



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

BUILDING ON THE CAPACITY OF THE STATE THROUGH PARTNERSHIPS: THE LABOUR MARKET INTELLIGENCE PROJECT

Presentation to the Human Resource Development Council

*Dr Nkosinathi Sishi
(DDG: Planning, Policy and Strategy)*

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Why Skills Planning?

- **Challenge for any government is to estimate the skills required to support inclusive economic growth and societal development**
- **Either wait for market (or social) failure and then respond? Or a pro-active planning process?**
- **Initial post-1994 attempts at skills planning were fragmented, uncoordinated, and lacking a long term vision and philosophy**

Skills Planning in SA: Historical Background (1)

- **Skills Planning in SA became dominant, and driven by highest level of government around 2004, as part of JIPSA (Joint Initiative for Priority Skills Acquisition)**
- **JIPSA tasked to identify urgent skills needs and effect quick and effective solutions**
- **Solutions included special training programmes, bringing back retirees and SA emigrants, and drawing in new immigrants where necessary**

Skills Planning in SA: Historical Background (2)

- **JIPSA identified the shortage of suitably skilled labour as a binding constraint for economic growth**
- **It identified professional skills such as engineers and scientists; managers such as financial, personnel and project managers; and skilled technical employees such as artisans and IT technicians as being in shortage**
- **The slowness of education and training institutions to catch up with the acceleration of economic growth at the time, was viewed as being key reason for skills shortages**

Skills Planning in SA: Historical Background (3)

- In 2009, Government committed itself to *establish a credible, institutional mechanism for skills planning*
- The newly established DHET was the natural home for this task, since it included components relating to both education (from the then DoE), and training (from the DoL)
- In 2012, DHET partnered with HSRC & WITS to support it to develop a credible, institutional mechanism for skills planning
- The initiative is known as the *Labour Market Intelligence Partnership (LMIP) Project*

Broader Context of LMIP

The LMIP Project is underpinned by several key policy frameworks. Most importantly:

- **A coherent National Qualifications Framework (NQF)**
- **The National Skills Development Strategy III**
- **The Medium Term Strategic Framework**
- **A Career Development Strategy**
- **The development of an integrated information system for PSET, namely, the Higher Education and Training Information System**

Aims and Objectives of the LMIP Project

- **The LMIP was designed to support Government to establish a credible, institutional mechanism for skills planning**
- **The five broad objectives of the research programme are:**
 - **Information and knowledge advancement;**
 - **Labour market intelligence;**
 - **Research capacity development;**
 - **Institutional capacity development; and**
 - **Research dissemination**

Key Outputs of the LMIP Project

Tools:

- **A Research repository**
- **A Forecasting model**
- **A Dictionary on Skills Supply and Demand**
- **A Compendium of Indicators for Skills Planning**

Events:

- **74 Presentations made at a large variety of events**
- **8 Policy Round Tables**
- **2 Ministerial Briefings**
- **1 Research Colloquium**
- **19 Seminars**

Key Outputs of the LMIP Project (3)

Capacity building:

- **4 Learning Sessions for DHET staff and SETAs**
- **21 Bursaries for post-graduate students in Labour Market studies**
- **11 interns and junior researchers**

Documents:

- **25 Research Reports**
- **41 Research Papers**
- **18 journal articles**
- **5 books**
- **14 Policy Briefs**
- **3 Guides**
- **23 LMIP Briefings**
- **3 LMIP updates**

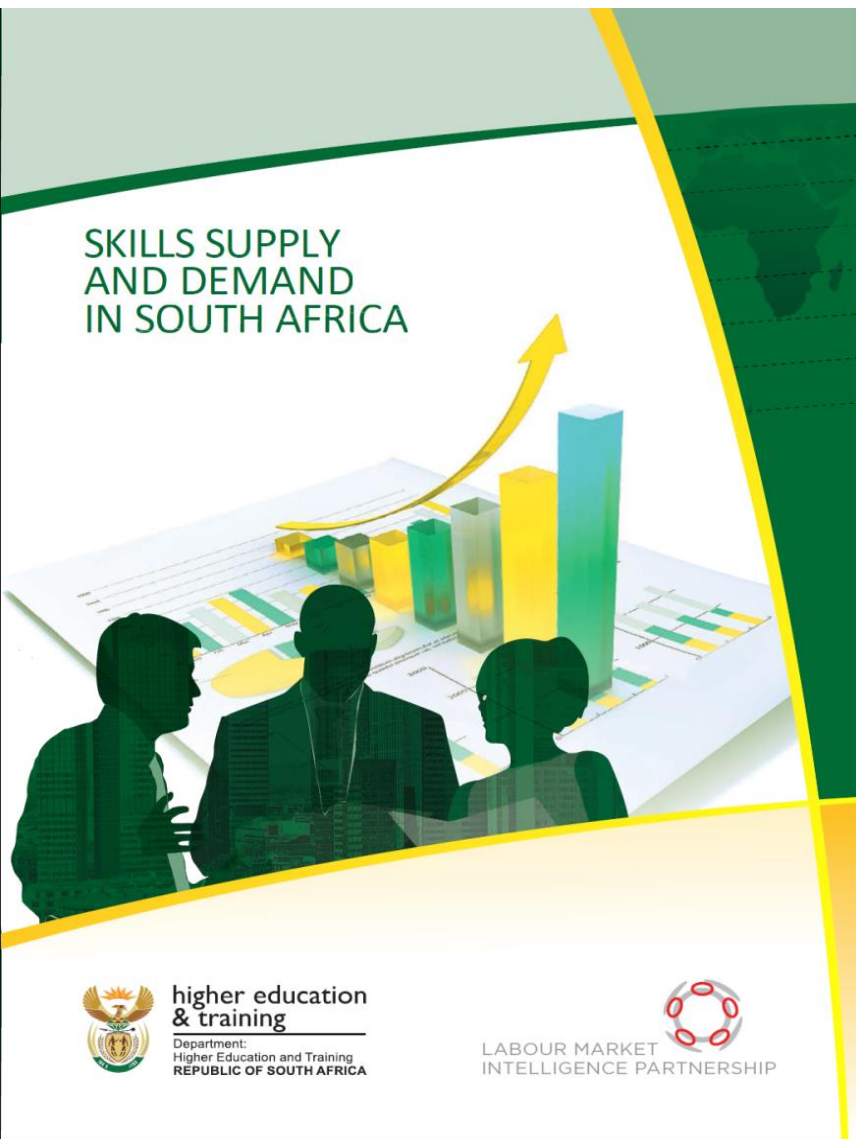
KEY LMIP REPORTS

Key LMIP Reports (1)

- ***Occupational Shifts and the key Challenges facing the Economy*** (Analyses of economic and occupational trends)
- ***Roadmap for the Skills Planning Mechanism*** (Provides recommendations for the building of the skills planning mechanism)
- ***Indicators and Data to Support Skills Planning*** (Identifies key indicators and data that can be used for skills planning)
- ***A model for forecasting skills supply and demand*** (The Econometric model and report provides forecasts about growth in economic sectors, occupations and qualifications)
- **Graduate Tracer Studies** (Provides information about the destinations of University and TVET College graduates)
- **Pathways from matric to Universities** (Identifies the characteristics of matriculants who enter Universities, and those who do not)
- All LMIP reports can be found on the LMIP website: www.lmip.co.za

Key LMIP Reports (2)

Report on Skills Supply and Demand in South Africa



- Is an innovation
- Purpose is to provide a holistic understanding of the current supply and demand for skills in South Africa
- The analytical approach is a departure from manpower planning
- Unravels the complexities and intricacies on how supply and demand interact in the South African society and economy
- Draws implications for Skills Policy

Key LMIP Reports (3)

Forecasting Skills Supply and Demand

- **The econometric model improves capacity of the state to make projections about future skills needs**
- **The report on skills projects provides information about the ffg:**
 - **Projections of macroeconomic performance including employment for 45 sectors**
 - **Projection of demand for 11 aggregates occupations**
 - **Projection of demand for 7 aggregates educational qualifications**
 - **Projection of supply for 7 levels of educational qualifications by race, gender and province**
 - **Projection of workforce skills under alternative education scenarios**
- **The Report can be found on DHET website: www.dhet.gov.za**

Key LMIP Reports (4): Occupations in High Demand

- The Department gazetted a list of *List of Occupations in High Demand* in 2014 and 2015
- Over 340 occupations are considered to be in high demand
- They include occupations in the following categories:

Managers

Professionals

Technicians and associate professionals

Clerical support workers

Service and sales workers

Skilled agricultural, forestry, fishery, craft and related trades workers

Plant and machine operators and assemblers

WHICH OCCUPATIONS ARE IN HIGH DEMAND?

1. Chief executives, senior officials & legislators
2. Administrative & commercial managers
3. Production & specialised services managers
4. Hospitality, Retail & other services managers
5. Physical, mathematical & engineering science professionals
6. Health professionals
7. Teaching professionals
8. Business & administration professionals
9. Information & communication technology professionals
10. Legal, social and cultural professionals
11. Science & Engineering associates professionals
12. Health Associates professionals
13. Business & Administration associate professional
14. Information & Communication technicians
15. Customer service clerks
16. Numerical & material recording clerks
17. Personal care workers
18. Protective service workers
19. Building & related trade workers
20. Metal Machinery & related trade workers
21. Handicraft & printing workers
22. Electrical & Electronics trade workers
23. Food processing, wood working, garment & other craft related trade workers
24. Stationary plant & machine operators
25. Assemblers
26. Drivers & mobile plant operators

KEY FINDINGS FROM LMIP

The Economy And Demand For Skills

- The South African economy characterised by 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 dependence on high-skilled financial services
- 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 sector experiencing significant employment growth is the state sector and this is not sustainable

Economic Growth and Employment Outcomes

Employment, Unemployment and Labour Market Participation (in '000); 1995-2016

Category	1995 (Oct)	2005 (Sep)	2016 (July)	Change (1995 - 2016)		Target Growth Rate (1995 - 2016)	Employment Absorption Rate (1995 - 2016)
				Absolute	Percent (%)		
Broad Definition							
Employment	9 515	12 301	15 545	6 030	63.37	104.6	60.6
Unemployment	4 239	7 800	8 160	3 921	92.5		
Labour Force	13 754	20 100	23 705	9 951	72.35		
Narrow Definition							
Employment	9 515	12 301	15 545	6 030	63.37	101.2	62.6
Unemployment	2 032	4 487	5 634	3 602	177.26		
Labour Force	11 547	16 788	21 179	9 632	83.42		

Employment growth insufficient to absorb rapidly expanding supply of workers. Rising number of discouraged workers. Employment grew by 63.4% instead of the targeted 104.6% to absorb new job seekers.

Changes in enrolment between 2010 & 2015

	2010	2015
Public TVET College	358 393	737 880
Private FET College	46 88	88 203
Public HEI	892 936	985 212
Private HEI	90 767	147 210
Adult Basic Education and Training (ABET)	297 491	---
Community Education and Training (CET) colleges	297 634 ^a	283 602
Total	1 686 469	2 242 107

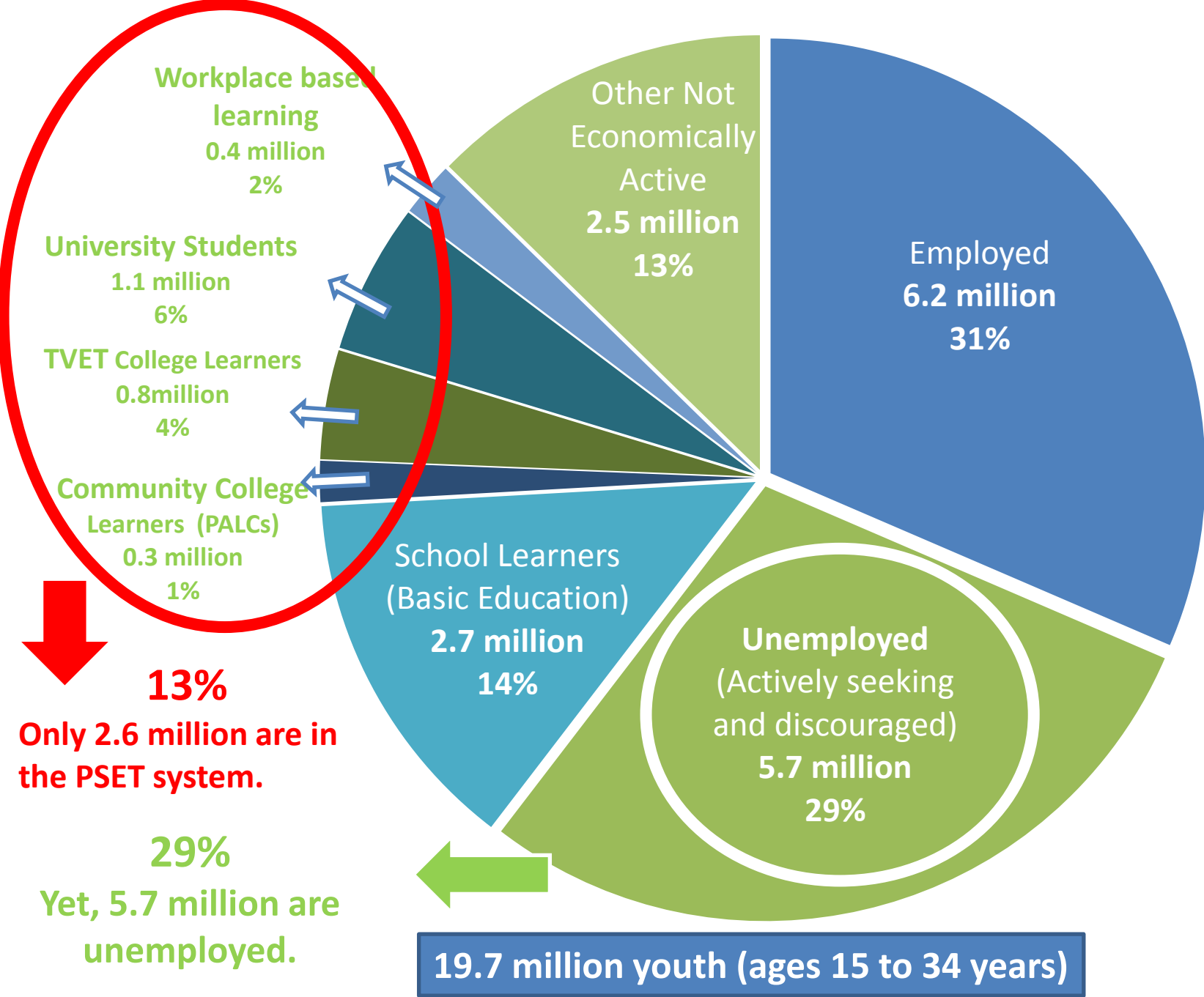
NDP Targets:

- Higher Education: **1.62 m**
 - TVET colleges: **2.5 m**
 - CET colleges: **1 m**
 - Artisan: **30 000**
- Increasing total PSET enrolments to 5.6 million by 2030, represents a roughly 150% increase in total enrolments between 2015 and 2030

Source: DHET (2013,2017)

^aThis figures comes from the 2011 DHET report since CETs were not captured in the 2010 data.

The Statistical Release on National and Provincial Labour Market: Youth for Q1: 2008 to Q1: 2015 and DHET information provided to the Presidential Commission on Higher Education and Training



13%
Only 2.6 million are in the PSET system.

29%
Yet, 5.7 million are unemployed.

19.7 million youth (ages 15 to 34 years)

Education level of the unemployed youth

Unemployed
(Actively seeking
and discouraged)
5.7 million
29%

Of the 5.7 million
unemployed youth,
4.8 million (93%)
either have an
education level of
matric only (33%) or
below matric (60%),
with few having
tertiary education.



Unemployed youth

	Million	%
Primary and lower	0.5	9%
Secondary incomplete	2.9	51%
Secondary complete	1.9	33%
Tertiary	0.4	7%
TOTAL	5.7	

This means, that the **majority (93%)** of the unemployed may be able to acquire skills through the **CET system** (incl. skills programmes) and **TVET system** (incl. occupational programmes).

NOTE:

Of those that pass their National Senior Certificate (**matric**)
+/- 30% qualify for university entrance.

Thus, **70% must be catered for by TVET** system and those **without matric by the CET system** in the main.

Fourth Industrial Revolution (1)

- Represents new ways in which technology becomes embedded within societies and even the human body
- Idea of smart factories in which machines are augmented with web connectivity and connected to a system that can visualize the entire production chain and make decisions on its own
- We need to respond to changes in demand for skills and technologies used in workplaces, the globalisation of production, the increasing utilisation of ICTs and related matters
- In 10 years time, many existing occupations may not be needed, because of possible: driverless cars, on-line shopping, robots, tele-presence technologies, which will mean that people may not need to be physically present in meetings

Fourth Industrial Revolution (2)

- **Artisanal occupations have been particularly affected**
- **Artisans are required to have greater administrative and managerial skills, which have not traditionally been viewed as part of the scope of practice**
- **Artisanal work has also elevated in terms of the knowledge and skills required, since artisans must understand new technologies and automation for them to be successful in the workplace**
- **This also impacts on the manual dimension of artisanal work, which is a central component of the notion and identity of artisans**

How will we use Labour Market Intelligence To Inform Skills Planning?

- **Provide information for Career Guidance**
- **Identify qualifications and programmes that Colleges and Universities should prioritise**
- **Inform enrolment planning at Universities and Colleges**
- **Tells us whether we need to develop new qualifications**
- **Guide resource allocations**
- **Guide allocation of bursaries and scholarships (eg NSF, NSFAS, SETAs, employers)**
- **Inform immigration strategies**
- **Guide SETAs, Skills Development Providers and Employers on prioritisation of skills development programmes**

Recommendations from LMIP (1)

- ***Understanding future skills needs:*** Estimates from Labour Market Intelligence provide signals about the future. There are no guarantees about the future (as was evidenced by the 2008 world economic meltdown). Skills planning must therefore be approached as a strategic exercise rather than a bureaucratic target setting exercise.
- ***Understanding the relationship between Education and Employment:*** Education and skills are a necessary, but not a sufficient condition for economic growth and employment. Other interventions are essential to drive economic growth and job creation.
- ***PSET Planning:*** must respond to the competing and seemingly contradictory imperatives.

Recommendations from LMIP (2)

- ***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.
- ***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.
- ***Improved match between field of study and labour market destination:*** Need to enrol and graduate higher number of SET students than that required by SET professions.

Sustaining the work of the LMIP Project (1)

- **Establish the PSET System Planning Unit as committed to in the White Paper on PSET. This unit will continue to update the research undertaken through LMIP**
- **The Department will continue to provide policy briefs and information updates about skills needs in a variety of formats**
- **The Department will continue to develop a list of occupations in high demand, every two years**
- **The Department will continue to publish a report on Skills Supply and Demand, every two years;**
- **The Department will maintain and update the research repository on PSET;**

Sustaining the work of the LMIP Project (2)

- **The Department will continue to use and maintain the skills portal developed by the SIPs project for use by all stakeholders**
- **The Department will continue to strengthen the community of practice among stakeholders, that has been built through the LMIP project over the past 5 years.**
- **The Department is in the process of institutionalising regular graduate destination studies for University and TVET College graduates, and for SETA-supported learners in Learnerships, Internships and Apprenticeships**
- **The work on the NQF, and in particular RPL, will be strengthened in order to respond to skills needs**

CONCLUSION

- **Since 2009, we have strengthened our understanding of the Labour Market, and its implications for skills planning**
- **We have learnt from the limitations of Manpower Planning approaches to skills planning, and have acknowledged the importance of using *signaling approaches* to skills planning**
- **We have learnt that when we speak about skills planning, we are actually talking about planning for the education and training system as a whole**
- **We have learnt that in order for us to understand skills needs for societal development, each national government department needs to identify skills needs in their respective sectors, in order to prepare for major programmes and projects, and to prepare for future growth in their sectors**

CONCLUSION (2)

- **We have learnt that the notion of partnerships has to be expanded to include the building of relationships with other national government departments (such as Home Affairs, Health, Basic Education, Water and Sanitation etc), as well as provincial governments**
- **We have learnt that we need to work closely with the planning platforms of other government departments in order to improve the capacity of the state to respond to skills needs**
- **We have learnt that in order to respond to the NEETs crisis (those not in employment, education or training), we need to identify opportunities for sustainable livelihoods in local communities, and identify and implement skills development interventions**

CONCLUSION (3)

Finally, the Department commits to ensuring that planning in the education and training system is informed by appropriate evidence, and that South Africa responds to the skills needed by society and the economy



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Thank You