



POLICY BRIEF

Estimating the current and future skills demand in respect of government's national growth and development policies

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Introduction

A key area for policy in South Africa is how to develop a strong foundation of labour market information and to provide the type of intelligence and signals that can help government, stakeholders, education and training providers, and students to make more informed decisions about how resources are invested in skills development as well as education and training. In order to address this need, the Department of Higher Education and Training (DHET) initiated a four-year Labour Market Intelligence Partnership (LMIP) project, with research to be conducted by a Human Sciences Research Council consortium. The project investigates labour market and skill issues with a view to producing recommendations on how education and training institutions could respond to signals from the labour market, with the goal being to develop a credible skills planning mechanism for South Africa.

This policy brief from the HSRC's LMIP is based on a recent working paper*, the purpose of which was to assess government's economic development policies as drivers of demand for skills. The main objective was to:

Generate a broad estimate of the skills demand implications of implementing key national, provincial and metropolitan municipality development strategies.

This includes programmes specifically designed as job-creating projects. To complete this objective, the paper focused on the following.

* <http://www.lmip.org.za/document/estimating-current-and-future-skills-demand-governments-national-growth-and-development>

- Providing an indication of current and future skills needs emanating from the strategies discussed below;
- Estimating demand according to the three broad skills categories: high-skill, medium-skill and low-skill occupations;
- Where strategy documents estimate the expected size of skills demand that will be created, analysing the implications of the strategy for skills development; and
- Where strategy documents estimate the expected size of skills demand that will be created, examining the methodology used to generate these estimations, and, if possible, suggesting a methodology for calculating skills demand that might be applied to new government programmes or policies that are developed.

To address these objectives, the paper utilised a desktop survey to examine 26 major development strategy documents of both the national government and provincial governments, as well as the major metropolitan municipalities.

Skills demand implications

After reviewing the large number of policy documents included in the study, the researchers found it difficult to provide an indication of the state's current and future skills needs, the reason being that few of the strategies furnished assessments to match their needs. Where plans did provide some indication of their skills requirements, gaps largely existed in low-skill occupations, such as those demanded in the productive industries, or in high-skill applications, such as those demanded by the science, engineering and technology (SET) industries or within the knowledge-based economy. Furthermore, most of the included plans were so vague regarding their skills requirements that it was difficult to disaggregate their needs into even so broad a skills classification as high, medium and low.

In addition to a lack of skills indicators, few of the plans reviewed in the paper analysed the implications of their interventions for the existing or forecasted skills base within the labour market. Thus, there seemed to be a disconnect between job-creation goals, available skills, and government efforts to address skills shortages, such as those outlined in the White Paper for Post-School Education and Training and the National Skills Development Strategy. Finally, the report found the existence of a broad consensus that South Africa lacked a credible and replicable skills planning mechanism at national, regional and local level, which constituted a significant barrier in addressing the skills mismatch that existed in the labour market.

Skills assessment methodologies

Few of the documents included in the survey provided skill estimates to match the job-creation measures proposed. Moreover, none of the documents included any methodological guidelines demonstrating how their estimates might have been arrived at. However, a number of strategies, particularly at the provincial or municipal level (like the eThekweni Integrated Development Plan, for example), explicitly noted the absence of any credible skills planning mechanism. The exception was the Eastern Cape Provincial Skills Development Plan (PSDP), which was found to have utilised a robust process of skills assessment but suffered from a failure to implement, which diminished the value of the Plan.

The case of the Eastern Cape Provincial Skills Development Plan (PSDP)

In the case of the Eastern Cape PSDP, a separate research process was designed in order to deal explicitly with skills issues arising from the Plan. The result of this process, the Eastern Cape PSDP, involved a broad range of stakeholders, including the sector education and training authorities (SETAs) and the training arm of the Coega Development Corporation. The process began with a background document that drew on work that the HSRC had done in the province, as well as on national documents such as the Human Resource Development South Africa (HRDSA) and the National Skills Development Plan (NSDP) documents (EC, 2011). From these beginnings, a number of working groups were established in order to examine the latest available information on sector employment, skills levels, skills needs and training plans. The contributions in the working groups were pulled together and presented at a large workshop at which all of the working groups participated, including all but one of the SETAs (EC, 2011). Unfortunately, despite this lengthy process, the PSDP, despite being developed under the auspices of the Office of the Premier of the Eastern Cape, was never implemented. Moreover, the government of the Eastern Cape expressed interest in formulating another skills development plan (John Reynolds, personal communication, 25 January 2016). Thus, although the Eastern Cape PSDP was an example of a plan which reflected a robust process of skills assessment, there was a failure to implement it, which diminished the value of the Plan. It is unclear if the experience with regard to the Eastern Cape PSDP reflected similar processes conducted in other provinces.

Final thoughts

The purpose of this policy brief was to assess government's economic development policies as drivers of demand for skills. However, after reviewing the large number of policy documents included in the study, it remained difficult to provide an indication of current and future skills needs for the state because few of the strategies provide assessments to match their needs. In addition to a lack of skills indicators, few of the plans reviewed in paper analysed the implications of their interventions on the existing or forecasted skills base within the labour market. For this reason, the policy brief points to an apparent disconnect between job creation goals, available skills, and government efforts to address skills shortages. Finally, the policy brief identifies what appears to be a broad consensus that South Africa lacks a credible and replicable skills planning mechanism at national, regional and local level, which may be a significant barrier towards addressing the skills mismatch that exists in the labour market.



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