the population is small it is feasible to include the whole population in the sample with the objective of improving the reliability of the study. The sample size of this study was sixty in total since a census was used.

3.5 Research Instrument

A research instrument is defined as a measurement tool for a research, and has to be reliable and valid (Cresswell, 2009). The measurement tool for this study was a questionnaire, which was designed specifically for data collection for the study. Admittedly, a significant amount of time was invested in developing the questionnaire. In this study a self-administered questionnaire was based on the size of the sample, costs, and the characteristics of the respondents, time limitations and the nature of the topic. The number of respondents was sixty, practically making it difficult for the working researcher to interview all of them in a very short space of time. According to Ziegler (2006) self-administered mail surveys remain one of the most common methods of collecting data in

social science research. Not only are mail surveys cost-effective, they also enable researchers to gather both quantitative and qualitative data from elite policy makers as well as everyday citizens. The strategy was also chosen because it reduces travelling costs when interviewing individual respondents, in addition, the majority of the respondents are busy people, hence the survey allowed them to complete whenever the respondents had free time. However, no matter how well the research is designed or how interesting the questions are, it is all of little use if the population fails to respond (Ziegler, 2006). A self-administered survey instrument was chosen to ensure a high response rate.

3.6 Procedure

A research strategy is defined as a method that utilises questionnaires or interviews in data collection for a research study (Ghauri and Gronhaug, 2010). The survey strategy was adopted for the study. Cooper and Schindler (2014) claimed that surveying or interviewing is the most appropriate data collection approach. A survey may either be a self-administered, telephone or personal interview (Cooper and Schindler, 2014). This study used self administered questionnaires. The approach allowed the researcher to have access to otherwise inaccessible executives while at the same time cutting down on research costs (Ghauri and Gronhaug, 2010). The purpose of using a self administered questionnaire was to allow enough time for busy respondents to complete the questionnaire at their convenience. Further the use of a questionnaire reduced variations in questions. A questionnaire allows the same question to be asked consistently in the same manner (Cooper and Schindler, 2014)

This study involved collection of primary and secondary data. A self – administered questionnaire was used to collect primary data from the respondents. The primary data

collected through questionnaires was supplemented by secondary data. Secondary data collection involved document review and analysis from various publications relevant to the collection and disbursement of a TVET levy.

Factors such as sample size, distribution, type of questions, characteristics of the population, resources, the topic itself and related costs determined how the questionnaire was administered (Bird, 2009). The author further cited greater coverage, anonymity, time to consider responses and that the interviewer could not reshape the questions once the survey had started. According to (Meadows, 2008:562), the main advantage of self-completing questionnaires is that one eliminates bias by using standardised questions on each participant. Meadows (2003) argued that in a face-to-face administration, a researcher has the opportunity to provide explanations that may lead to misunderstandings. Furthermore, because most questionnaires do not request for personal details, respondents are comfortable to respond without reservations (Bird, 2009). The use of a self-administered questionnaire has its disadvantages. According to Bird (2009), a self-administered questionnaire offers limited length of time to complete, limited complexity, the response rates can be poor and it is difficult to check non-response bias. The author further argues that the researcher loses control over who completed the questionnaire.

3.7 Data Analysis

Data analysis involves analysing or studying the data that a researcher would have collected with the main objective of extracting some meaningful information for reporting purposes (Saunders, Lewis and Thornhill, 2009). In this study, data analysis was carried

out using MS Excel software. The results of the analysis led the researcher to draw some conclusions from the study. The process involved a series of steps: data reduction, data presentation, data transformation, data correlation, data consolidation and data comparison and data integration. The results of the study were presented in graphs and charts and analysed using frequencies and percentages. The researcher made use of bar charts, graphs and narrations.

According to Rose, Spinks and Canhoto (2015), the use of MS Excel provides convenience and less costs for data analysis, also taking away the need to learn complex software programs. Rose *et al.*, (2015), further claimed that it is easy and convenient to use MS Excel in conjunction with other MS software. The study made use of charts and graphs. Ghauri and Gronhaug (2010), stated that the key issue in measurement is to represent variables numerically: to assign numbers that stand for the values of the variables. Charts and graphs are used in data analysis if it is possible to group a variable's values into intervals (Cooper and Schindler, 2014).

3.13 Validity and Reliability

Face validity refers to whether a questionnaire makes sense. Validity describes the degree or extent to which a measurement instrument measures what it purports to measure (Drost, 2011). Several varieties of validity include face validity, construct validity, content validity and criterion validity (Zohrabi, 2013). These validity tests are categorized into two broad components namely: internal and external validities. Internal validity refers to how accurately the measures obtained from the research quantify what they were designed to measure whereas external validity refers to how accurately the measures obtained from

the study sample described the reference population from which the study sample was drawn (Christensen, Johnson and Turner, 2011). For this study, face validity was achieved by the use of a pilot study (Cooper and Schindler, 2014). The questionnaire was examined for indications of difficulty in understanding and answering of the questions. After the pilot study, the questionnaire was checked for unnecessarily long questions, time taken to answer the questions, questions that posed uneasiness in answering, and the suitability of the layout (Saunders, Lewis and Thornhill, 2009). Furthermore, the questions were reduced and rearranged.

The issue of validity was also achieved by ensuring that there were no immediate prior and similar studies at the NTA. The respondents were allowed two weeks to answer the questionnaire; hence, there was no pressure on the respondents, which could have influenced the type of responses received. Furthermore, those who did not answer were considered to have dropped out, hence to further requests were sent to them.

Reliability refers to the extent to which data collection techniques or analysis procedures yield consistent results (Graziano and Raulin, 2010). Content reliability refers to the extent to which measurement devices such as questions in a research instrument provide adequate coverage (Saunders, *et al.*, 2009). This was achieved through careful definition of the research (Saunders, *et al.*, 2009; Cooper and Schindler, 2014). This may also include discussions with other researchers. In this study, the reliability was achieved through the use of questionnaires for consistency of questions, selection of people who had never had contacts with the NTA concerning levy disbursement system issues. The absence of the interviewer took away pressure to answer in a particular form.

3.8 Limitation and Delimitation of the Study

The study was based on a single state-owned enterprise. Secondly, the population and sample of the study was viewed as very small. The following issues may also affect the results of the study:

- period of coverage;
- size of the population;
- the study was limited to officials residing in Windhoek only;
- the study was based on single state-owned enterprise; and
- the use of closed ended question may fail to extract more details.

3.9 Ethical Considerations

Ethics relates to morals that guide our behaviour and relationships with others. According to Cooper and Schindler (2014) the goal of ethics is to take all the necessary steps to ensure that the research process affects no one negatively. The research ethics starts from the development of the research problem formulation (Graziano and Raulin, 2010). They argue that the research should not cause embarrassment to others and the researcher. Research principles require that a researcher should take several ethical considerations into account when undertaking a research study. Such considerations should address issues of confidentiality, exposure to risks, fair treatment and the right to correct information.

Cresswell (2009) argued that researchers should protect vulnerable groups against deception, dangerous procedures and invasion of privacy. Cresswell (2009) cite the use of informed consent as the best safeguard. According to Cooper and Schindler (2014),

business researchers should be very honest and professional in their conduct of research studies if business communities are to trust researchers. Researchers may deceive business in obtaining confidential information, which is commercially sensitive. Such information includes customer lists, product pricing, share price and sensitive information. Such information may cause commercial damage to respondents if misused by researchers when it is obtained under false pretences. Cooper and Schindler (2014) contend that respondents must have the option to choose when to participate and, the amount of information to divulge. According to Cresswell (2009) researchers should maintain strict confidentiality. This means that there is a need for a balance between the identification of respondents and sensitive information versus objectivity in the presentation of the data and the findings of the data. Christensen, Johnson and Turner (2011) cite the following as some of the key ethical issues that any researcher should avoid:

- Not preserving respondents' anonymity. The respondents were not required to provide any personal details including details of employers.
- Exposing respondents to mental stress. The questionnaire was self – administered, hence the chance of the respondents being subjected to mental stress was minimised.
- Asking questions that are detrimental to their self-interests. The type of questions contained in the questionnaire were basically on the levy – disbursement system that did not involve personal interests of the respondents.
- Use of tape recorders, videos or hazardous equipment. The study did not involve the use of tape recorders or other hazardous equipment.

- Involving the respondents in research without their consent. All respondents were requested to sign an informed consent form. The meaning and purpose of the consent form was explained to them. Furthermore, no amount of force was applied for them to sign the consent forms.
- Making use of deceptions. The study involved the levy disbursement system, which did not require one to deceive the respondents into believing that by answering the questionnaire they were to receive some benefits. All the respondents were provided with a copy of the authorisation letter; and
- Depriving respondents of their rights (Christensen, Johnson and Turner, 2011)

In this study, the above-mentioned ethical considerations were addressed before and during the research process. The questionnaire was formulated in such a way that no details of the respondents were recorded on the questionnaire. The interaction with the respondents was done in a conducive environment and with their consent. The fieldwork was without pressuring the respondents including avoiding questions that could be detrimental to self – interests. The respondents were not deceived into taking part in the study. No force was used to extract information from the respondents. In the case of depriving the respondents’ rights, the research did not involve any means to take away any rights and further there were no rights to be deprived of.

Cooper and Schindler (2014) contend that the main reason why ethical issues are addressed before the research commences is to ensure a proper and objective framework to guide the process. This is also critical where the researcher may require the use of others to collect the data on his/her behalf. Furthermore, addressing ethical issues before the start of the process enables the researcher to identify circumstances where there are likely to

be ethical challenges in terms of obtaining or accessing information (Ghauri and Gronhaug, 2010). Failure to obtain appropriate information particularly at the advanced stage of the research may lead to embarrassment to the researcher when the project cannot be finalised (Cooper and Schindler, 2014). Non-availability of information or data may also lead a researcher to unethically generate information through unethical means in order to achieve the intended objectives of the research study.

3.10 Summary

The chapter examined issues relating to the selection of a research design, population, sampling, data collection and ethical considerations of the whole study. The chapter also examined how data was collected for the study. The secondary data that the researcher gathered was mainly concerned with the disbursement process and disbursements as published in their annual financial statements compared to the requirements of the standard. A questionnaire was used to collect primary data. A self - administered questionnaire was availed to the respondents. The study paid considerable attention to the above ethical issues. The study did not expose any participant to any dangerous conditions. The next chapter presents a discussion on the findings of this study. The structure of chapter four was guided by the order of questions in the questionnaire.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter dealt with data presentation and analysis. The chapter follows the structure of the questionnaire. Specifically, the structure of the chapter will address biographic information of the respondents, whether the levy is a tax or ordinary business expense, sources of the levy, disbursement of funds to beneficiaries or respondents. A total of 54 respondents took part in the study. The researcher therefore got a 90 % response rate.

4.2 Biographic information of respondents

The respondents were analysed by gender. The objective of the analysis was to determine whether there was a fair representation of both men and women in the study. The results are presented in the graph below labelled figure 4.2.1, Gender distribution.

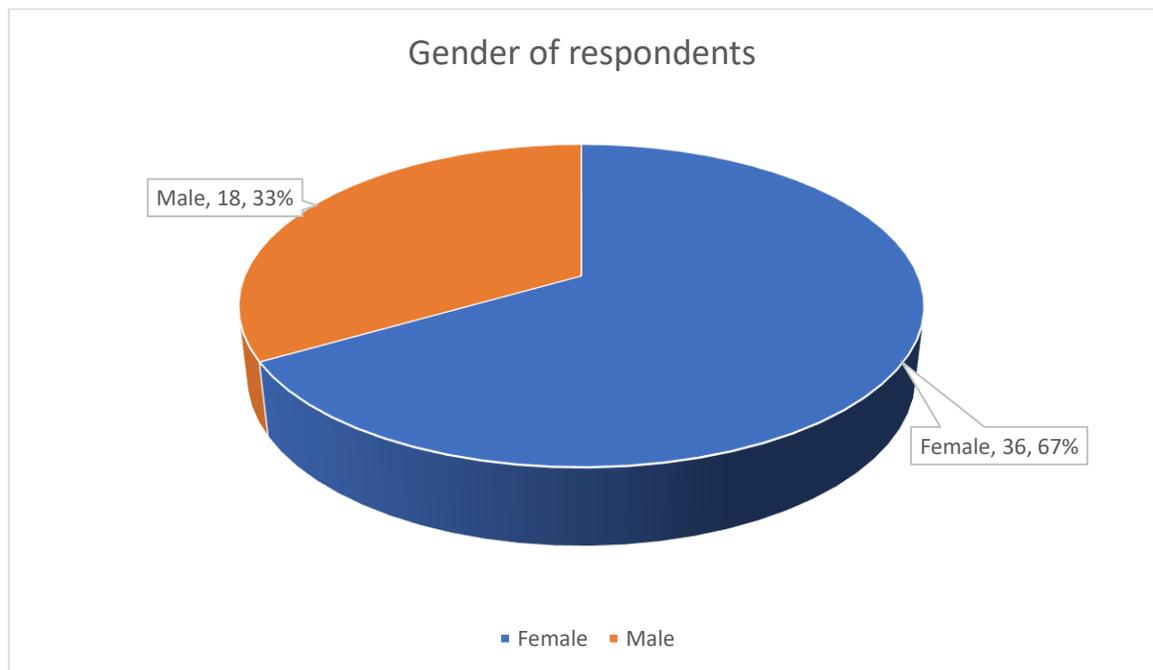


Figure 4.2.1 Gender distribution

A total of 54 respondents took part in the research. Eighteen of the respondents were Male while 36 of the respondents were female. Therefore, male respondents made up 33 % of the respondents while the balance of 67% was made up of female respondents. Overall the questionnaire received a 90 % response rate. According to Nulty (2008) a response rate of more than 60% is considered reliable.

4.3 Positions

The objective of this analysis was to gain an insight on the various respondents in both management and operations on the concept of the levy system. Respondents at different levels in an organization would have different experiences of handling or dealing with the levy. Furthermore, the composition of the respondents may indicate whether there were elements of bias in the responses provided. The results are presented in figure 4.3.1 below.

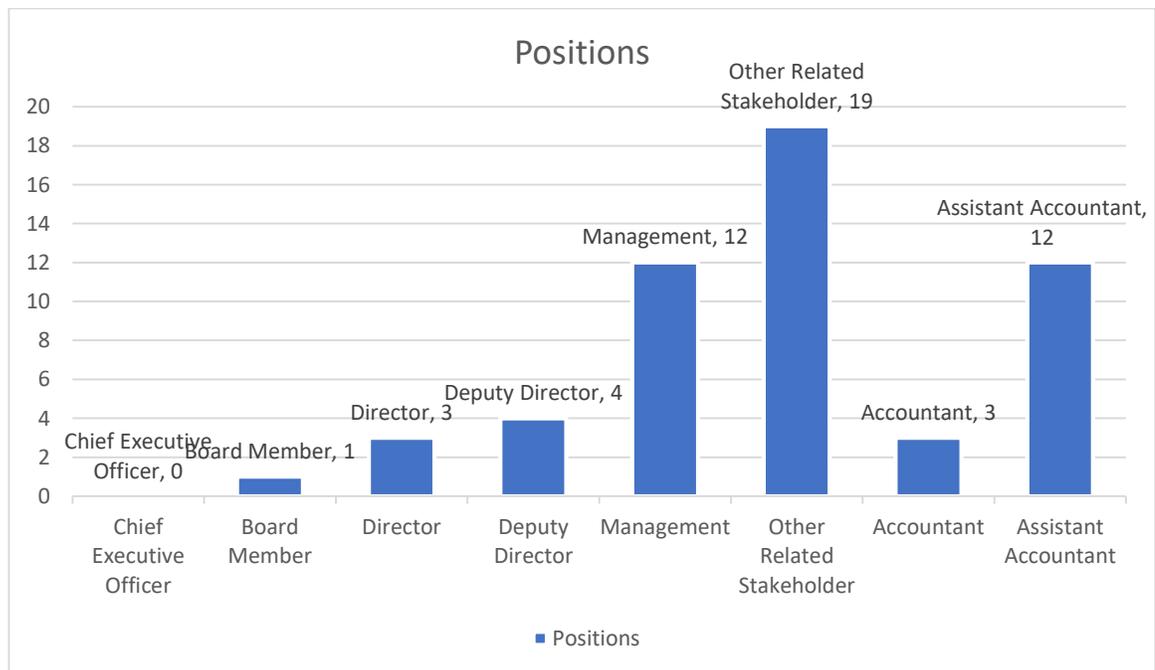


Figure 4.3.1 Job titles

In this study, respondents were selected according to their positions at different companies. A total of 54 respondents were analysed. Twelve assistant accountants took part in the study, those in management positions were 12 while other stakeholders were 19. The questionnaire also received responses from those in other positions such as board members who were three in number, three accountants, three directors and four deputy directors. There were no respondent holding the position of a chief executive officer.

4.4 Nature of expenditure to tax payers or respondents

The objective of this item of the question was to seek a deeper understanding of how the levy is viewed by respondents. The main contrasting views will be to consider the levy as either a normal business expense or tax by government on certain employers. The results of this survey question are fully presented diagrammatically in figure 4.4.1 below.

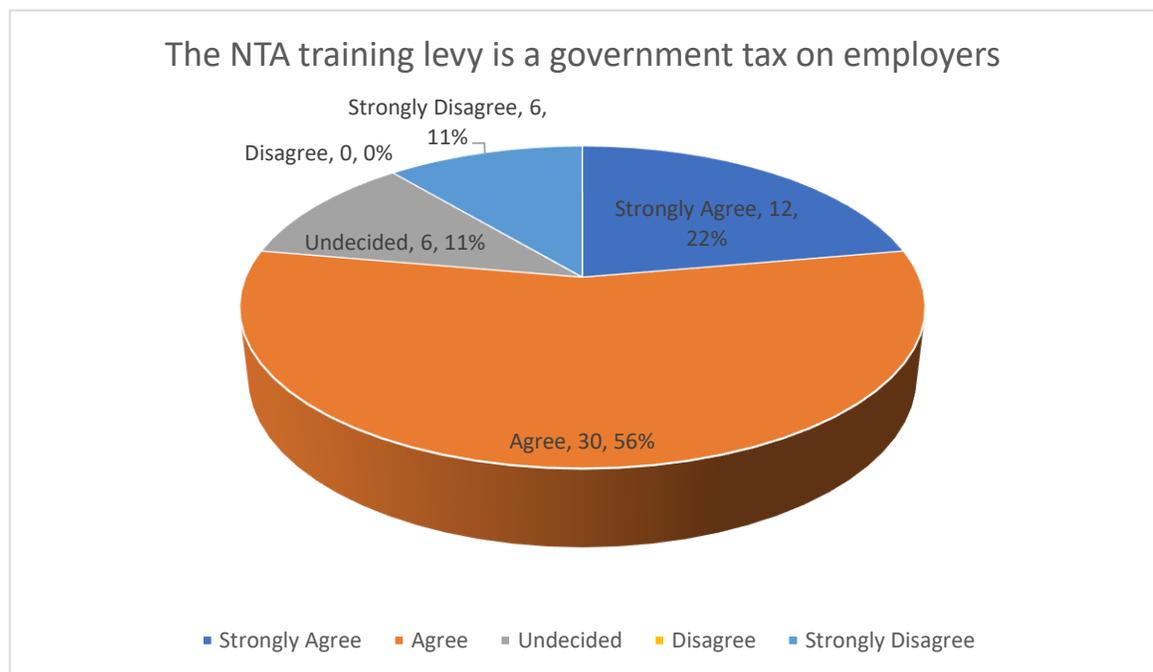


Figure 4.4.1 NTA as government tax

The implication of these views is in the manner in which it will affect the taxable income of a business and the corresponding taxation payable by companies. This question received a 100 % response rate. All 54 respondents answered the question. The breakdown on the question of whether the levy was a tax was as follows; 12 (22%) strongly agreed, 30 (56%) respondents agreed, 6 (11%) respondents were undecided, none of the respondents disagreed while 6 (11%) strongly disagreed with the notion that the NTA levy is a company tax expense. The majority of the respondents (78%) therefore agreed that the levy was a government tax, 11% were undecided while another 11 % strongly disagreed. The study, therefore, concludes that the majority of the respondents view the levy as a government.

4.5 The NTA training levy is a normal business expense

The objective of this question was to seek a deeper understanding of how the levy is viewed by respondents by asking the question differently. This question has the same objective as question 4.4 above. The results of whether the NTA levy is a normal business levy or not are depicted in figure 4.5.1 below.

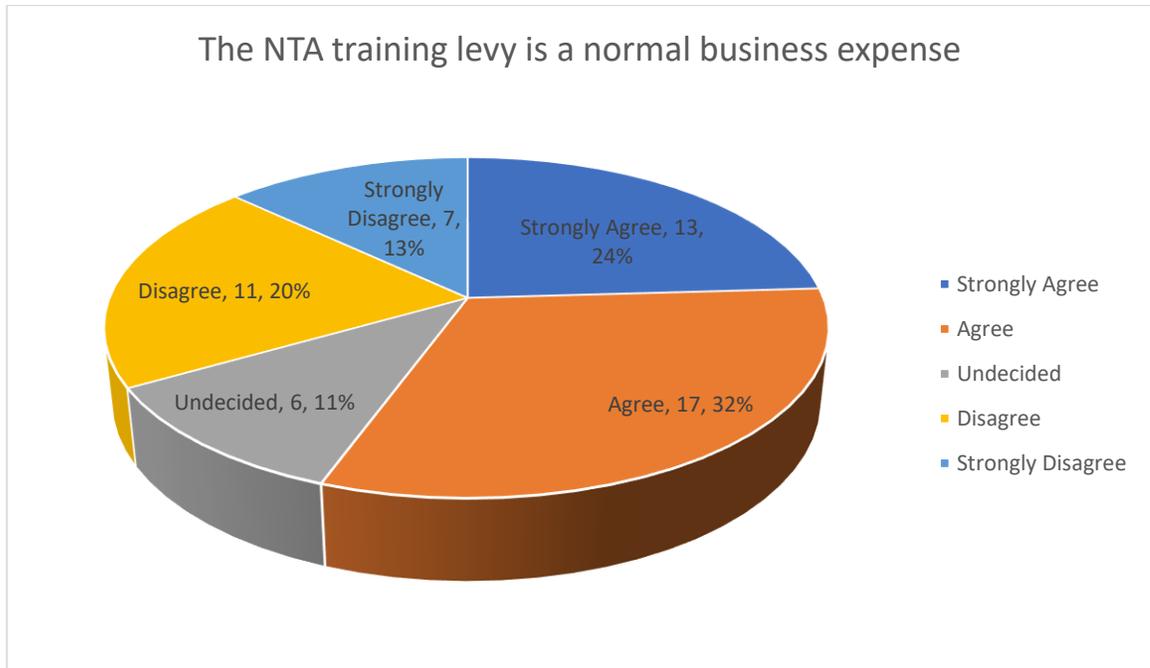


Figure 4.5.1 NTA as a business normal expense

Already stated in paragraph 4.4 above, there are two main contrasting views on the nature of the expense of the levy. The implication of these views is in the manner in which it will affect the taxable income of a business and the corresponding taxation payable by companies.

This question received a 100 % response rate. All 54 respondents answered the question. The breakdown on the question of whether the levy was a business expense was as follows; strongly agreed 13 (24%), agreed 17 (32%), undecided 6 (11%), disagreed 11 (20%) while those strongly disagreed were 7 (13%). In summary a total of 30 (56 %) agreed that the levy was a business expense, six respondents (11%) were undecided while the balance of 18 (33%) respondents did not agree that the levy was a government tax.

4.6 Collection of the levy from employees

The objective of this question was to determine whether respondents were aware of the source of the levy. A total number of 54 respondents participated on this question. The results are depicted in the graph below labelled 4.6.1.

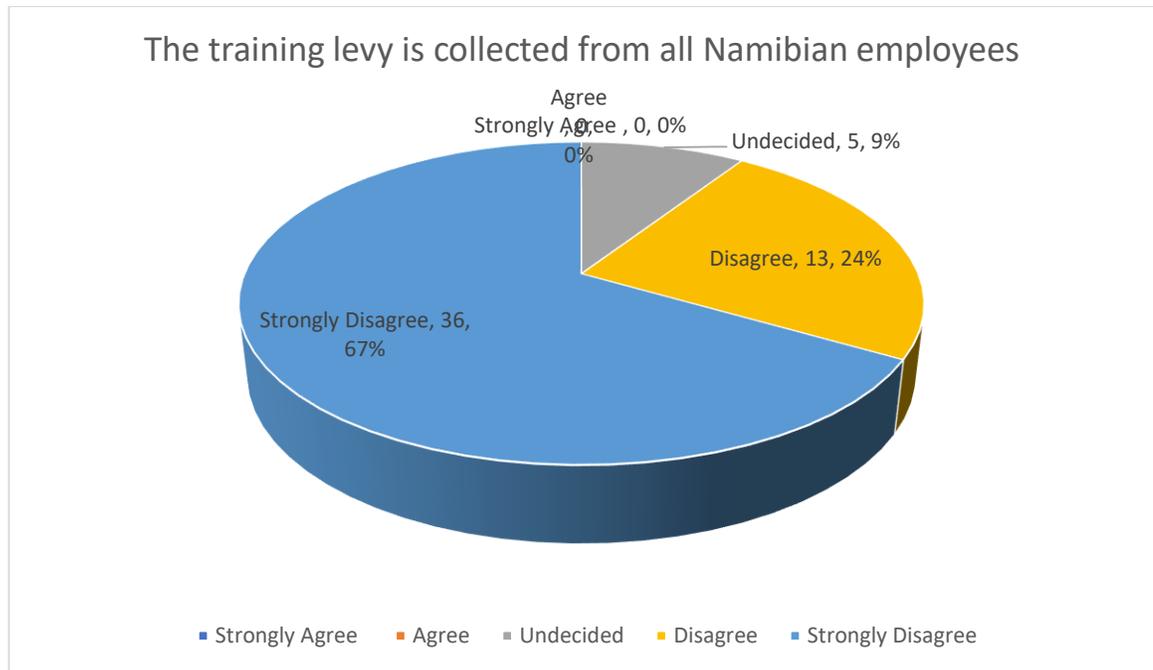


Figure 4.6.1 Collection of NTA levy from employees

The results shown in figure 4.6.1 above depict that most of the respondents did not agree that the levy was derived from employees. A total of 49 respondents (91%) did not agree that the levy was a deduction from employees and five respondents (9%) were undecided. The general practice of the levy is that it is collected from qualifying employers. Furthermore, the government is also a major employer. However, the laws governing the collection of the levy exempts the government to pay the levy.

4.7 The training levy is collected from all Namibian employers

The objective of the question was to determine whether the respondents were aware of which employers are liable for the pay the NTA levy. A total of 54 respondents were took part in the question. The results of the question are shown figure 4.7.1 below.

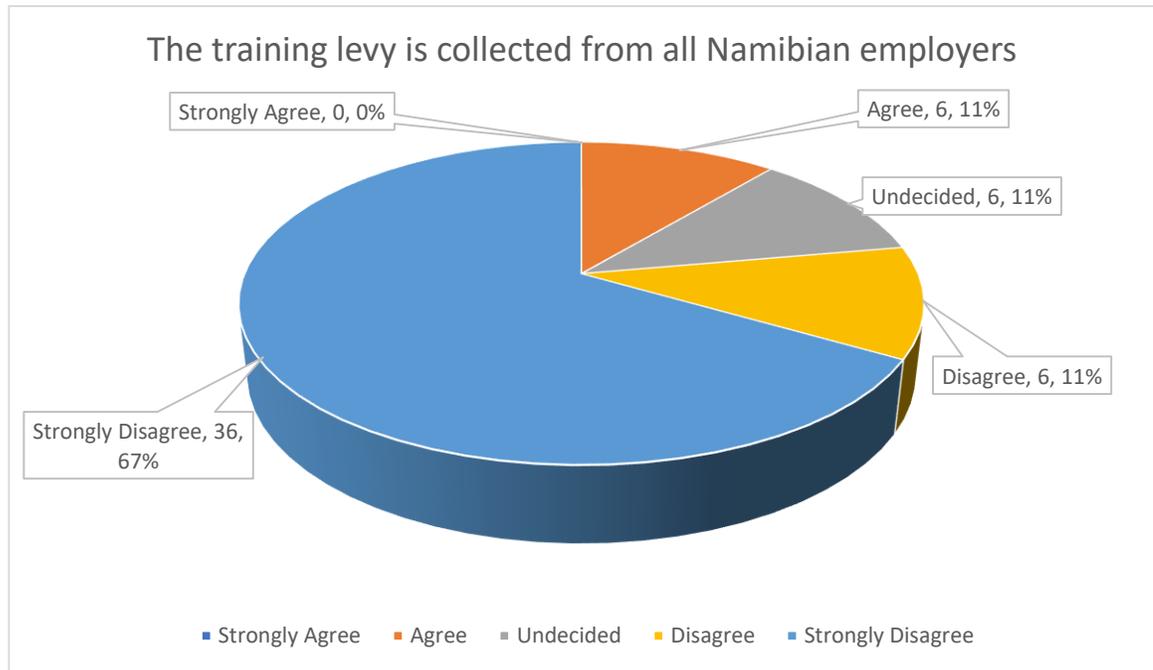


Figure 4.7.1 Collection of NTA levy from employers

Figure 4.7.1 above shows that 36 respondents making a total of 67% of the respondents, strongly disagreed that the levy was collected from all employers. Six respondents (11%) agreed that the levy was collected from all employers. Only 6 respondents (11%) disagreed while the other six (11) were undecided. In summary therefore 42 respondents (78%) disagreed that the levy was collected from all Namibian employers. The balance of 12 respondents were equally divided between undecided and agreeing.

4.8 All employers are registered with the NTA for the training levy on a voluntary basis

For any system to be effective there is need for official records. The main objective of this question was to determine whether there was a requirement for all employers to register with NTA. The results of this question are detailed in figure 4.8.1 below.

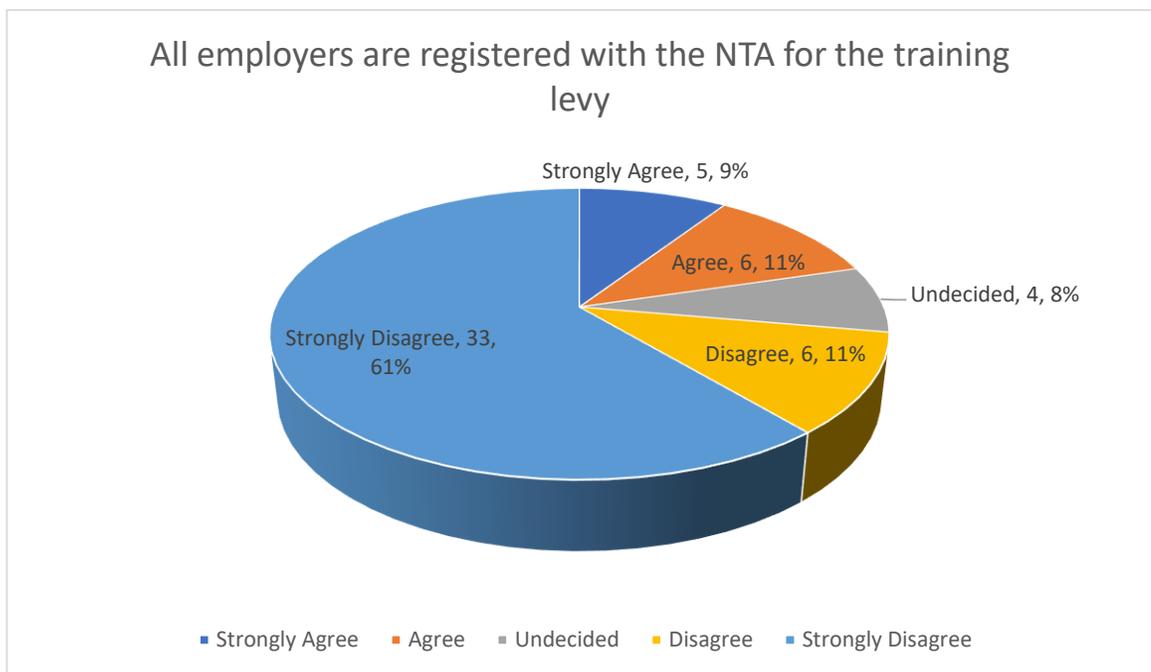


Figure 4.8.1 Registration of all employers with NTA

This question received a 100% response rate. The responses depicted in figure 4.8.1 above indicate that a large proportion of the respondents (61%) strongly disagreed, 6 (11%) of the respondents agreed, four of the respondents (8%) were undecided, 6 (11%) of the respondents disagreed while five (9%) and six (11%) respondents strongly agreed and agreed respectively.

4.9 Registration with NTA is voluntary

The objective of this question was to determine whether, all employers are required to register who is NTA as eligible employers or training providers for purposes of receiving grants from the NTA. The results of responses are detailed in figure 4.9.1 below.

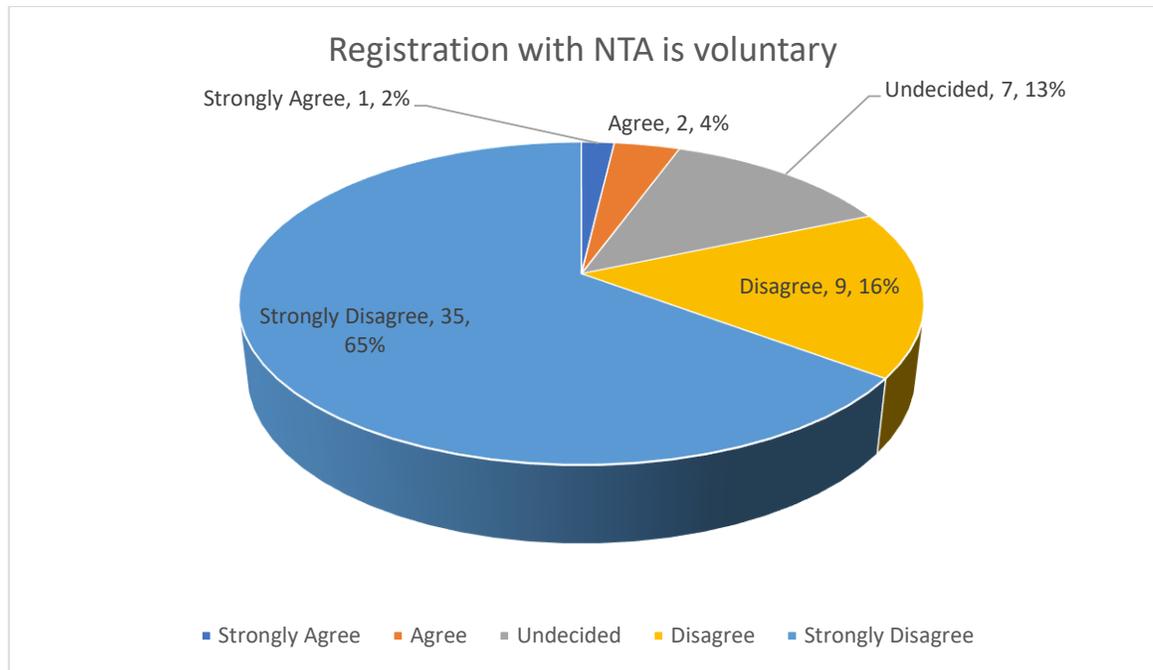


Figure 4.9.1 Voluntary registration with NTA

The above graph cover responses to question number 8 of the questionnaire. From the above graph, it can be observed that 35 respondents (65%) strongly disagreed and nine (16%) also disagreed. Out of the 54 respondents, seven respondents were undecided. However, out of the balance of three respondents (6%) one respondent and two respondents strongly agreed and agreed respectively that registration with NTA was voluntary. A total of 44 respondents (81%) disagreed that registration with NTA was voluntary.

4.10 Only employers who meet a certain criterion are registered with NTA

The objective of question number 9 of the questionnaire was to determine whether there were set conditions by NTA of those employers who are required to register for payment of the levy. The question was a reverse to question 8 discussed in paragraph 4.9 above. The results are presented graphically in figure 4.10.1 below.

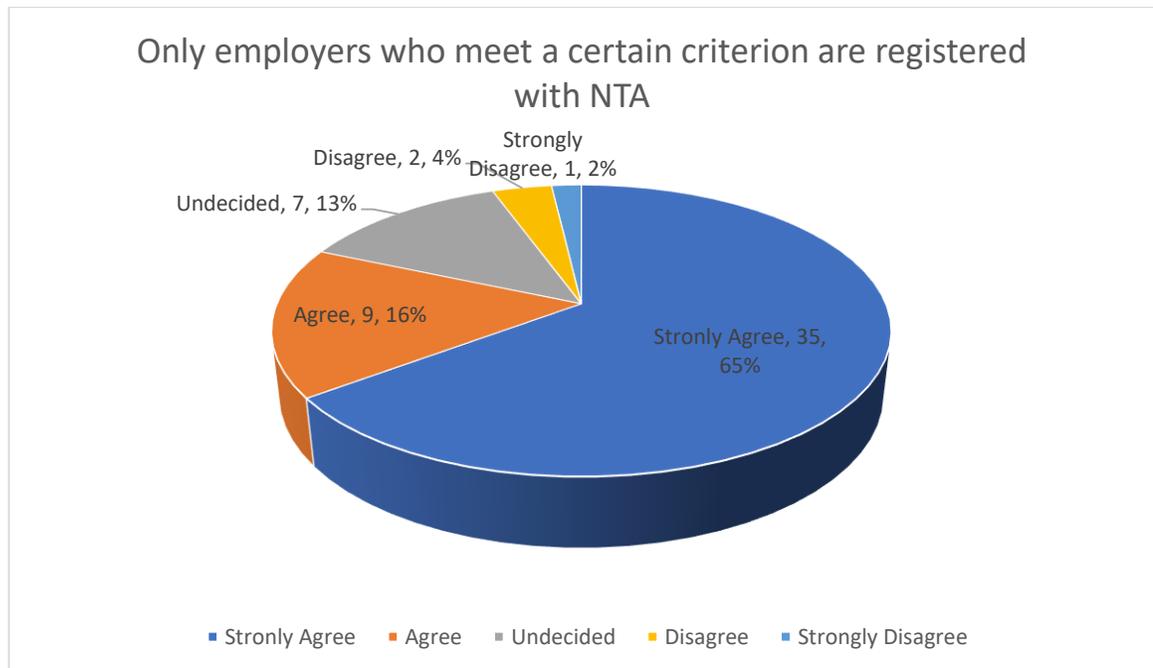


Figure 4.10.1 Qualifying employers to register with NTA

The results shown in figure 4.10.1 above quite interesting in that the results are direct opposite of the results presented in figure 4.9.1 in paragraph 4.9. The results clearly indicate some level of consistency among the respondents of questions eight and nine of the questionnaire. A total of 44 respondents (81%) agreed that only employers who met specified conditions were required to register with NTA. The balance of 13 % and 6% were undecided and disagreed respectively.

DISBURSEMENT OF THE FUND TO NAMIBIAN STUDENTS

4.11 The NTA levy is distributed to all employers

The objective of the NTA fund to collect and redistribute funds to those employers are providing vocational and training to their employees for undertaking specified technical training. With that in mind question ten was designed to determine whether the levy was disbursed to all employers. The results are presented in figure 4.11.1 below.

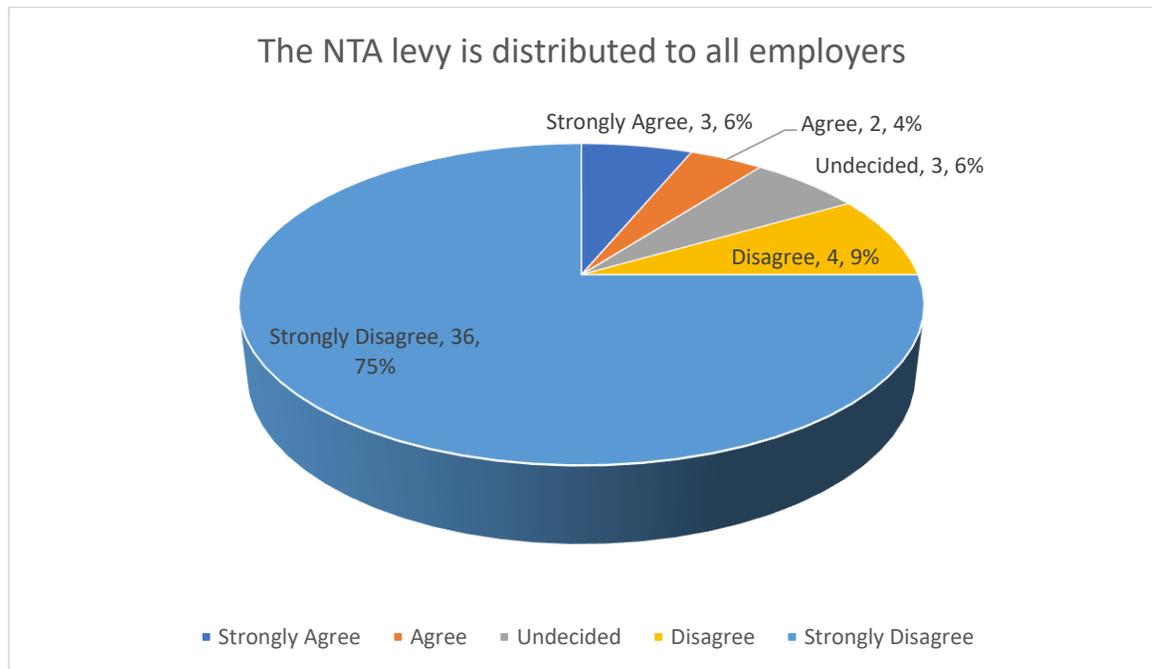


Figure 4.11.1 Disbursement of the fund to employers

A total 48 respondents out of 54 respondents provided responses on this question. The question therefore achieved an 89% response rate. A total of 40 respondents constituting 84 % disagreed that that levy was being distributed to employers. Three of the respondents were undecided while 10% in total agreed that the fund was being distributed to employers. However, six respondents decided not to take part on this question. Whilst there are some minor deviations in terms of the number of respondents reported in paragraphs 4.9 to 4.11, the results seem to be somehow consistent with each other.

4.12 The NTA training levy is disbursed to qualifying employers

Question number 11 of the questionnaire required respondents to state whether the NTA was distributable to employers who met set requirements. The question received a total of 50 respondents thereby gaining a 93% response rate. Full results are presented in figure 4.12.1 below.

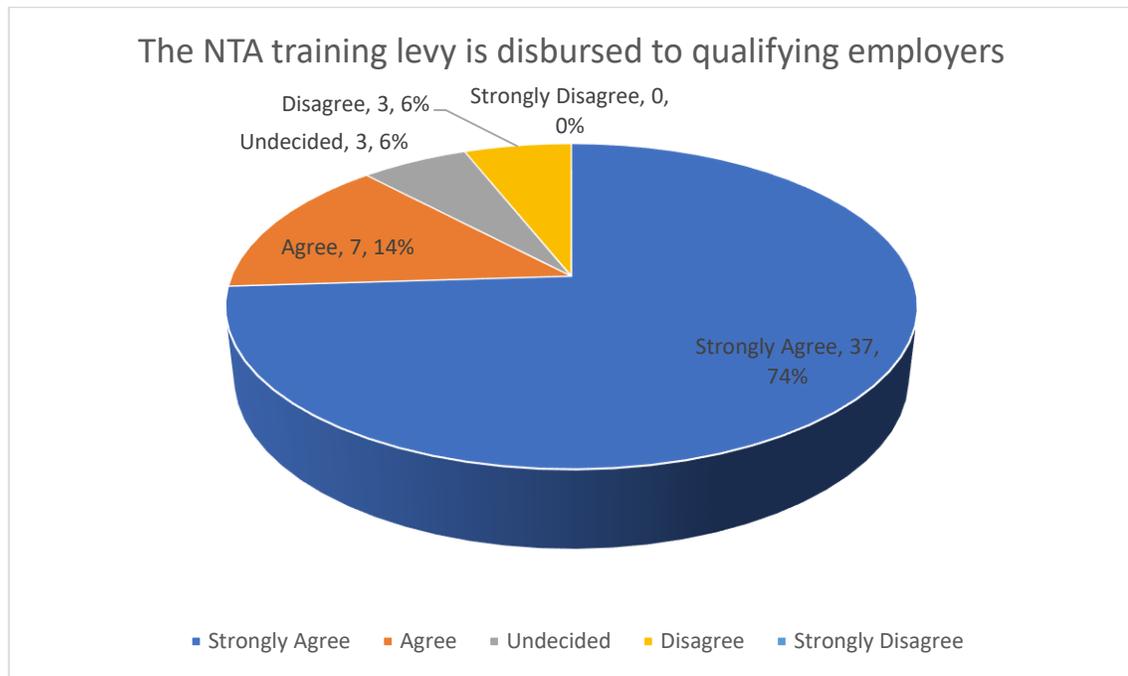


Figure 4.12.1 Distribution of the fund to students

Figure 4.12.1 above indicates that a total of 44 respondents (88 %) agreed that the levy is distributed to qualifying employers only. However, three respondents (6%) disagreed with another three being undecided. Four respondents chose not to participate on question 11 of the questionnaire. The majority of the respondents therefore agree that the levy is distributed to those employers who would have met set conditions for receiving grants from NTA.

4.13 All Namibian students are legible to apply for funding from the NTA levy

The objective of question 12 of the questionnaire was to determine whether the levy was available for direct distribution to Namibian students as well. Fifty- four respondents took part in this question. Detailed analysis of the responses is discussed in figure 4.13.1 below.

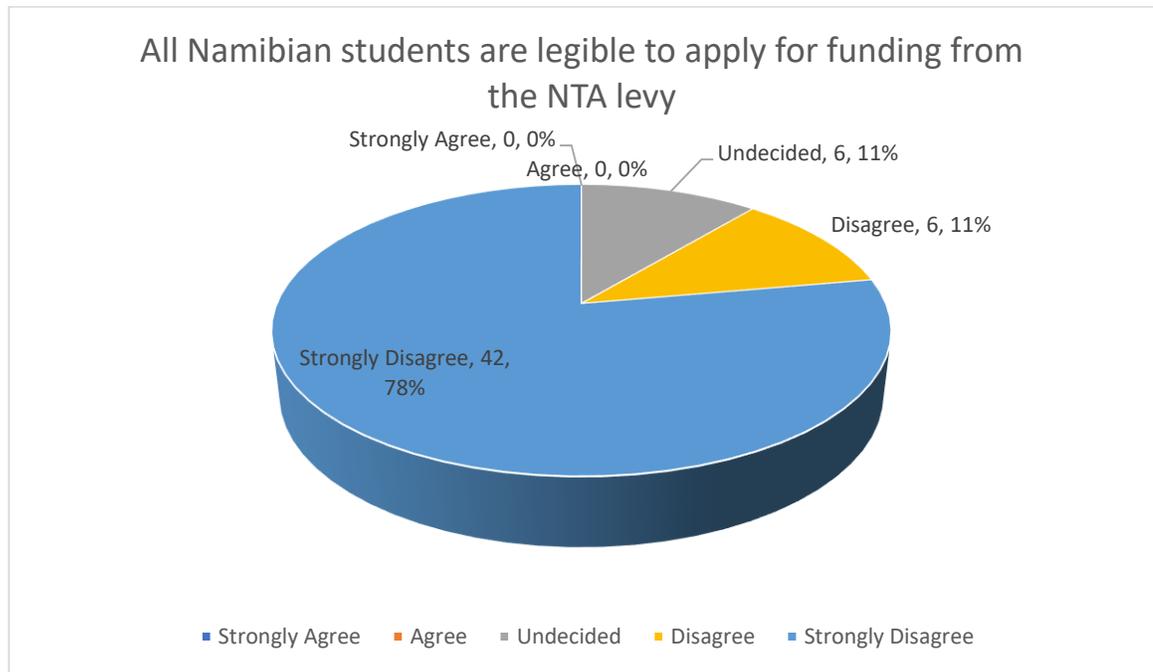


Figure 4.13.1 Disbursement of the levy to Namibian tertiary students

The NTA levy is mainly for disbursement to employers who are engaged in provision of vocational training to their employees especially those engaged technical trades. The data presented in figure 4.13.1 above that the majority of the respondents 48 (84%) do not agree that the levy is distributable to Namibian students. Six respondents agreed that the levy was distributable to students.

4.14 All Namibian tertiary institutions are legible to claim for financial grants

from the levy

In this study the researcher sought to gain an understanding whether the levy was also available for disbursement to tertiary institutions such as the University of Namibia, Namibia University of Science and Technology and similar institutions of higher. Question number 13 was therefore designed to extract such information. Figure 4.14.1 below presents the results of this question,

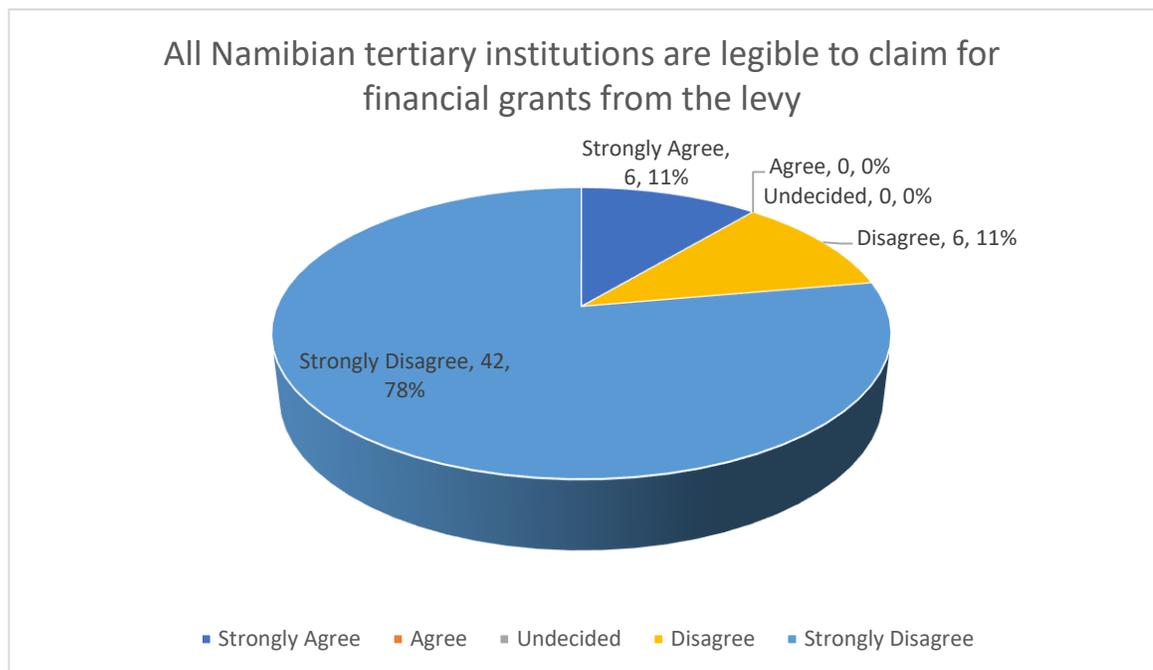


Figure 4.14.1 Financial grants to tertiary institutions

The above figure 4.14.1 indicates that a total of 48 respondents (89%) did not agree that the levy was available for distribution to institutions of higher learning. A small percentage of 11% strongly agreed that the levy was available for distribution to institutions of higher learning. There were no respondents who were undecided.

4.15 NTA has a data of all entities that are liable for levy payment

In this study the researcher sought to understand whether, NTA had an up to date data base to be able to reliably collect all the levy due to NTA. The question was underpinned the fact that an efficient revenue collection system depended on reliable data. The results of this question are presented in figure 4.15.1 below.

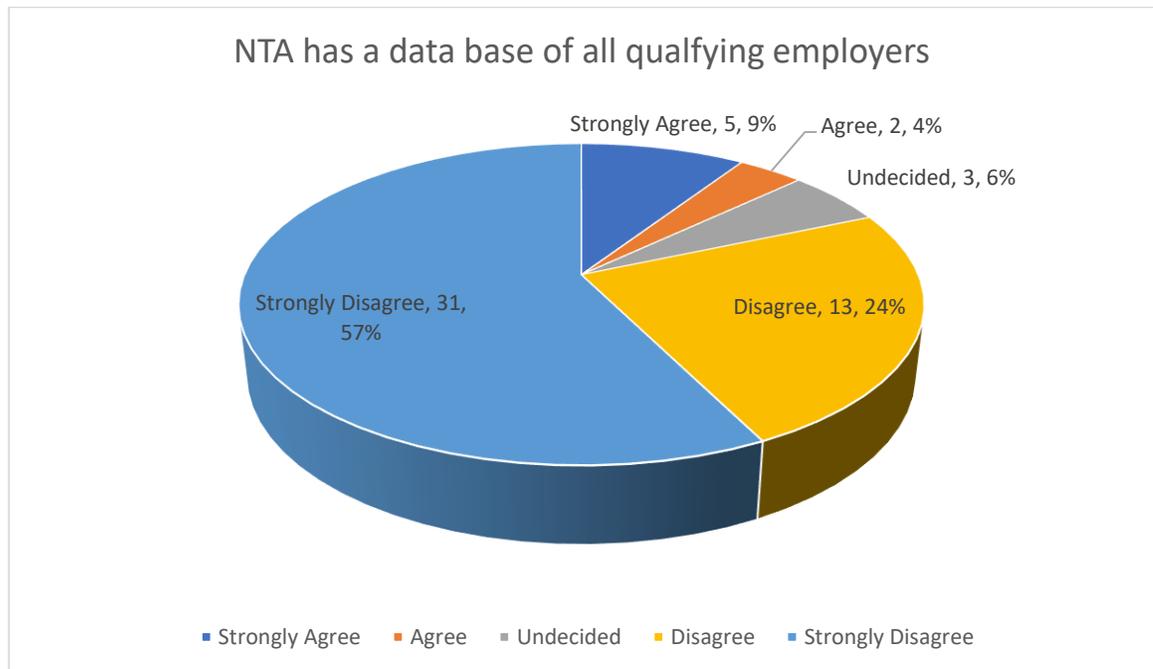


Figure 4.15.1 Data base for all qualifying employers

Responses to question 14 as presented in figure 4.15.1 indicate that the majority of the respondents 44 (81%) do not agree that the NTA has a reliable data base for all the employers who liable for levy payment. A total of seven respondents (13%) agreed that NTA had a reliable data base while three (6%) were undecided.

4.16 NTA issues monthly assessments to employers

Based on the data held, an entity should be able to issue a monthly invoice to its clients. However, because of the nature of the revenue in some the service provider will either must rely on the client. The results of question 15 are presented in figure 4.16.1 below.

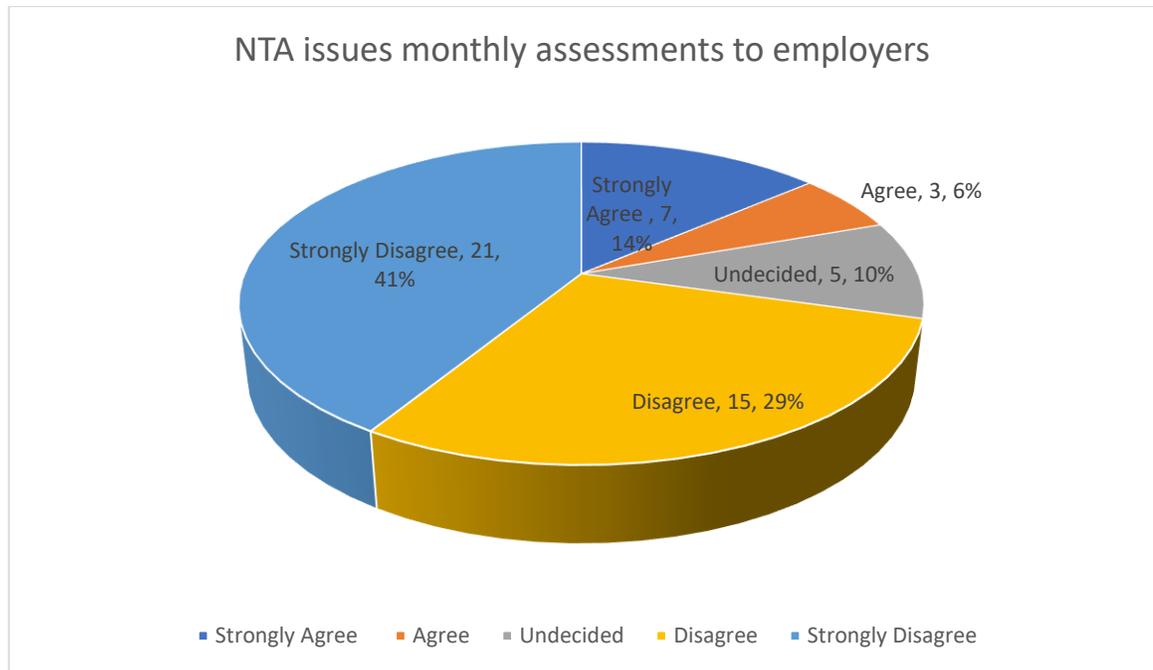


Figure 4.16.1 Monthly assessments

A total of 51 respondents were observed on this question. A total of 36 respondents (70%) disagreed that NTA was issuing monthly assessment to qualifying employers. Five respondents (10%) were undecided. Three respondents did not take part on this question while a total of 10 respondents agreed that NTA issues monthly assessments to employers.

4.17 Employers make voluntary monthly payments through self-assessments

The objective of this question was to determine the ability of the NTA to collect the levy monthly from qualifying employers. The results of question 16 are presented in figure 4.17.1 below.

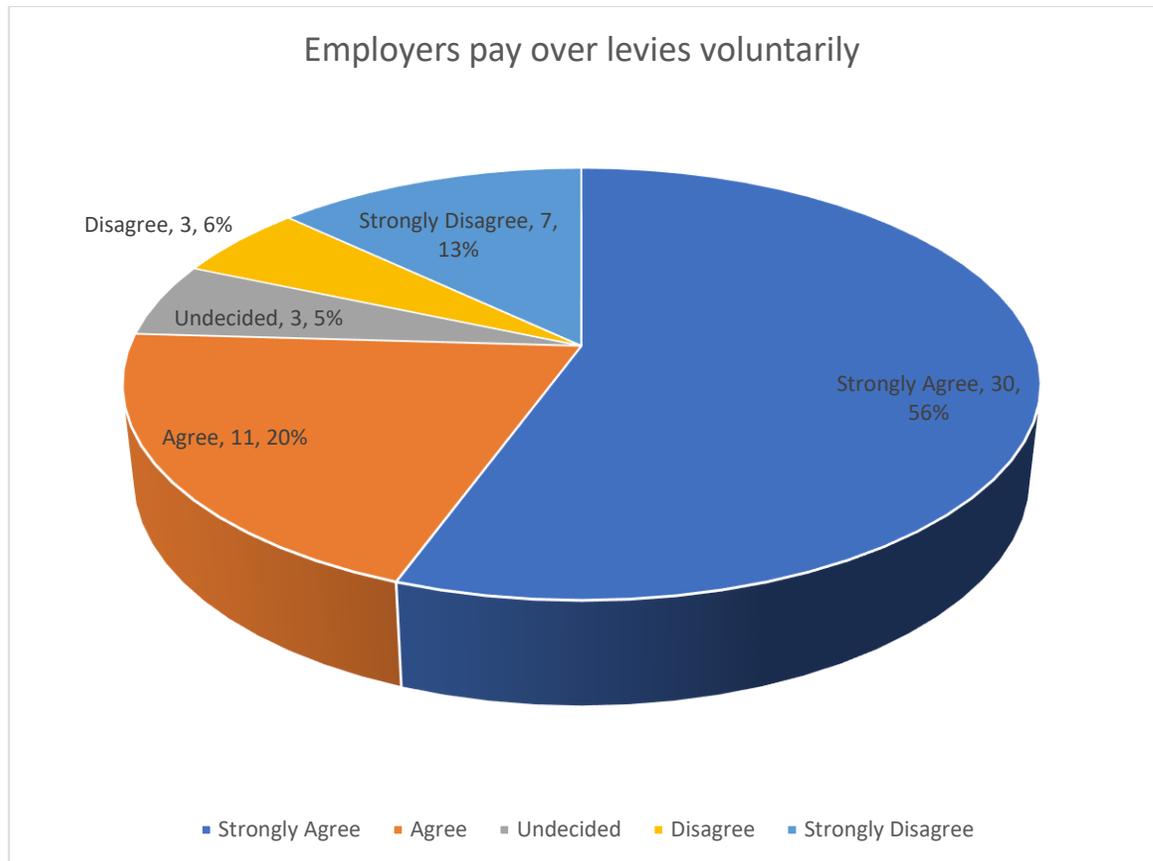


Figure 4.17.1 Voluntary payment of levy

The payment of the NTA levy was covered by question number 16 of the questionnaire. A total of 54 respondents attempted the question. Forty-one respondents (76%) agreed that employers were paying the levy on voluntary basis. However, a total of ten respondents (16%) disagreed that employers were paying the levy voluntarily while three

respondents (5%) were undecided. Most of the respondents contend that employers are paying the levy voluntarily.

4.18 Employers pay a fixed amount per month

The objective of question 17 and 18 was to determine the rate at which employers were paying the levy. Question 17 was to determine whether the levy was based on a fixed amount per month. The results of this question are depicted in figure 4.18.1 below.

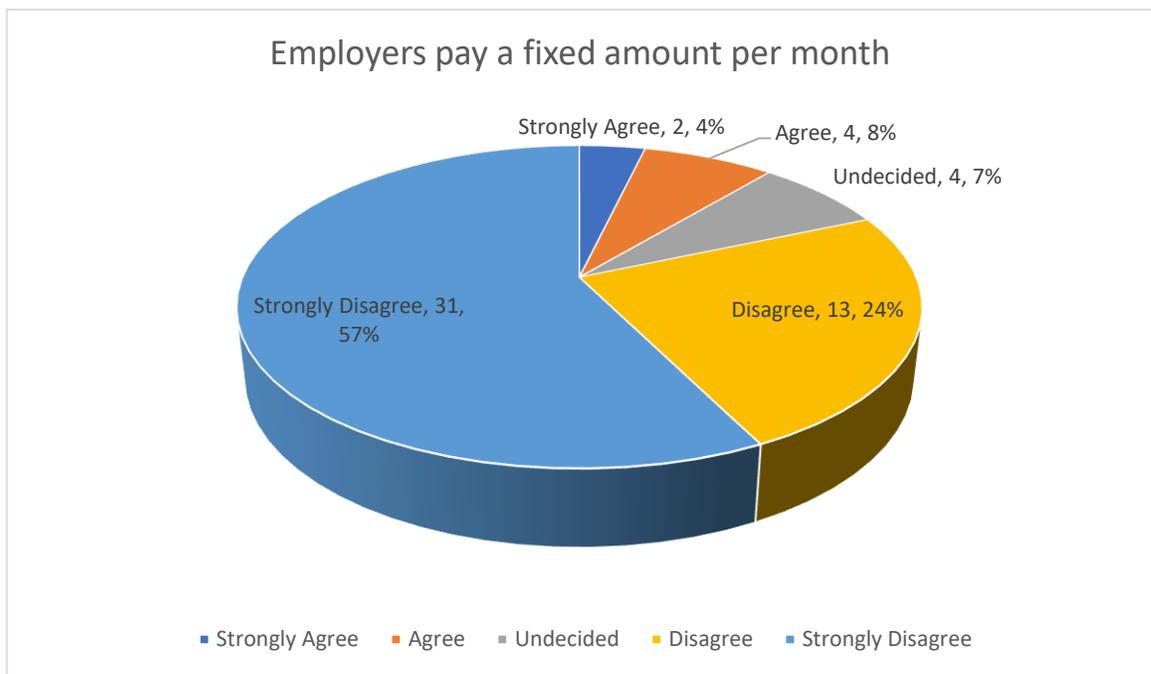


Figure 4.18.1 Payment of the levy as a fixed amount per month

Question 17 received a 100% response rate. A total of 44 respondents (81%) were not in agreement with the notion that employers were paying a fixed amount per month to NTA. Six respondents (12%) agreed while four respondents (7%) were undecided. The majority of the respondents there were undecided.

4.19 Employers pay a fixed percentage of payroll costs

As already alluded to above, the objective of question was to determine the rate at which employers were paying the levy to NTA. Respondents were required to provide their responses in terms of whether employers were paying a fixed percentage of their payroll costs per month to NTA. The results for this question are shown figure 4.19.1 below.

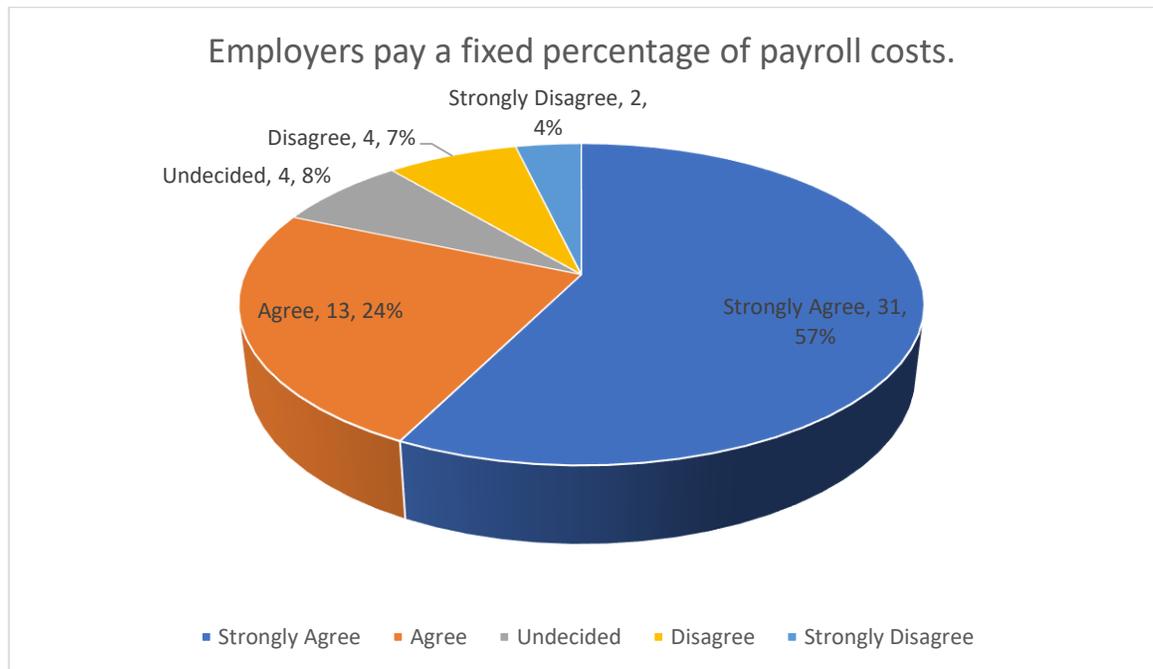


Figure 4.19.1 Employers pay a fixed percentage per month

The results presented above in figure 4.19.1 are consistent with those presented in figure 4.18.1 in paragraph 4.18 above. The question received a 100% response rate. A total of 44 respondents (81%) agreed that employers were paying a fixed percentage per month while six respondents (11%) disagreed. However, four respondents (8%) were undecided. The respondents agreed that the employers were required a fixed percentage formed the majority.

4.20 NTA has inspectors to ensure compliance

The general trend with government entities is the use of self-assessments especially where the base of the income varies every month, the researcher had to devise a question to determine the reliability of the amount revenue collected. It was that background that question nine was designed. The results of this question are presented in figure 4.20.1 below.

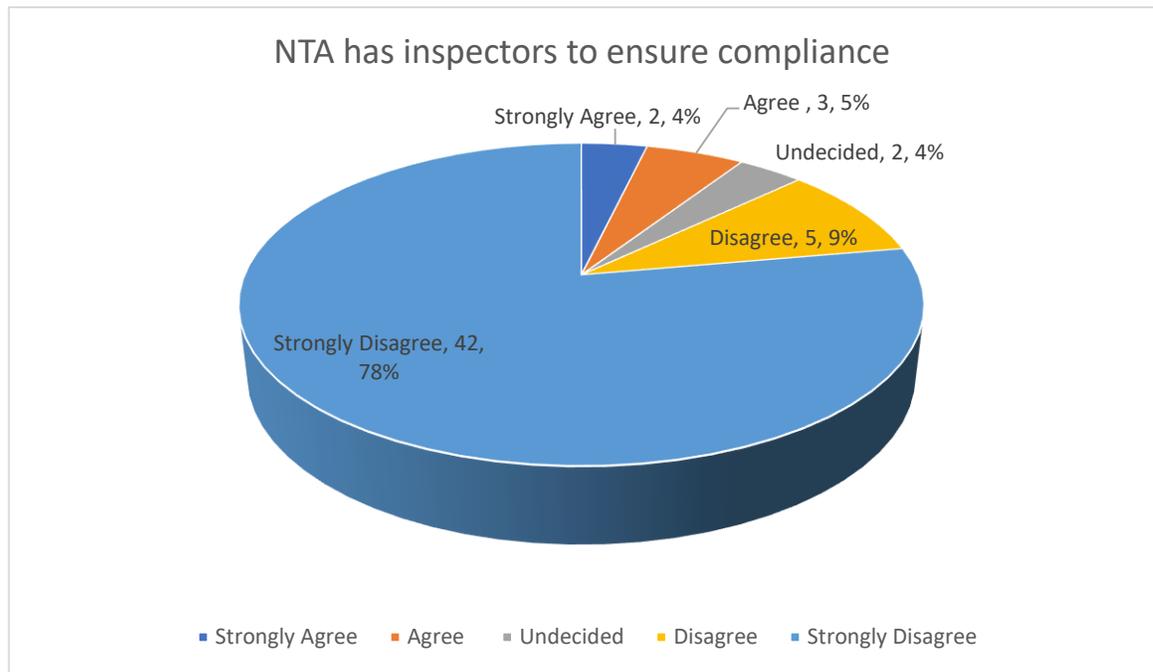


Figure 4.20.1 Use of inspectors for levy verification

It is crucial that the NTA should ensure it collects all the revenue that it is entitled to. This can only be achieved if the NTA has sufficient and appropriate resources and means to collect all dues. The responses to question 19 as presented in figure 4.20.1 indicate that 47 respondents (87%) disagree with the notion that the NTA has an inspectorate department that ensures that employers were properly submitting correct returns. Only five respondents (9%) agreed while the balance of two were undecided.

DISURSEMENT PROCEDURES

4.21 Employers receive fixed grants from the levy

The objective of the question was to determine whether, employers were being paid a fixed amount per month for providing vocational training to employees. Responses for this question is analysed in figure 4.21.1 below.

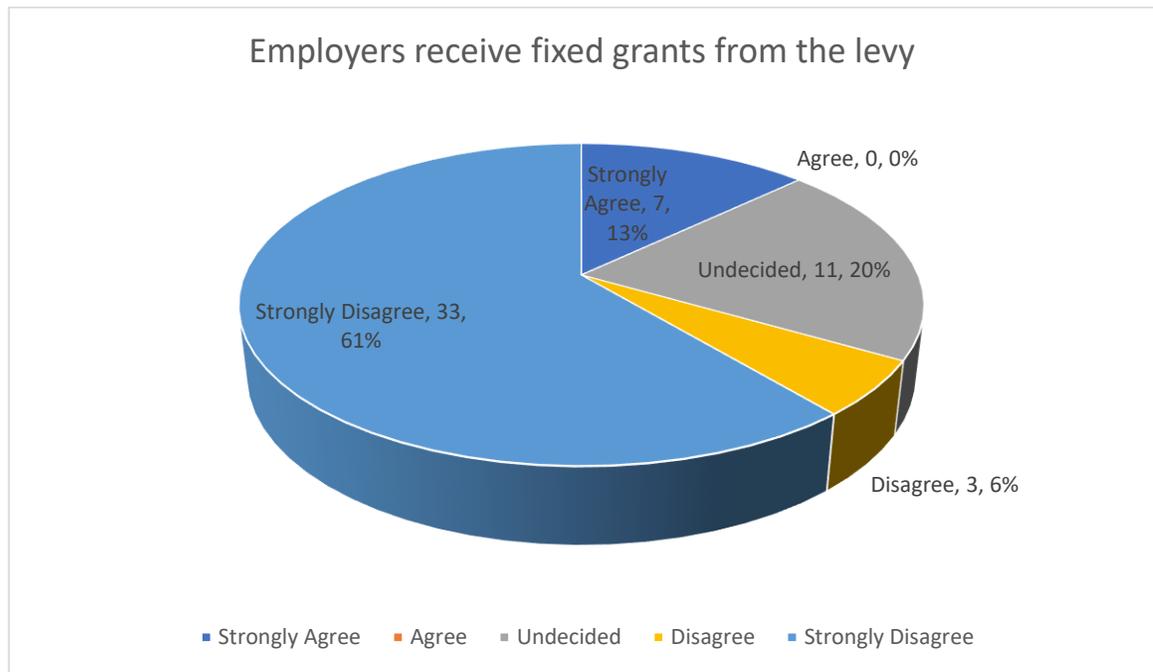


Figure 4.21.1 Payment of fixed grants to employers

Figure 4.21.1 above presents responses to question 20 of the questionnaire. The question a 100% response from those who took part in the study. A total of 36 respondents (67%) did not agree that NTA disburses cash to all employers including those who not pay the 1% levy. Seven respondents (13%) indicated that NTA was disbursing payments to all employers including those who do not pay the levy. However, eleven respondents were undecided. The majority there do not agree that the NTA disburses the levy to all employers.

4.22 NTA reimburses only those employers who pay the levy.

Question 21 was part of those that sought to determine the disbursement procedures of the NTA. The objective of the question to determine whether NTA was disbursing the NTA levy only to those employers who were paying the levy.

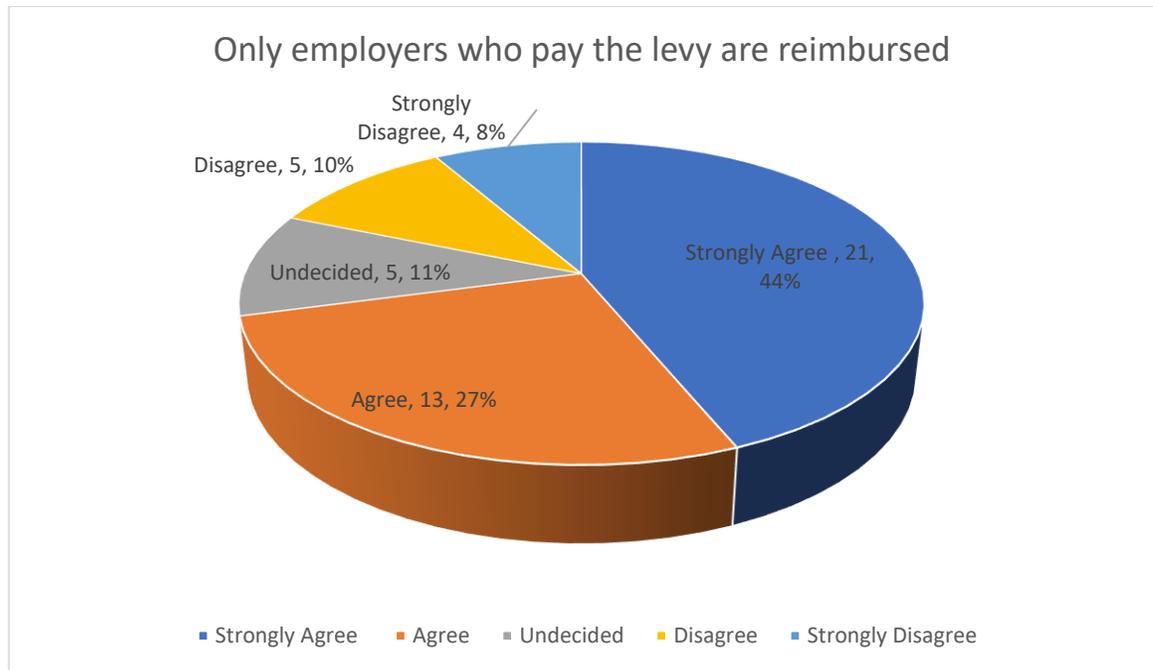


Figure 4.22.1 Reimbursement of costs to qualifying employers

Figure 4.22.1 above indicates that a total of 34 respondents (71%) agreed that the NTA reimburses only those employers who pay the levy to NTA. A total of nine respondents (18%) disagreed while 5 respondents (11%) were undecided. The majority of the respondents making 71 % of the respondents agreed that only employers who pay the levy would receive a refund. The overall finding of this question is that the NTA only disburse funds to those employers those employers who eligible for 1% contribution to NTA.

4.23 NTA awards periodic grants to certain employers and training institutions

(Budget allocation)

The objective of question 22 to determine the type of reimbursement model used by NTA to distribute the levy to qualifying entities. The NTA awards grants from the NTA levy fund to employers based on claims submitted. However, employers are required to make annual applications. There is no direct budget allocation from all levies. The results of these responses are presented in figure 4.23.1 below.

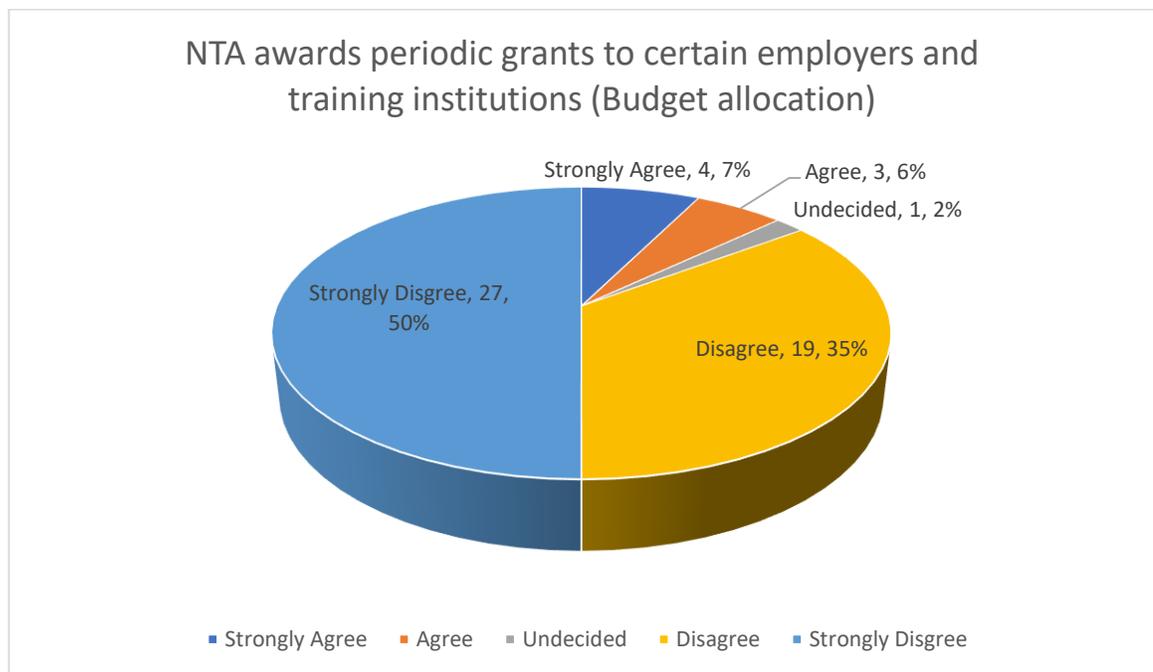


Figure 4.23.1 Award of periodic grants

Figure 4.23.1 above shows that a total of 46 respondents (85%) were of the view that the NTA does not give periodic grants to employers. Only seven respondents (13%) agreed that NTA does provide grants to employers. A small proportion of 2% were undecided. Budget allocation is where an annual allocation is made without having to prove the expenditure first. The majority therefore believe that NTA does not provide a direct budget

allocation. The finding is that NTA does not allocate directly to employers from annual budget.

4.24 NTA has refunds a certain proportion of levies to employers who do not claim training costs over a certain period

The main objective of question 23 was to determine how the NTA treats all grants that are not claimed within the specified periods. The NTA regulations require that all application for grants should be submitted by end of May of each year. The results of this question are presented in figure 4.24.1 below.

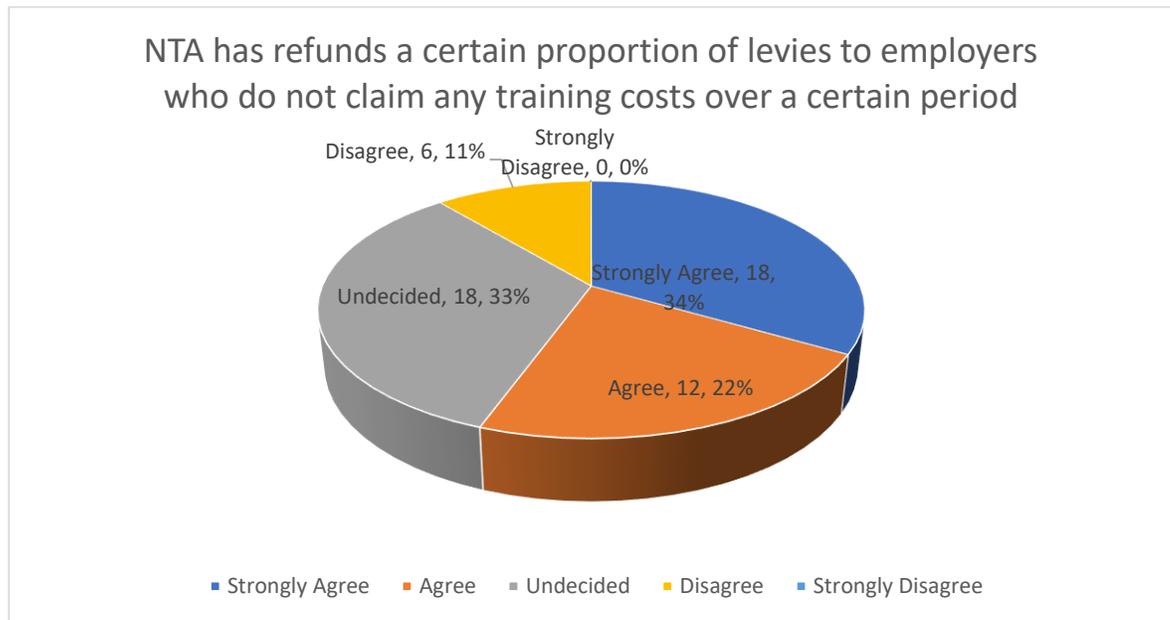


Figure 4.24.1 Unclaimed grants

Results presented in figure 4.24.1 above indicate that a total of 30 respondents indicated that they were not in agreement that NTA refunds those who fail to utilize or apply for reimbursements. Only six respondents (11%) disagreed while eighteen (33%) were undecided. The finding is therefore that NTA does not refund any unclaimed grants.

4.25 NTA caps reimbursements to the amount of levy paid over by a company

The main of question 24 was to seek an understanding of whether there was a set minimum or maximum amount the companies may claim as a reimburse of training costs. The NTA literature indicates that an employer may claim a refund up to a maximum of 50 % of levies paid. The stringent condition is that the application must be accompanied by supporting documents such as invoices, attendance lists, proof of payments just to mention a few. The results of this question are presented in figure 4.25.1 below.

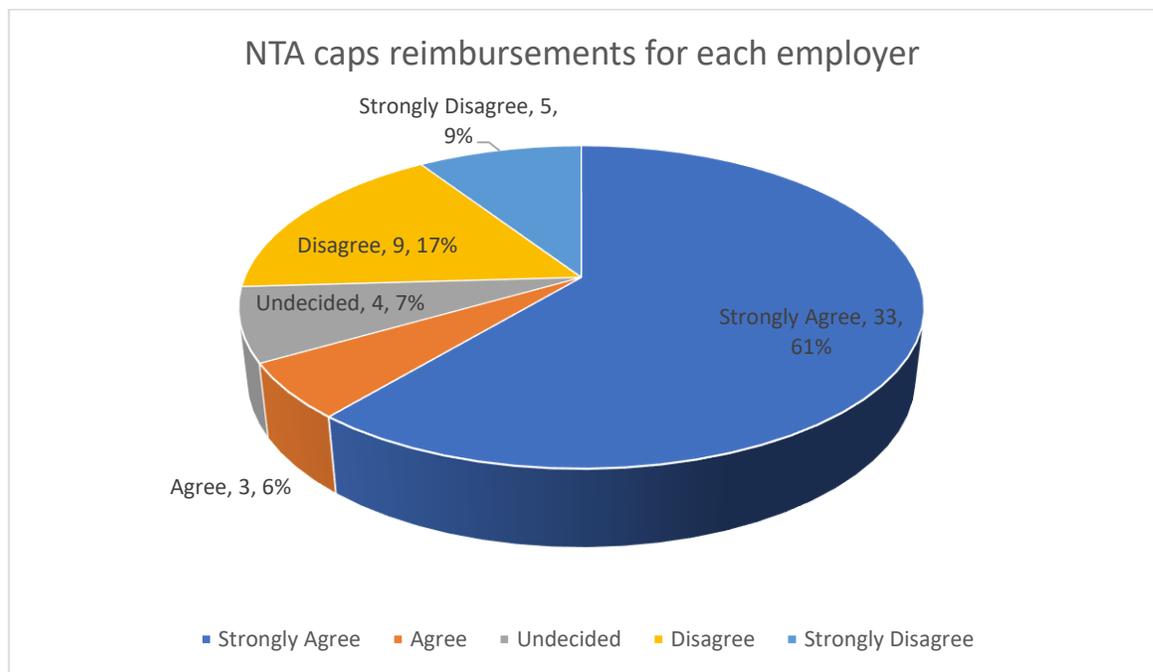


Figure 4.25.1 Limitation of the amount that can be refunded

The above figure 4.25.1 shows that a total of 36 respondents (67%) agreed that there was a limit to the amount that can be refunded to any employer qualifying to claim a refund. Fourteen respondents making a total of 26% were of the view that there was no limitation to the amount that may be claimed as a refund by an employer. Only four respondents

(7%) were undecided. The finding for the study is therefore that the NTA caps the maximum refund an employer may claim in any financial year.

4.26 Employers submit claims for in house training provided to all employees

The objective was to determine the cost of certain training that qualify for reimbursement. The sought to determine whether in-house vocational training programs qualify for reimbursement to employers. The results are presented in figure 4.26.1 below.

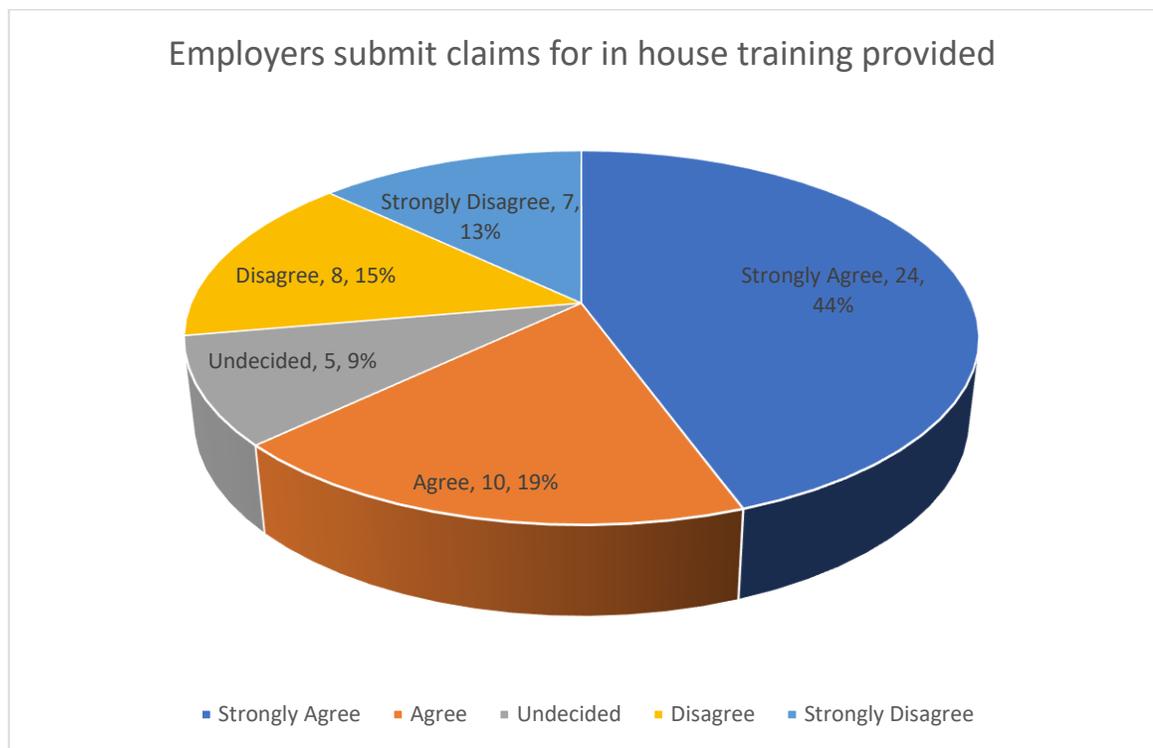


Figure 4.26.1 Funding of in-house VET programs

Figure 4.26.1 above indicated that a total of 34 respondents (63%) agreed that NTA funds or reimburses employers for VET programs offered by the company itself. However, a total of 15 respondents (28%) disagreed. These respondents were of the view that NTA does not refund costs of VET programs offered by employers while five respondents were undecided. The finding for the study is that NTA funds in – house VET programs.

4.27 On job training (OJB) claims

A number of employers may provide on job vocational training for their employees especially those that may not meet certain minimum academic qualifications for entry into skilled jobs. The question sought to determine whether on – job training costs are eligible for reimbursement by NTA.

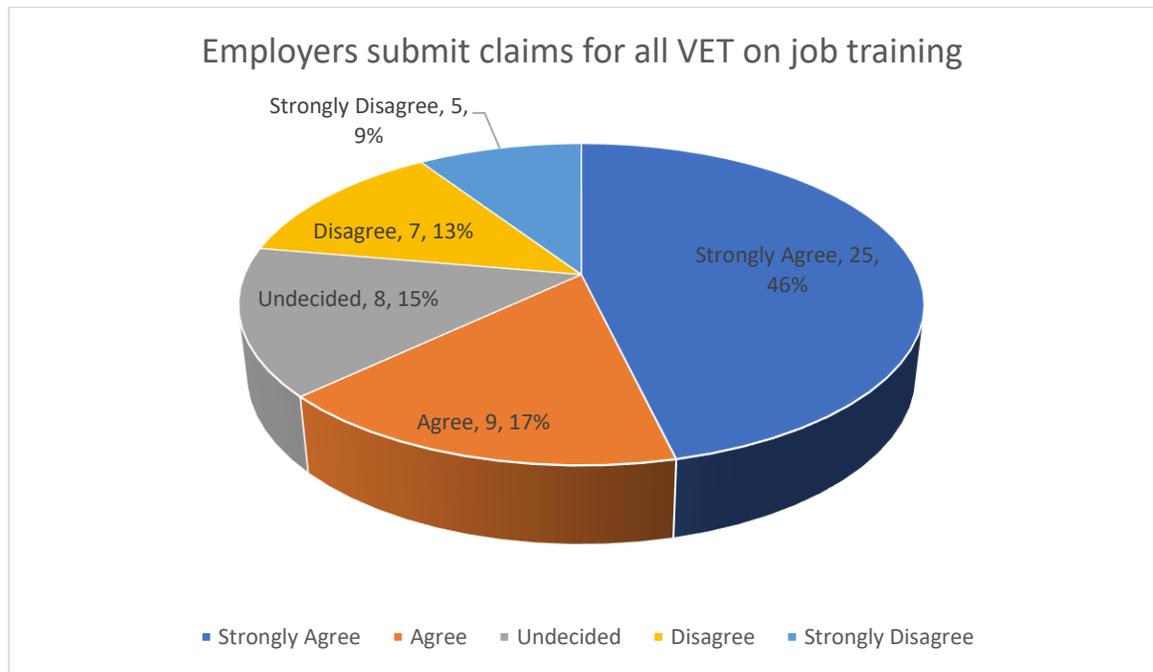


Figure 4.27.1 Funding of on job training

The above figure 4.27.1 shows that a total of 34 respondents (63%) agreed that employers submit claims for costs incurred in providing on – job training to Namibian employees. A total of 22% of the respondents were not in agreement that employers should submit claims for on job training costs. The balance of 15% were undecided on this question. The finding of the study is that employers can submit claims for on job training hence, the costs of on job training qualify for reimbursement by NTA.

4.28 NTA has a special board committee that reviews and approves claims

One of the key issues in the contemporary world is the issue of corporate governance in TVET institutions (Holmes, 2009). In education, the primary goals of reforms are generally to improve the efficiency, effectiveness, relevance and responsiveness of systems and institutions to the needs of the stakeholders (Holmes, 2009). The objective of the question was to determine whether there were NTA had a corporate governance practices in the disbursement process. The results of this question are presented in figure 4.28.1 below.

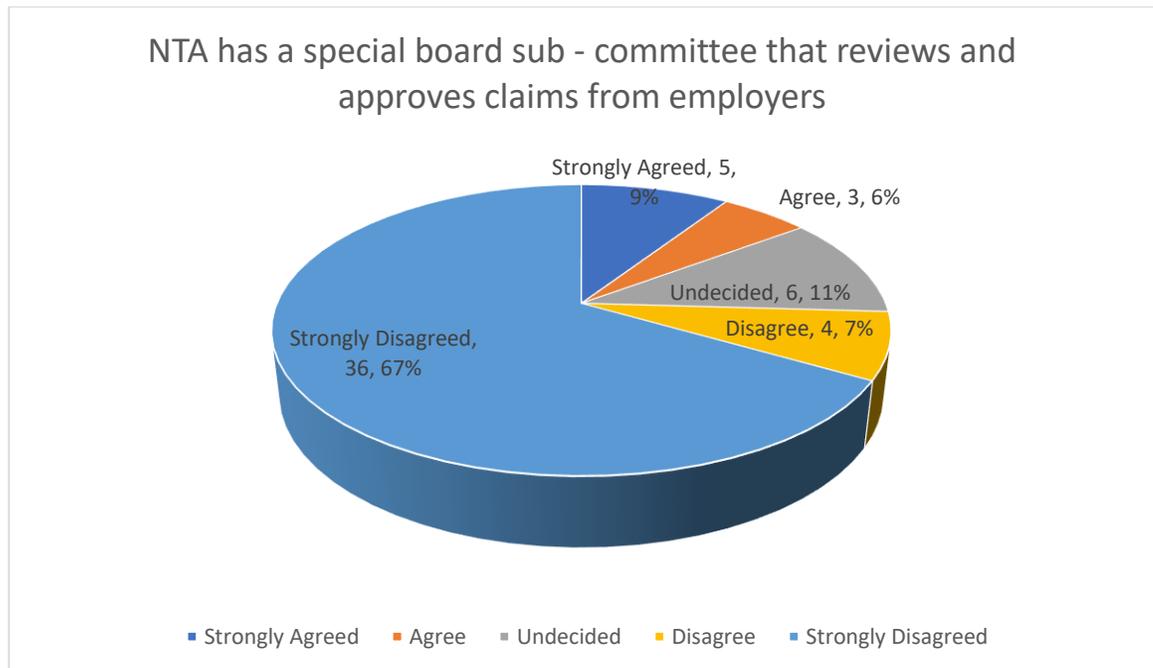


Figure 4.28.1 Board sub- committee

Figure 4.28.1 above indicate that a total of 40 respondents (74%) did not agree that the NTA board of directors has a sub-committee for responsible for disbursement of the levy to various employers. A further eight respondents (15%) agreed that the NTA board of directors agreed that NTA had a sub-committee responsible for reviewing and approval

of claims from employers. The finding of the study is that the NTA board of directors does not have an independent sub-committee. However, under general comments some respondents indicate there is a statutory board called the National Education Fund (NEF) that is responsible for distribution of the NTA. The respondents further claim the NEF is not a sub – committee of the board of directors.

4.29 The board subcommittee is composed of industry experts and management

The objective of question 28 of the questionnaire was to determine the diversity of the sub – committee as part of the disbursement process of employers’ claims. The responses of this question are presented in figure 4.29.1 below.

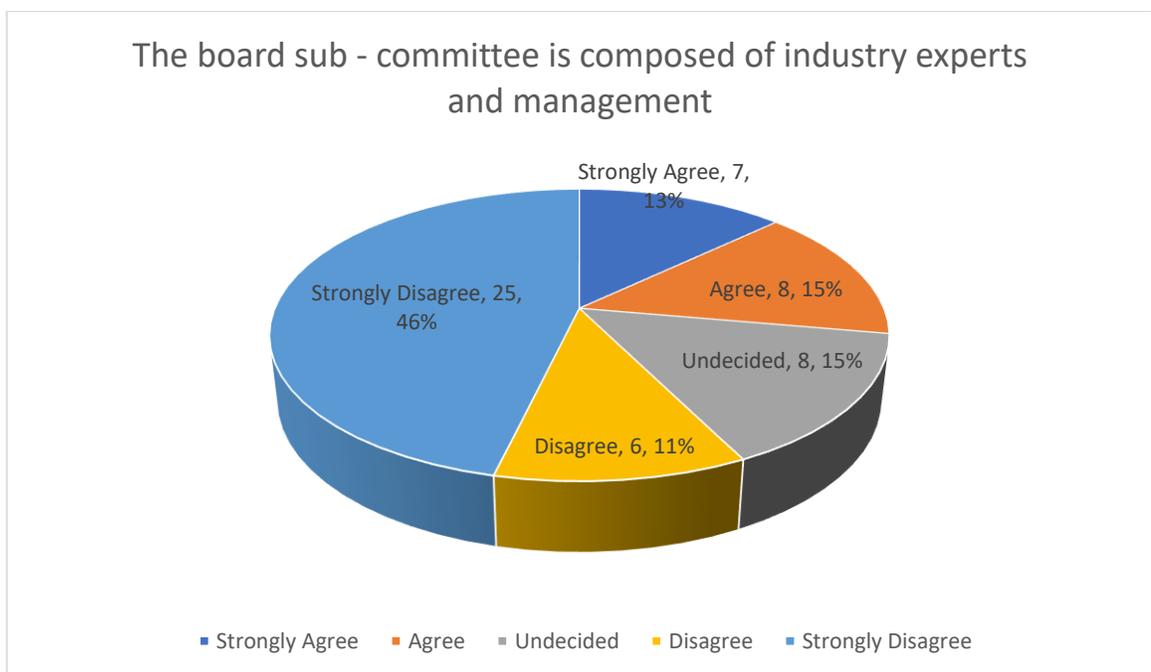


Figure 4.29.1 Composition of the sub – committee

Figure 4.29.1 above shows that a total of 31 respondents (57%) disagreed that the NTA sub – committee was composed of industry experts. Fifteen respondents (28%) agreed that the sub – committee was composed of industry experts while eight respondents (8%) were undecided. The finding of the study is, therefore, that the committee is not composed of industry experts.

4.30 Summary

This chapter presented the results of the study. The questionnaire consisted of 26 questions. The broader sections of this chapter examined methods of revenue collection and disbursement procedures. The questionnaire also gave the respondents an opportunity to provide general comments. The key findings of this study were that the NTA levy is distributed to qualifying employers only. Furthermore, the reimbursements were limited to 50% of the amount contributed by the employer. The study further found that the levy was disbursed to cover other training costs of in-house and on the job training. However, the study also found that these costs were reimbursed on proof of expenditure. The NTA does not provide a direct budget allocation for qualifying employers. Qualifying employers are those employers who are engaged in technical vocational education and training. On the question of review and approval of claims from employers, the study found that the board of directors did not have an independent committee to review and approve claims from employers. The next chapter presents conclusions and recommendations. It also recommends other areas of future studies on the topic of NTA levy – grant system.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions emanating from the discussions of the findings in Chapter four. The chapter further presents a summary of conclusions, limitations of the study and the recommendations. The chapter concludes by presenting areas for further study.

5.2 Conclusions

5.2.1 Treatment of the levy for corporate tax

The treatment of any levy either as an ordinary business expense or tax expense has implications on the profitability of a company. The findings of the study were that the NTA is treated as a normal business expense. There is an option to treat the expenses as a normal company tax credit. When the levy is treated as a tax credit it reduces the tax payable by employers. The principle of reimbursement is not being challenged but the study challenges how the reimbursements are undertaken.

5.2.2 Source of NTA levy

The key findings of the study with regards to source of the levy were that the levy is not levied on employees and other employers who are exempted from paying the levy. These findings are contained paragraphs 4.7 and 4.8 of chapter four. The study concludes that the levy must not be levied on employees. It is further concluded that there are some employers who benefit from the NTA levy without necessarily contributing towards the fund.

5.2.3 Database of all employers

Based on the results reported in paragraph 4.15 of chapter four above, the study found that NTA did not have a data base of employers. This leaves room for employers to register with NTA on voluntary basis. Such a set up may deny the NTA access to good sources of the levy. It is therefore concluded that with a reliable database NTA will be able to collect all revenue due to it with ease.

5.2.4 Monthly assessments

Monthly assessments have two objectives. Firstly, to ensure that all revenue due to NTA is collected and secondly, that the reimbursement should be based on accurate figures. The results of this study contained in paragraph 4.16 of chapter four indicate that 70% did not agree that NTA was issuing monthly assessments and the study concludes as such. Furthermore, the finding and conclusion contained in paragraph 4.17 of chapter four also indicates that NTA relies heavily on the ethical conduct of employers. The conclusion of the study is that the entity has no means of determining upfront the amount that any employer is liable for at the end of each month.

5.2.5 Compliance with NTA regulations

As already been alluded to above in paragraph 5.2.4, there is great need to ensure compliance in both the collection system and disbursement procedures. The findings reported in paragraph 4.20 of chapter four indicate that the NTA has no means of ensuring that there is compliance particularly where payment of the levy by employers is concerned. It is critical that NTA collects what is due to on a timely basis. The study found that NTA does not have inspectors or compliance officers to ensure that all specified employers meet their financial obligations.

5.2.6 Fixed grants for employers

The key of the study was to determine the suitability of the current disbursement processes and procedures. The results of the study are reported in paragraph 4.21 of chapter four above. As part of the disbursement system the study sought to determine whether employers were paid a fixed amount. The study concluded that employers were not being paid a fixed amount, instead employers were required to provide proof of their training expenditure.

5.2.7 Reimbursement of costs to employers

The findings on reimbursement of funds to all Namibian employers were dealt with under paragraph 4.11 of chapter four above. The study found that the majority of the respondents (84%) did not agree that all employers were in receipt of disbursements from the training levy. The study therefore concludes that the current practices was considered as acceptable by the respondents.

5.2.8 All Namibian students are legible to apply for funding from the collection

The finding for the application of the levy by Namibian students is covered by paragraph 4.13 of chapter four. The finding of the study is that the majority of respondents (89%) indicated that individual students were not legible to apply for funding. However, based on the general comments it was observed that the same respondents were of the opinion that the use of the fund be extend to all Namibian students. The study, therefore, concludes that the use of the fund be extended by the NTA students.

5.2.9 The NTA levy is distributed to all qualifying employers

The study examined the question on which employers are legible for receiving disbursements from the NTA levy. The question was dealt with in paragraph 4.12 of

chapter four above. The study found that the levy reimbursed to qualifying employers only. The study therefore concludes that only employers who meet set requirements should continue to receive disbursements from the fund.

5.2.10 All Namibian students are legible to apply for funding from the NTA levy

The findings on the application of the levy by Namibian students is covered by paragraph 4.13 of chapter four. The findings of the study were that the majority of respondents (89%) indicated that individual students were not legible to apply for funding. However, based on the general comments, it was observed that the same respondents were of the opinion that the use of the fund be extend to all Namibian students. The study therefore, concludes that the use of the NTA levy be extended by the NTA to all Namibian students.

5.2.11 All Namibian tertiary institutions are legible to claim for financial assistance

Based on the results reported in paragraph 4.14 of chapter four, the study found that the majority of the respondents (89%) did not believe that tertiary institutions were receiving financial assistance. The study therefore, concludes that the respondents are of the view that the NTA levy be disbursed to all tertiary institutions to supplement financing of relevant programs that are in line with the training objectives of the NTA levy.

5.2.12 Employers receive fixed grants from the levy

The study found that the majority of the respondents (67%) did not agree that employers were paid a fixed monthly grant for providing vocational training to employees. Furthermore, the study found that NTA only reimburses those employers who pay the levy. These results are contained in paragraphs 4.21 and 4.22 of chapter four above. Based on the abovementioned results, study concludes that for those employers who may provide vocational and technical training to employees, but the employers do not meet the wages

threshold, be awarded grants for participating the vocational training at a small scale. This will be an introduction of another method of disbursing of the levy. It is perceived that the disbursement procedure will encourage small to medium enterprises to take party in the offering of vocational training as opposed to recruitment of skilled labour only.

5.2.13 Disbursements for in-house training provided to employees

The study found that NTA funds in house training provided by employers to their employees. These results will result are reported in paragraph 4.26 of chapter four above. The results show that the majority of the respondents constituting 63% agreed that NTA disburses funds for in-house training provided by companies. The study recommends that because of the current skills shortages in the country, the NTA continues to provide funds for in-house training provided by companies.

5.2.14 Funding for on-job training (OJT)

The study found that NTA does provide funding for OJT to Namibian employers. The results are reported in paragraph 4.27 of chapter four. These results show that 63% agreed that NTA provides funding for OJT. Based on this finding, the study concludes that NTA should provide financial assistance to employers who are providing on job training in those areas where Namibia has a recognised skills gap such as accounting and auditing, information technology, medical and architectural, quantity surveying, engineering just to mention a few.

5.2.15 Introduction of an external board subcommittee

Holmes (2009) contends that most TVET processes have corporate governance challenges. The study found that NTA did not have a subcommittee mainly composed of non – executive directors (NED) or industry experts responsible for disbursement of funds

to applicants. The results presented in paragraph 4.28 of chapter four above indicated that the majority of the respondents did not agree that the NTA had a sub-committee mainly composed of NED or industry experts. The study, therefore, concludes that NTA does not have a board of director's sub-committee composed of NEDs or industry experts.

5.2.16 Liaising with other statutory organs

An efficient revenue collection depends on the accuracy and reliability of information held by an entity. Based on data and findings presented in paragraph 4.15 of chapter four above, the study found that NTA does not have a reliable database for all employers in the country. The results indicate that 81 % of the respondents disagreed that NTA has a database of all employers. The study therefore concludes that NTA does not have established links with certain government departments such as Ministry of Trade, Business Intellectual Property Authority (BIPA) and Inland Revenue Department (IRD).

5.2.17 Field Inspectors

The general trend in term of levy collection is that employers submit self-assessment returns. However, this leaves the NTA with a challenge of verifying the accuracy and reliability of the returns. The study as presented in paragraph 4.20 of chapter four above found that the majority of the respondents (87 %) disagree that NTA has field inspectors. The study therefore concludes that NTA does not have field inspectors or compliance officers to ensure compliance by employers.

5.3 Recommendations

5.3.1 Treatment of the levy for corporate tax

The findings of the study were that the NTA levy is treated as a normal business expense. Based on the findings of the study that the NTA reimburses part of the training costs, it is

recommended that the current practice of reimbursing part of the levy to employers remains in use. The principle of reimbursement is not being challenged but the study challenges how the reimbursements are undertaken.

5.3.2 Source of NTA levy

The study agrees that the levy must not be levied on employees. The study recommends that the levy be taxed on all employers except central government. There are employers who benefit from the NTA levy without necessarily contributing towards the fund. The fund may therefore expand its scope especially in the area of encouraging all employers to provide internship and acquisition of modern technology for those who provide vocational education and technical training in various fields. There is need to increase the revenue base for the fund.

5.3.3 Database of all employers

Based on the results reported in paragraph 4.15 of chapter four above, the study found that NTA did not have a data base of employers. The study, therefore, recommends that NTA be linked with other state departments such as the Inland Revenue Department and the Registrar of companies. Such an arrangement will go a long way in improving the data of the NTA. With a good database NTA will be able to collect all revenue due to it with ease.

5.3.4 Monthly assessments

Based on the findings and conclusions of this study, NTA has no means of determining upfront the amount that an employer is liable for at the end of each month. The absence of proper assessments affects the reliability of cash inflow to the fund and subsequent disbursement to beneficiaries. The study, therefore, recommends that the NTA puts in

place mechanism in place to ensure that all moneys received from employers as payment of the levy are verified on timeous basis.

5.3.5 Compliance with NTA regulations

The study found that NTA does not have inspectors or compliance officers to ensure that all specified employers meet their financial obligations. The study therefore recommends that NTA recruits inspectors or compliance officers. It is further recommended that the development of stringent compliance regulations be given a high priority.

5.3.6 Fixed grants for employers

As part of the disbursement system the study sought to determine whether employers were paid a fixed amount. The study concluded that employers were not being paid a fixed amount, instead employers were required to proof their training expenditure. The study recommends that where an on-job training program is in place and involves training or learnership contracts, NTA pay a fixed amount per annum for each trainee. The amount paid should provide for a basic allowance for a trainee as well as compensation for time spent by an employer in coaching and use of facilities for training purposes.

5.3.7 Reimbursement of costs to employers

The study found that the majority of the respondents did not agree that all employers were in receipt of disbursements from the training levy. Based on this finding the study therefore recommends that the status quo be maintained.

5.3.8 All Namibian students are legible to apply for funding from the collection

The finding of the study is that the majority of respondents indicated that individual students were not legible to apply for funding. However, based on the general comments

it was observed that the same respondents were of the opinion that the use of the fund be extended to all Namibian students. The study, therefore, recommends that the use of the fund be extended by the NTA to all Namibian students.

5.3.9 The NTA levy is distributed to all qualifying employer

The study examined the question on which employers are legible for receiving disbursements from the NTA levy. The study found that the levy reimbursed to qualifying employers only. The study, therefore, recommends only employers who meet set requirements should continue to receive disbursements from the fund.

5.3.10 All Namibian tertiary institutions are legible to claim for financial assistance

In accordance with the findings reported in paragraph 4.14 of chapter four, the study found that most of the respondents did not believe that tertiary institutions were receiving financial assistance from the fund. The study, therefore, recommends that the NTA levy be disbursed to tertiary institutions to supplement financing of relevant programs that are in line with the training objectives of the NTA levy. It is further recommended that the financial assistance be in the form of equipment and technology aimed at enhancing the technical know – how of the students.

5.3.11 Employers receive fixed grants from the levy

Based on the conclusions contained in paragraph 5.2.11 above, the study recommends that for those employers who may provide vocational and technical training to employees, but the employers do not meet the wages threshold, be awarded grants for participating the vocational training at a small scale. This will be an introduction of another method of disbursing of the levy. It is perceived that the disbursement procedure will encourage

small to medium enterprises to take part in the offering of vocational training as opposed to recruitment of skilled labour only.

5.3.12 Disbursements for in-house training provided to employees

The study found that NTA funds in house training provided by employers to their employees. These results will result are reported in paragraph 4.26 of chapter four above. In line with conclusions reached in paragraph 5.2.12 above, it is recommended that because of the current skills shortages in the country, the NTA continues to provide funds for in-house training that is provided by companies.

5.3.13 Funding for on-job training (OJT)

The study found that NTA does provide funding for OJT to Namibian employers. Based on this finding, the study recommends that NTA provides financial assistance to employers who are providing on job training in those areas where Namibia has a recognised skills gap such as accounting and auditing, information technology, medical and architectural, quantity surveying, engineering just to mention a few. The funding will be directed towards basic salaries and wages. This type of funding will go a long way in providing and bridging the skills gap in Namibia. Furthermore, it will encourage small to medium enterprises to provide skills and training to graduates.

5.3.14 Introduction of an external board subcommittee

The study found that NTA did not have a subcommittee mainly composed of non – executive directors (NED) or industry experts responsible for disbursement of funds to applicants. The study, therefore, recommends that the board of directors introduce a sub – committee composed of mainly NEDs or industry experts.

5.3.15 Liaising with other statutory organs

An efficient revenue collection depends on the accuracy and reliability of information held by an entity. The results and conclusions of the study are that NTA is linked or connected to other state organs. The study therefore recommends that NTA establish some links with certain government departments such as Ministry of Trade, Business Intellectual Property Authority (BIPA) and Inland Revenue Department (IRD). This will enable NTA to improve its data or records of all employers.

5.3.16 Field Inspectors

The conclusion of the study as presented in paragraph 5.216 above is that NTA does not have any inspectors or compliance officers. The study, therefore, recommends that NTA engage inspectors to ensure compliance by employers.

5.4 Areas for further research

Based on the results presented in chapter four above, the study recommends the following areas for further study:

- the impact of NTA funding on the national skills development requirements;
- the adequacy of the funding on the beneficiaries;
- undertaking a similar study using a purely quantitative or qualitative design only;
- an investigation into the productive efficiency and effective TVET graduates sponsored by the NTA; and
- evaluation of employers' perspectives on the NTA levy.

The above-mentioned studies would be aimed at providing further insight into the efficiency and effectiveness of the current and proposed funding models.

5.5 Summary

This chapter covered a number of recommendations emanating from the results of the study as reported in chapter four. The recommendations included among others the treatment of the levy by companies for tax purposes, possibility of widening the revenue base, creation of a reliable data-base and the issue of monthly assessments. The study made some recommendations regarding disbursements to employers. These recommendations included fixed grants, reimbursement of costs to employers, individual students, distribution to qualifying employers, disbursements for in house and on the job training schemes. The study went on to recommend other administrative structures that the NTA needs to consider for purposes of efficient and effective collection of funds. The study recommended that the NTA introduces inspectors and a system of liaising with other state organs to improve reliability of data. The study concluded by recommending five areas for further research which included the impact of NTA funding on national skills development requirements, the adequacy of the funding on the beneficiaries, undertaking a similar study using a purely quantitative or qualitative design only, an investigation into the productive efficiency and effective TVET graduates sponsored NTA and evaluation of employers' perspectives of the NTA levy.

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Appendices



Language Editing
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RE: LANGUAGE, COPYEDITING AND PROOFREADING OF ABSALOM TUNATATE IIPINGE'S THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA

This certificate serves to confirm that I copyedited and proofread ABSALOM TUNATATE IIPINGE'S Thesis for the MASTER OF BUSINESS ADMINISTRATION DEGREE entitled: AN INVESTIGATION INTO THE DISBURSEMENT PROCESSES OF THE VOCATIONAL EDUCATION TRAINING LEVY IN NAMIBIA

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I am a trained language and copy editor and have edited many Postgraduate Diploma, Masters' Thesis, Dissertations and Doctoral Dissertations for students studying with universities in Namibia, Zimbabwe, eSwatini, South Africa and abroad. I have also copy-edited company documents for companies in the region and abroad.

Please feel free to contact me should the need arise.

Yours Sincerely,

The Rev. Dr. Greenfield Mwakipesile