

# Bridging skills



Bridging the skills gap.

## **DEMAND** and **SUPPLY** in South Africa: the role of intermediary organisations

Government policy documents increasingly highlight the critical role intermediary organisations can play to bridge supply and demand. But what roles do such intermediaries tend to play, and how do we strengthen these to promote the achievement of policy goals? *Il-haam Petersen* and *Glenda Kruss* attempt an answer.

The White Paper for Post-School Education and Training (2013) sets out a vision for a more integrated and responsive post-school education and training (PSET) system to contribute to improving alignment between dynamic skills demand and supply.

Universities, Technical Vocational Education and Training (TVET) and community colleges, Skills Education Training Authorities (SETAs) and other skills providers will be expected to play a strategic role, engaging and consulting with business and government stakeholders, to more effectively link education and work in line with their distinct missions and mandates. To achieve these goals requires a new focus: on linkages, partnerships and co-ordination across the PSET system.

Government policy documents increasingly highlight the critical role intermediary organisations can play to bridge supply and demand. The Department of Higher Education and Training's policy has focused on the role of public intermediaries, such as the SETAs, in facilitating partnerships. However, other public intermediaries, such as public research institutes or professional associations, and private intermediaries such as industry associations and unions, may also play a linking and mediating role. They may facilitate linkages between firms and (groups of) universities or colleges to strengthen communication across the system, and facilitate coordination and alignment to address systemic weaknesses.

What roles do such intermediaries tend to play, and how do we strengthen these to promote the achievement of policy goals?

### Five key roles of intermediaries

We identified five distinct roles of intermediaries, and analysed how these roles are played by private and public sector intermediaries in three sectors – sugar, automotive and astronomy (SKA) – in South Africa.

*Resource provider, funding and other material support:* SETAs provide funding to public and private PSET providers; and private intermediaries provide training, as well as funding, on a limited basis.

*Consultant, providing information and advice on skills planning:* SETAs in the sugar and automotive sectors, for example, provided advice on accreditation of programmes; while private intermediaries such as the South African Sugar Association (SASA) and the Automotive Industry Development Centre (AIDC) acted as a knowledge repository for individual firms on skills needs and the skills supply pipeline.

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*Broker, facilitating a transaction between two or more actors:* In the sugar sector, the Department of Agriculture facilitated linkages between agricultural colleges and firms. In the automotive sector, the AIDC facilitated linkages between businesses and government bodies at the national and provincial levels.

*Mediator, assisting organisations to form a mutually beneficial collaboration:* Both private and public intermediaries across the three sectors worked with firms to identify skills needs, and communicate to government bodies. They negotiated work placement for students; with government and firms to support the capabilities of PSET actors, and to develop articulation and responsiveness to the needs of firms.

*Co-ordinator, relationships across a skills development system:* This could take the form of co-ordinating the skills activities of private sector actors – firms, industry and private research institutes. For example, SASA acted as an umbrella body for the sugar industry, coordinating research and skills development for growers and millers, to meet their current and future skills needs. It could also mean co-ordinating the programmes offered by public and private PSET providers. The Square Kilometre Array (SKA) Association established a human capital development programme to co-ordinate across, and enhance the responsiveness of universities and colleges, to develop skills for radio astronomy. It established an informal network between participating universities, to build the personal relationships that promote collaboration. Finally, this role could entail co-ordinating skills planning and development across public and private sector organisations. Some intermediaries operated in effect as ‘public-private intermediaries’, playing crucial roles in co-ordination across

a sector, particularly where change is rapid. For example, the SKA project office played a distinctive role by prioritising not only the needs of the sector, but also national development goals.

Our evidence showed that private intermediaries play a larger role in addressing skills mismatches at the sectoral level than is recognised in policy, and that there is potential for public intermediaries to contribute more effectively to systemic functioning, through playing a co-ordinator role.

**Promoting the roles of intermediaries in bridging skills demand and supply**

*Private sector intermediaries should be more widely recognised:* they have the necessary expertise and social capital to provide and support sector-specific education and training and to enlist support from public intermediaries, especially the SETAs, as needed. One way to strengthen skills development systems is to increase funding support to private intermediaries who act on behalf of the sector, and not only in the narrow interests of an individual firm. Another way is to promote formal public-private partnerships.

*Public sector intermediaries should play a larger role in co-ordination and bridging*

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across employer networks, government bodies, and education and training organisations. They should extend their current practice of building bilateral relations, linking government and employers, or linking employers and education and training organisations, to build networks and coordinate skills initiatives across sectors.

SETAs are currently challenged to develop their capacity to function as brokers between industry, government and public education and training organisations, and as strategic partners for TVET colleges. Their interactive capabilities to perform these network-building roles need to be improved. To bridge supply and demand-side actors, SETAs should include representatives from public education and training organisations in their sub-sector committees.

*Public-private intermediaries should take on the role of co-ordinating skills development activities across public and private domains, to coordinate skills development locally, to facilitate interaction, and manage relations between the diverse set of local stakeholders with each other and into global networks.*

In conclusion, such evidence highlights the actors that can support stronger alignment between universities, TVET and community colleges, SETAs, government and firms. Clearly, a better understanding of the roles of a wider range of public and private intermediaries in skills planning and development can add value to current policy efforts to promote partnerships and interaction across the PSET system.

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# HIGHER EDUCATION and ECONOMIC DEVELOPMENT: building interactive capabilities

There is more to the role and developmental impact of higher education than economic development alone. In a rapidly changing and technologically increasingly complex world, one core role for universities is to prepare young people for active participation in work and the economy. *Glenda Kruss, Il-haam Petersen and Simon McGrath* ask how universities can respond to the changing technological capabilities and skills needs of firms, particularly in relation to their professional and occupational programmes.

To address this question our research used an approach new to the South African skills literature, which is based on evolutionary economics and innovation systems. In this article we present a case study of the automotive Tier 1 component supplier sector in the Eastern Cape, to illustrate how such an approach can contribute to understanding the role of higher education in skills and economic development.

**Meeting routine skills needs**

In countries like China and India, the automotive sector has succeeded in technological capability building to the extent that local firms have become part of global innovation networks and, in turn, have created globally competitive national industries.

In South Africa, the sector remains strongly disciplined by global production chains with research and innovation conducted primarily at multinational headquarters. In our study, all the large original equipment manufacturers (OEMs) and many of the Tier 1 firms (component and suppliers)

are multinational corporations. Their decision to stay and invest in their South African operations is subject to frequent reappraisal.

The government has prioritised the sector in its industrial policy strategies and it is well organised into industry associations with strong trade union presence. In the Eastern Cape, the sector is high among provincial and metropolitan economic development priorities. Representatives from industry, government and skills providers meet regularly and have a shared understanding of, and commitment to, the automotive sectoral system.

Nationally, a sectoral prioritisation and development programme initiated by the Department of Trade and Industry (dti) has been successful in that its incentives have kept the South African sector alive – but it does not provide a model for productive transformation. The programme lacked specific mechanisms to promote skills development and its benefits have been dominated by the small group of OEMs. Nor do the main component firms and sectoral intermediaries have

co-ordinated strategies to promote research excellence, innovation or sector-specific skills.

In the automotive component sector as much as 70% of employment is at basic operative levels, with relatively little current demand for intermediate skilled workers or high-level engineers. Firms have developed effective strategies to address these routine skills needs and many have the capacity to deliver in-house training or source courses from private training providers.

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