

Skills shortage - look past the hype and to the future

By Richard Rayne

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There is sufficient evidence to suggest a lack of skills across various industries and sectors is having an impact on our economy. However, rather than be lost in the haze of negativity and stumble over the harmful rhetoric of hearsay and hype, let us reassess the situation and move forward.



Clearly the voices of concern over a lack of sufficient skills sets entering the market - particularly those related to the application of science and maths - are not isolated nor without base. The challenge of skills shortages in South Africa is being covered extensively in the media, and rightly so.

For example - A recent online article entitled 'SA has worst skills shortage' (<http://www.skillsportal.co.za/>) referred to a study by Productivity SA and the 2007IMD World Competitiveness Yearbook, the results of which stated that the country has the highest brain drain and worst skills shortage of 55 countries studied.

But this intense focus has left little room for discussion about the vast amounts of monies being invested by companies in training.

Focus on training

There is a twofold purpose and long-term benefit associated with training.

Firstly, it is proven to lead to higher levels of employee productivity in the workplace and secondly, perhaps more appropriately, it serves as an effective mechanism for the transfer and enhancement of skills.

Many companies are expanding their training investment and aggressively pushing the benefit of outsourcing to specialist.

The traditional method of personnel having to take time off to train is giving way to on-site training, which reduces cost, saves time and proves to be highly effective for individuals to grasp systems in their own environment.

It must be remembered that one of the key reasons for this shortfall in skills is the fact that few could have predicted, with complete accuracy, the rapid economic growth the country has experienced in a relatively short period of time. This has led to a substantial demand for skills sets - in key market segments and those that demonstrate year-on-year growth.

It is interesting to note that we live in a time of such contrast. On the one hand the severity, in some cases, of skills shortage and loss of productivity is literally forcing businesses onto their knees - the bottom line being adversely affected. On the other hand government has initiated a skills development drive that has given rise to key organisations such as JIPSA (Joint Initiative on Priority Skills Acquisition) and the Accelerated and Shared Growth Initiative for South Africa (AsgiSA).

JIPSA was established by cabinet two years ago to support the objectives of AsgiSA. Chief among this organisation's aims are to reduce the unemployment rate from 30% to 15% by 2014, to reduce poverty from one-third to one-sixth of the population by the same date and to increase the annual GDP growth rate from an average of three percent to four and half percent per annum for the period 2005 to 2009.

Yes, these aspirations are noble - but are we any closer to actually achieving anything? Well, among the trials and tribulations of this growing democracy, there is some good news to document:

- In 2007, the Department of Education committed R439 million over the period 2007 to 2009, largely towards improved teaching and learning infrastructure for engineering. This is in addition to an amount of R48 million provided in 2006 to improve university engineering pass and graduation rates.
- The 2007 to 2008 service level agreements (SLAs) signed between the various Setas and the Department of Labour reflect a total of 18 879 artisans to be registered. Furthermore, provisional Seta SLAs indicate that an additional 20 000 learners will be registered for the period 2008 to 2009.
- The National Skills Fund (NSF) allocated an additional R300 million for the training of a further 7 350 artisans.
- JIPSA has been invited by the departments of labour and of trade and industry to participate in the National Talent-Development Committee for the BPO sector. The target to train 1000 learners has been agreed upon with R17.1 million allocated to the Monyetla initiative. Contracts have been awarded to employers, recruiters and trainers to pilot Monyetla

Other government related investments include:

- Higher education (R246,910 million in 2008/09, R258,623 million in 2009/10 and R939,133 million in 2010/11) making a total of R1,444 billion.
- The National School Nutrition Programme Conditional Grant (R344,616 million in 2008/09, R493,255 million in 2009/10 and R918,182 million in 2010/11) making a total of R1,756 billion.
- Support for the expansion of Grade R and Early Childhood Development (R11 million in 2008/09, R12 million in 2009/10 and R17 million in 2010/11).
- Expansion of Inclusive Education (R4 million in 2008/09, R8 million in 2009/10 and R15 million in 2010/11).

Employment trends

According to the National Skills Development Strategy the employment and unemployment trends indicates that from September 2005 to September 2006 the economically active population (EAP) increased by 403 000, from 16 788 000 to 17 191 000.

This is an 11.7% increase which implies a massive increase in labour force participation. From this, 57% (229 710) of new entrants in the labour force were females. This is as a result of an increase in female labour force participation rates over the same period.

It is also noted that the South African economy grew at an unprecedented level -above 4%. This raises some hope to most discouraged work-seekers to return and participate in the labour market. The number of employed people rose by half a million (500 000) between September 2005 and September 2006.

In the same period, the following provinces have shown an increase in percentage-points of absorption rates: Western Cape (3.6%), Northern Cape (2.3%), Eastern Cape (0.7%), KwaZulu-Natal (3.8%) and Mpumalanga (1.8%).

Overall, the continued expansion in employment resulted in the creation of 1.6 million jobs in the labour market between September 2001 and September 2006.

Relatively, the number of unemployed people decreased from 4.4 million in 2005 to 4.3 million in 2006, indicating a decrease of 2.3%.

It is important to reiterate that things are being done to curb unemployment and increase the country's skills base.

Let us spend our time, energy and focus on innovating and refining skills development programs that will add to the magic of the South African spirit and instill a passion for our people and their development.

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