



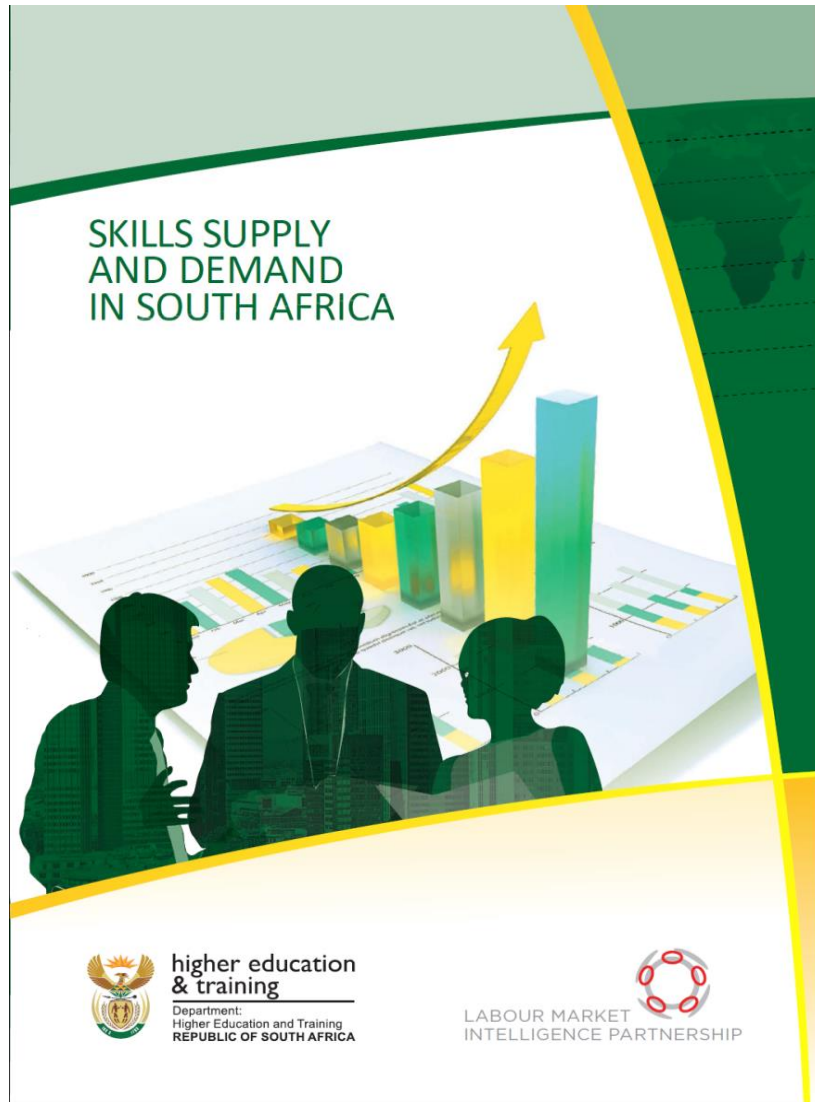
LABOUR MARKET
INTELLIGENCE PARTNERSHIP

SKILLS SUPPLY & DEMAND FOR SOUTH AFRICA

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Skills Supply & Demand in South Africa



The challenge for government is to estimate and anticipate the education and skills required to support **societal development** and a productive and **inclusive economic growth path**

The report moves beyond manpower planning to understand the complexities of supply and demand and their interaction.

Metaphor of mismatches.

Skills Supply & Demand Framework

ELEMENT	CONTENT	ANALYSIS FOCUS
The Economy	Economic performance and structural and policy constraints that impede the country's path	Analysis of national and sectoral GDP growth rates, employment trends and employment growth by sector, investments and savings, export growth and diversification pa
Labour Force	The two major challenges are to grow the skills and capability levels of the workforce which started from a low base and to reduce unemployment levels.	Characteristics of the employed and unemployed. The demographics of spatial location, gender, racial group, age, and education level for both groups.
Skills Demand	Changes in the structure of employment and skills to provide signals of skills demand.	Employment changes in sectors and occupations, skills needed to support the government growth projects, employers' perceptions of skills needed in their firms, and the list of occupations in high demand.
Skills Supply	This provides the basis for identifying the types of skills that people acquire when they move through the education system and enter the labour market.	Skills from the schooling sector, the TVET sector, and the university sector. Focuses on trends in enrollment and completion rates for each educational level.
Skills Mismatch	The skills of the workforce must match those required by the employers, the skills produced by the education system must respond to market demand and the type of jobs must respond to the skills set of the labour force.	Demand mismatch examines the shape and trajectory of the economy, the types of jobs that are being created, and the skills set and expectations of the working-age population. Educational supply mismatch examines how supply responds to areas of skills demand. Qualification-job mismatch examines the qualification gaps for skilled jobs and then traces the sectors and occupations that the educational qualifications are absorbed into.
Skills Policy Responses	We need contextually appropriate models for skills planning that take into account the challenges of economic growth and inclusive development in South Africa. Skills planning must take into account past structural inequalities on the basis of race, gender and spatial location. The policy dilemma is how to respond to seemingly paradoxical imperatives given the diverse sets of development pathways	The policy reform agenda must consider how to respond to skills demands and mismatches for different groups; initiate wider reforms in the education and training system; raise demand to support employment growth; raise skill levels in targeted sectors of the economy; as well as respond to the development trajectory being followed by South Africa.

Finding 1: The Economy & Demand for Skill

- The South African economy: low economic growth rates, leading to poor employment growth.
- Employment growth is not sufficient for the large numbers of youth coming to the labour market for the first time.
- Sectors where people work and the types of jobs are changing: absence of low-wage jobs in the manufacturing sector, structural shift towards a service economy and high dependence on high-skilled financial services.
- The sector experiencing significant employment growth is the state sector and this is not sustainable.

- There is a structural mismatch between labour demand and supply, in that the economy and labour market shows a demand for high skilled workers, but there is a surplus of low-skilled workers.
- The economy must respond to the twin challenge of participating in a globally competitive environment which requires a high skills base and a local context that creates low-wage jobs to absorb the large numbers who are unemployed or in vulnerable jobs.
- The economy should create more labour-intensive forms of growth in order to absorb the growing levels of people, particularly young people, as first time labour market entrants.

Finding 2: Education & Skill Supply

- The constraint for the post school education and training system and the labour market is the inadequate quality of basic education.
- Success in Languages, Mathematics and Science forms the basis for participation and success in technical subjects in PSET institutions, and in the workplace.
- Around 140 000 grade 12 students complete the matriculation examination with a bachelor's pass, and of these around 50 000 students pass Mathematics with a score higher than 50%.

2.1% per annum
since 2010

1.1 MILLION

students in the university sector



185 000

completers

23% per annum
since 2010

800 000

students in the TVET sector



21 000 NCV4

57 000 NATED6

programme completers

Access to schools, universities and TVET colleges has improved but quality, progression and successful completions remain elusive.

Finding 3: Tertiary Education to Labour Market

- Half of the Higher Education graduates are employed in the community, social and personal services sector, which is dominated by the public sector.
- A high proportion of the SET graduates, from both higher and TVET sectors, prefer to work in the financial services sector, as opposed to the manufacturing sector.
- These positions offer graduates good conditions of service. Unfortunately this is distorting the labour market and not attracting graduates to the private sector.
- SET qualifications are versatile and graduates will work in different fields. The implication for skills planning is that we need a high number of SET graduates than needed by the SET occupations.

EVIDENCE AND ARGUMENT FOR OUR FINDINGS

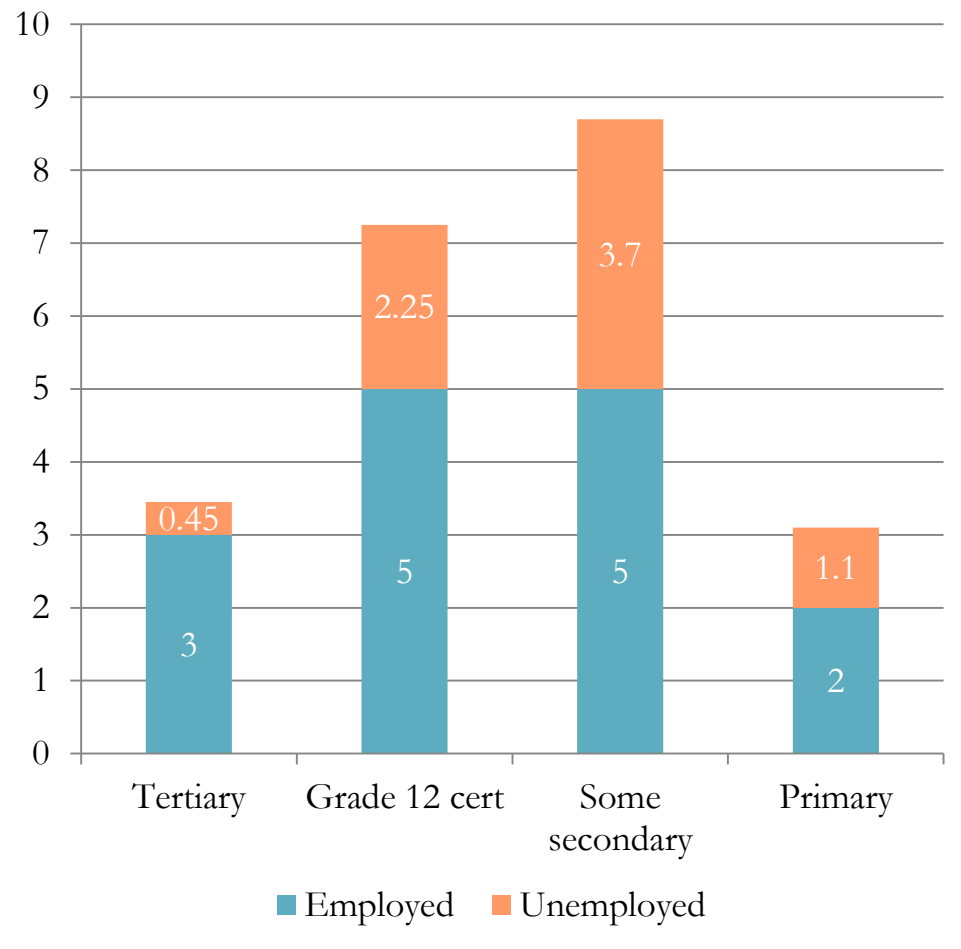
SIGNALS OF SKILL DEMAND

1.1. The Labour Force and Skills

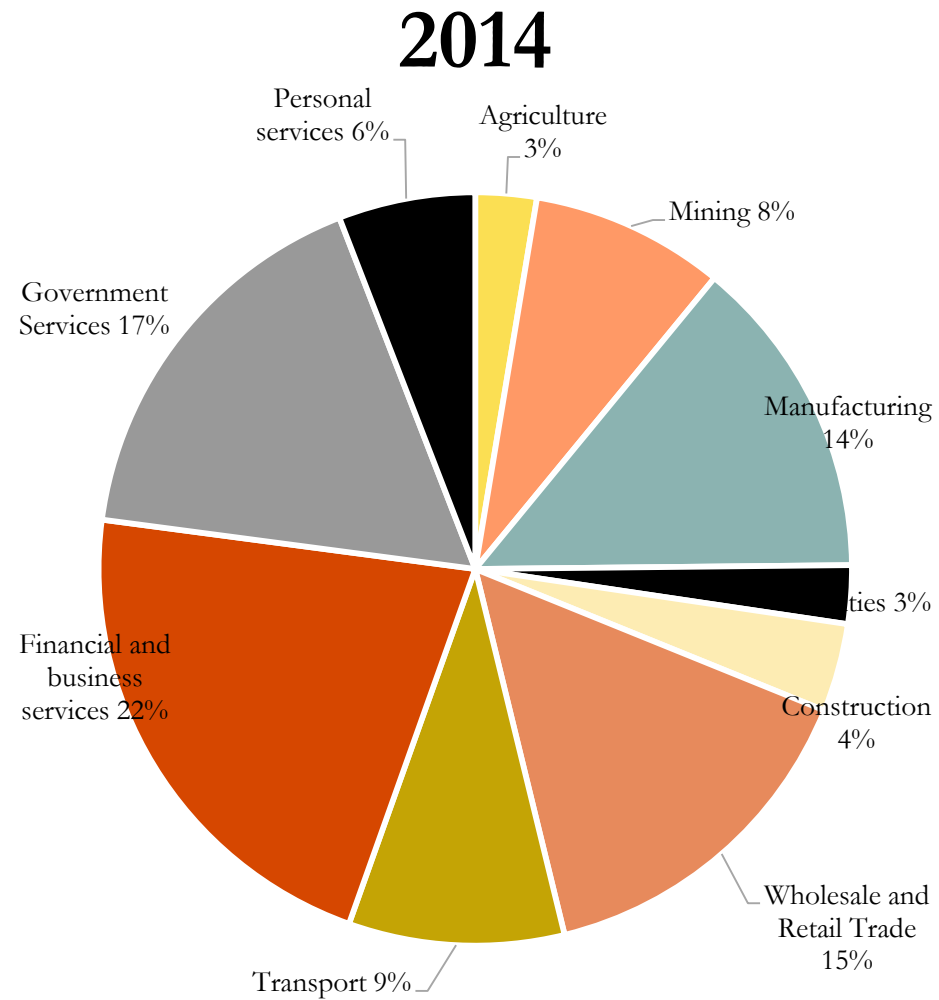
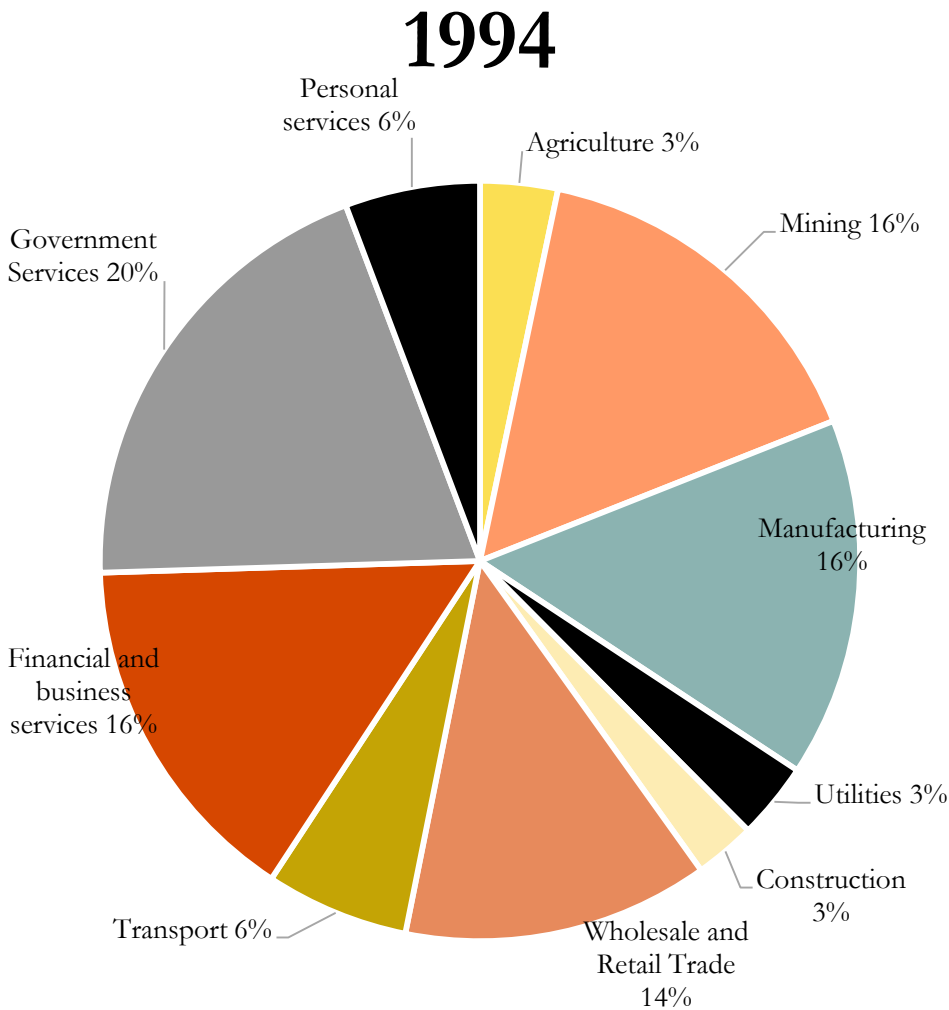
The Labour Force, 2014

- 15 million employed people.
- High levels of unemployment (8 million), especially for youth (5 million).
- 3.3 million workers are in vulnerable sectors.
- The labour force growing at twice the rate as the jobs being created.

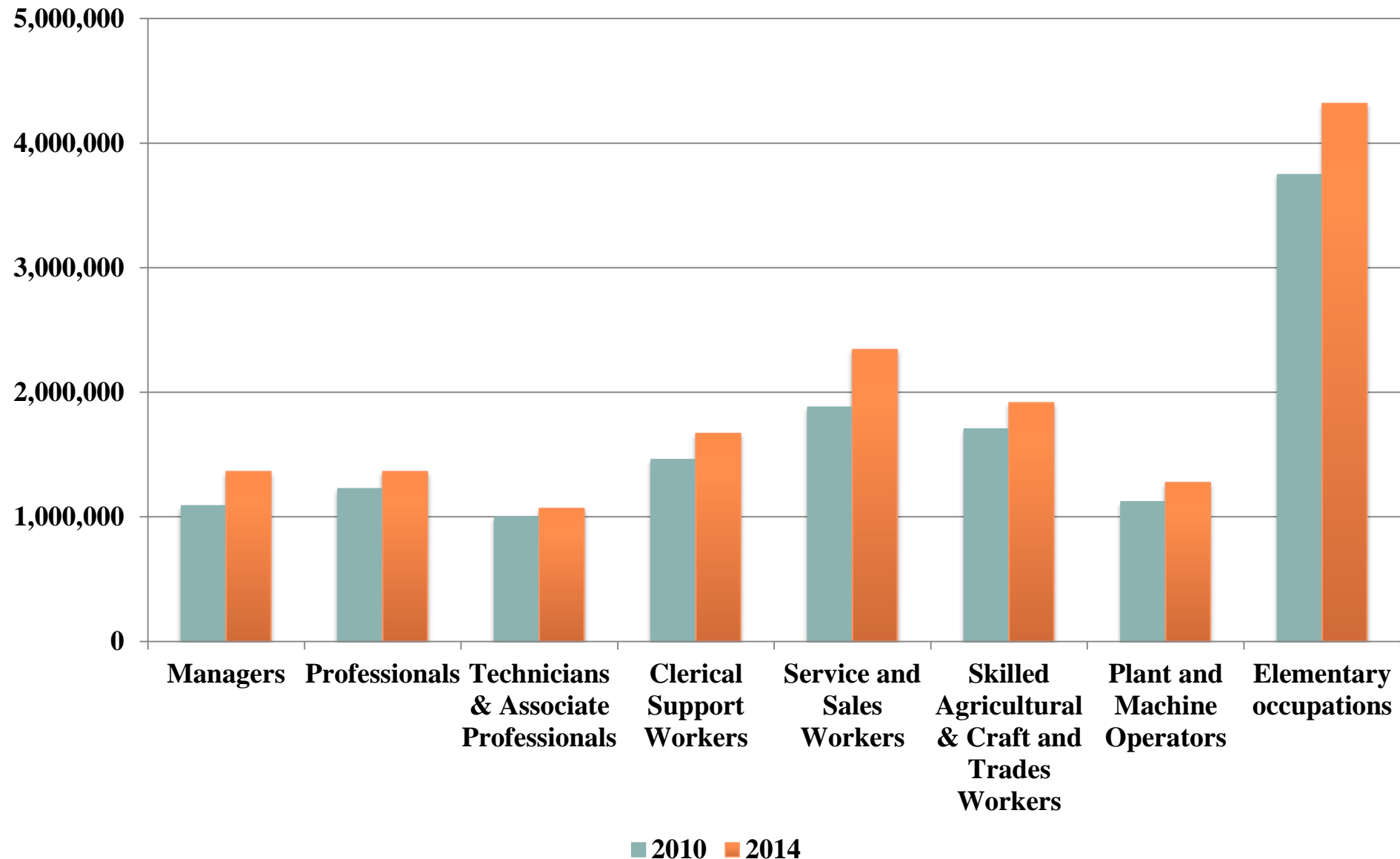
Skills Levels of the Labour Force (million)



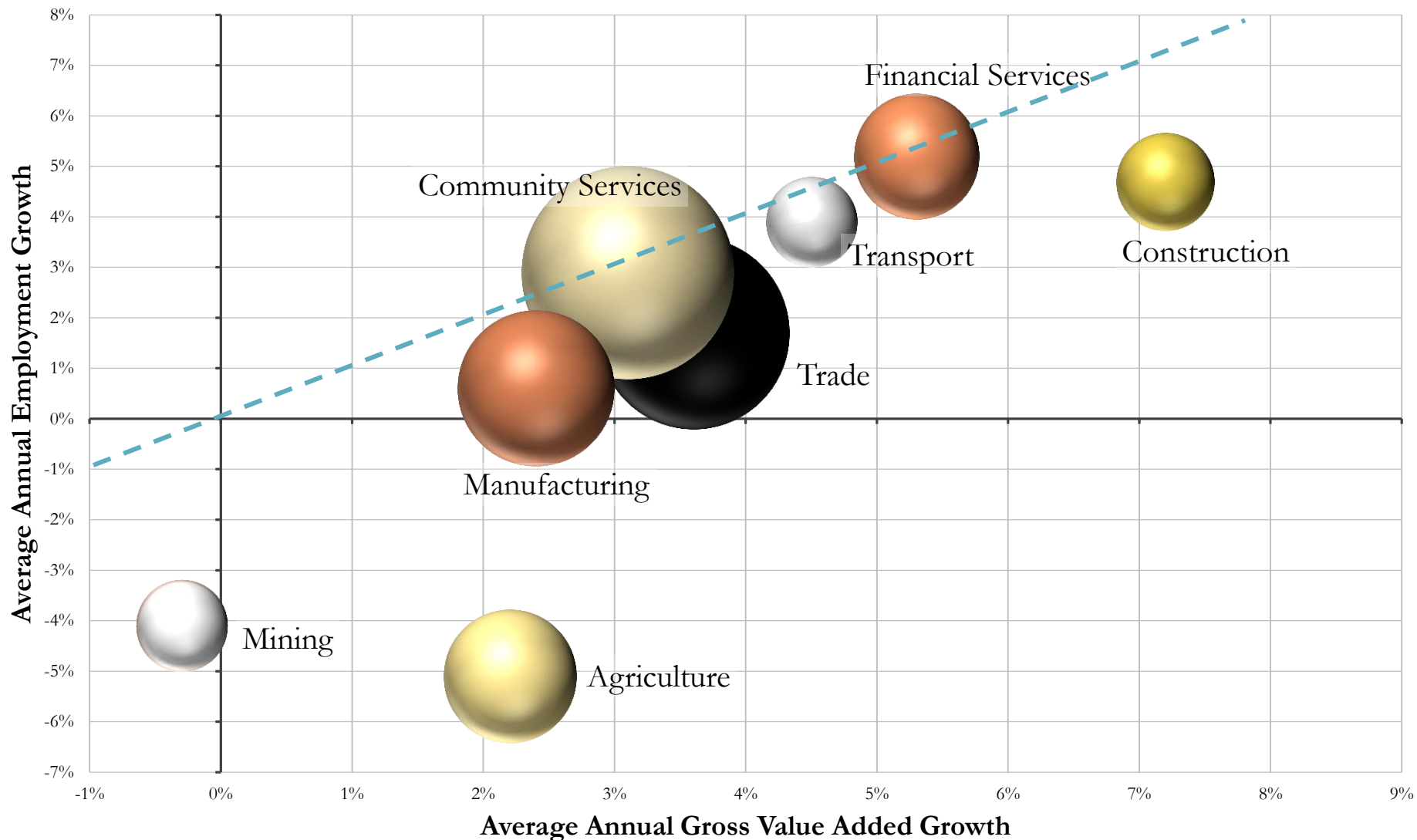
1.2. Sectoral Contribution to GDP, 1994-2014



1.3. Occupational structure of labour market



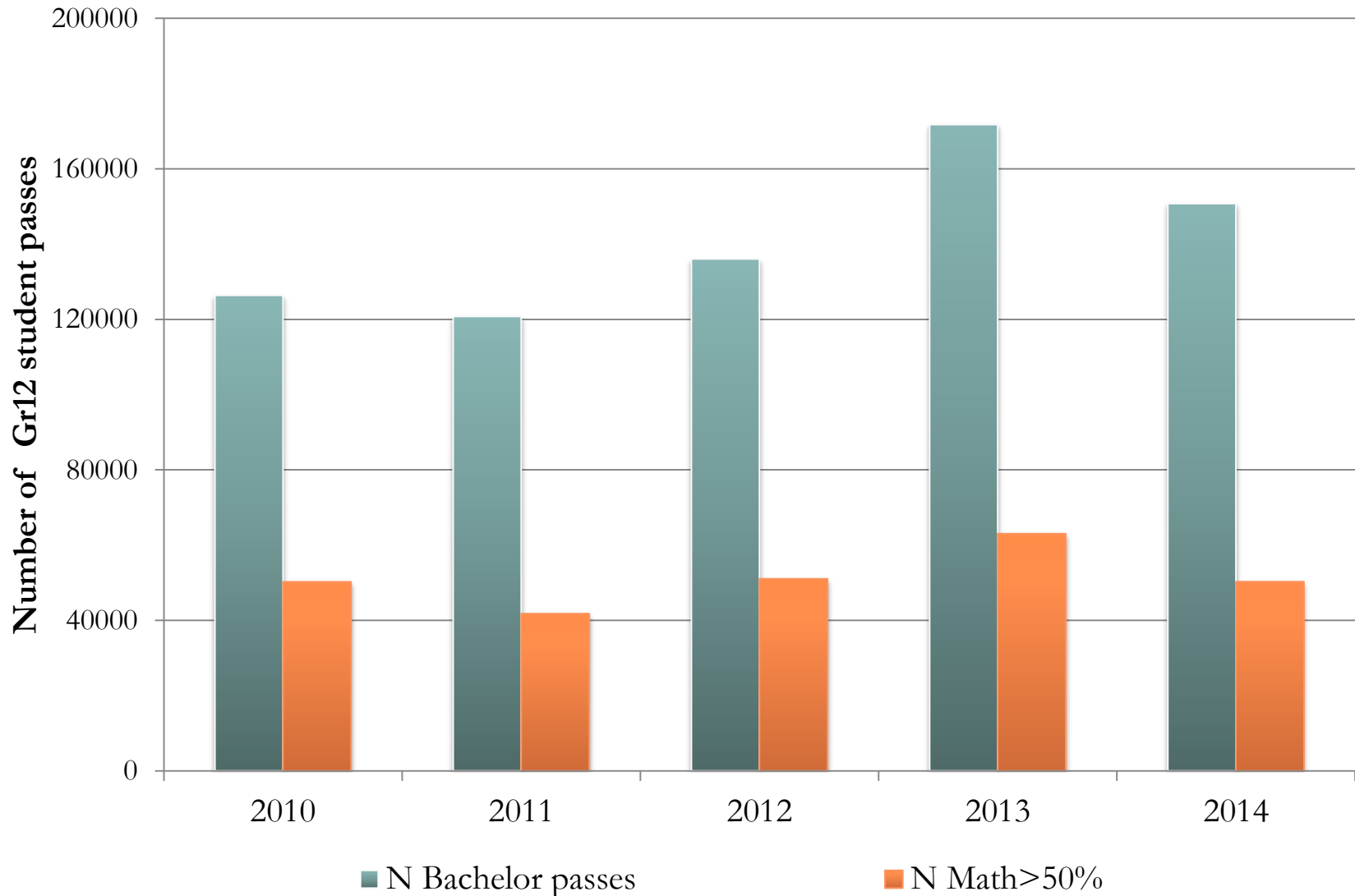
1.4. Sectoral gross value-added & employment growth, 2001–2012



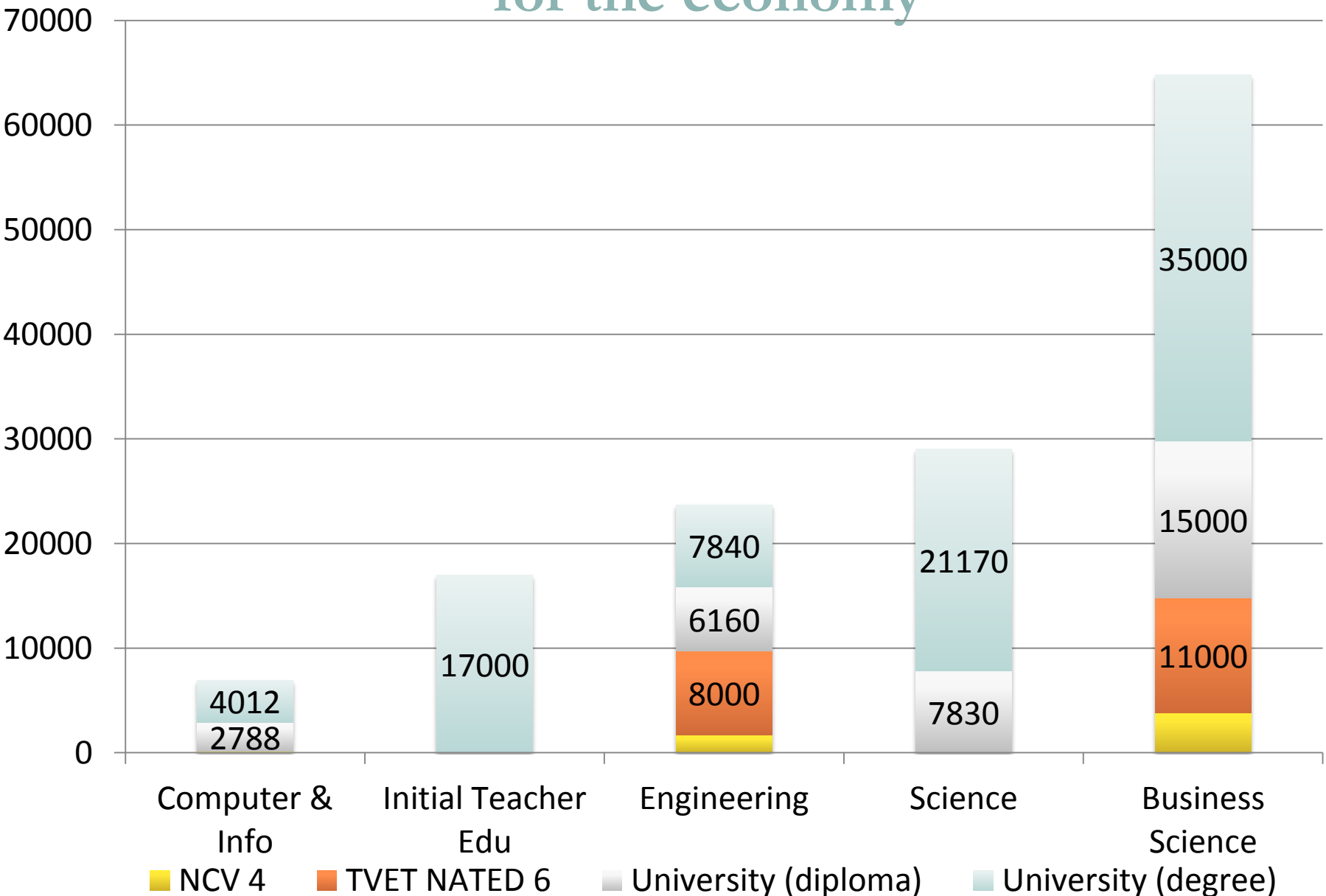
CURRENT SUPPLY

FROM SCHOOLS, UNIVERSITIES & TVET COLLEGES

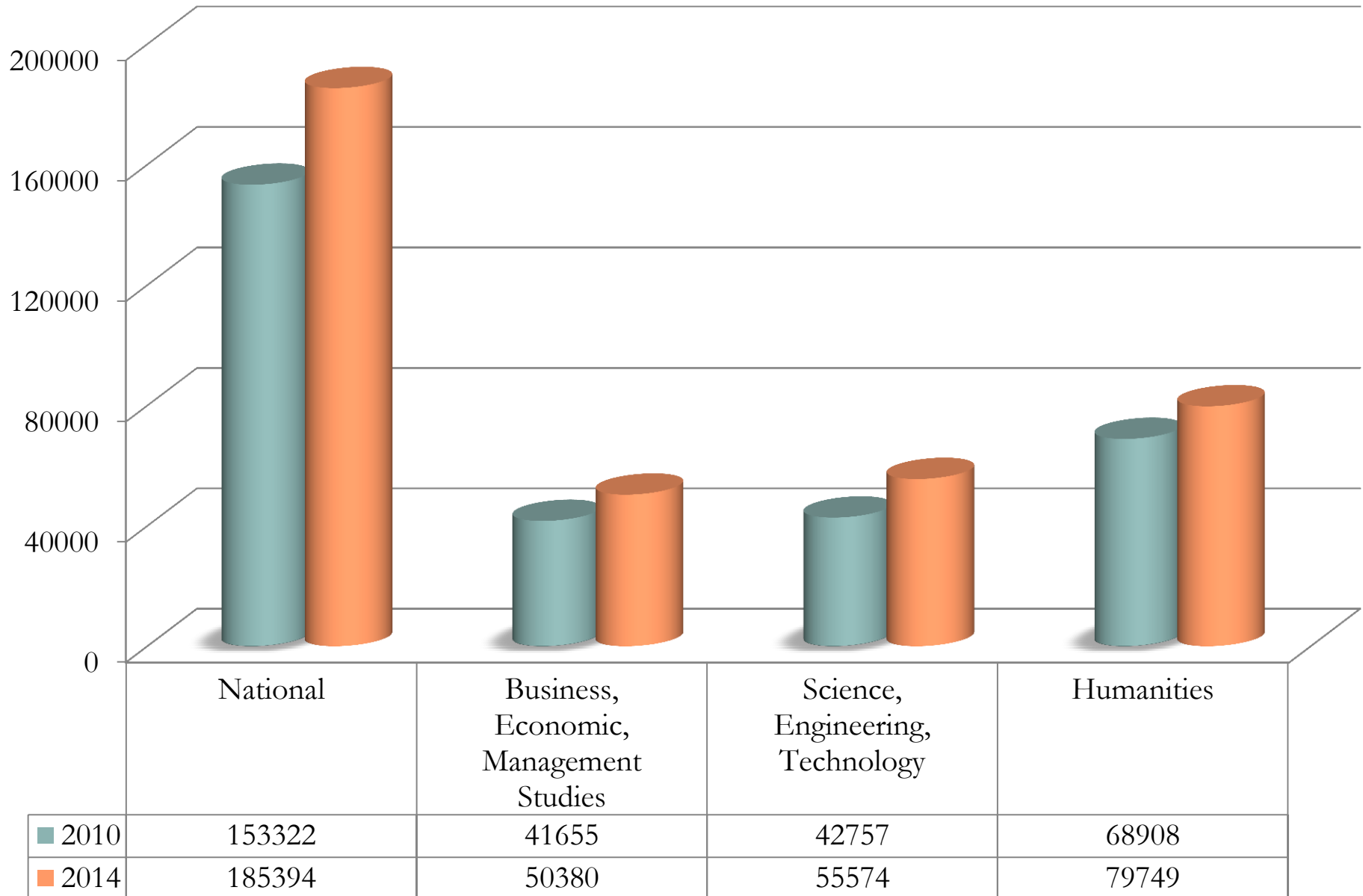
2.1. Key constraint is quantity & quality of competences from Schooling



2.3. Universities & TVET colleges, type of skills for the economy



2.2. Changes in University Completers, 2010 - 2014



WHERE DOES THE EDUCATION GO?

LINK BETWEEN THE TERTIARY EDUCATION AND
LABOUR MARKET DESTINATION, 2014

3.1. Education-Job Match: Industrial Sectors

Industry sector	1.2 million degrees	1.8 million Post-grade 12 cert & diploma
Community, social services	50	43
Financial	25	18
Manufacturing	8	10
Wholesale and Retail	6	13
Transport	4	6
Construction	3	5
Mining and quarrying	2	3
Agriculture, forestry and fishing	1	1
Electricity, gas and water supply	1	2

3.2.Education-Job Mismatch : Occupations

	1.2 million degrees	1.8 million Post-grade 12 cert & diploma
Managers and senior officials	25	16
Professionals	51	23
Technicians & Associate Professionals	11	17
Clerical Support Workers	7	18
Service and Sales Workers	3	11
Skilled Agricultural, Craft and Trades Workers	1	8
Plant and Machine Operators	0	3
Elementary occupations	1	4

3.3 Sectors Engineering qualifications work?

	118 700 degrees	382 700 Post gr 12 Cert & Diploma
Financial	31	19
Manufacturing	23	18
Construction	15	13
Community, social, personal services	8	14
Transport	7	9
Wholesale and Retail	6	10
Mining and quarrying	5	9
Electricity; gas and water supply	4	5
Agriculture; forestry and fishing	0	1

3.4 Occupations Engineering qualified work

	118 700 Degrees	382 700 Post gr 12 certificates and diplomas
Managers & Senior Officials	37	17
Professionals	40	13
Technicians & Associate Professionals	11	18
Clerical Support Workers	1	10
Service and Sales Workers	2	5
Skilled Agricultural, Craft and Trades Workers	6	27
Plant and Machine Operators	1	6
Elementary occupations	0	5

Response of Skills Policy to Mismatches

1. **Skills Policy** must respond to the competing and seemingly contradictory imperatives.
2. **Economic growth and development:** The economy must respond to the twin challenges of participating in a globally competitive environment which requires high skills and a local context requiring low wage jobs.
3. **Improved levels of education and skills:** improved basic education, university and TVET progression and completion rates, increase STEM graduates and technicians, focus on unemployed youth with less than grade 12 certificate.
4. **Improved match between field of study and labour market destination:** 50% of graduates work in the public sector. Private sector needs to look at its human resource strategy to attract skilled graduates. Need to enrol and graduate higher number of SET students than required by SET professions.