



POLICY BRIEF

Investigating employer interaction with the Employment Services of South Africa (ESSA)

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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, education and training. In order to address this need the DHET initiated a four year Labour Market Intelligence Partnership (LMIP) project, with research to be conducted by an HSRC consortium. The project investigates labour market and skill issues, with a view to produce recommendations on how education and training institutions could respond to signals from the labour market, with the goal of developing a credible skills planning mechanism for South Africa.

Public employment services (PES) are some of the key active labour market policy instruments used by governments to facilitate employment. The core function of employment services (ES) is to match job seekers with employers. ES acts as an intermediary, facilitating access and information sharing between organisations with vacancies and people seeking gainful employment. Within South Africa these services are provided by the Employment Services of South Africa (ESSA) within the Department of Labour (DoL).

This policy brief is based on an analytical study, with the objective to **investigate employer interaction with the ESSA system** while considering the status of ESSA in the context of employer perceptions of, and engagement with, the various recruitment channels available to employers. In addition, the study explored two major sub-themes, including:

- How the actual sectoral location of employers, their skills needs, and their perceptions of ESSA services can influence how employers interact with ESSA services.

- How employer behaviour impacts on the extent to which ESSA's administrative data can be used for skills planning purposes.

To address these issues the study utilised a mixed-method approach. A survey methodology was adopted that canvassed employers' attitudes to, interactions with and experiences of ESSA and was supplemented by a number of interviews with Labour Centre managers. In addition, a brief desk top study was employed in order to draw international comparative examples on the ways in which other countries have approached Public Employment Services (PES).

Background

The focus of the study on which this brief is based is to investigate employer interaction with ESSA and to consider ESSA in the context of other recruitment channels used by employers. The ESSA system, located in Labour Centres dispersed throughout South Africa, is a resource of direct relevance to skills planning: its function is to match labour demand and supply through an administrative system that is partially enabled on the Internet. Recorded transactions generate administrative data that can be analysed in order to understand how well it performs its role of supporting its main clients: enterprises with vacancies and unemployed workers. The ESSA database consists of vacancy and work seeker information that is uploaded on the system at the Labour Centre that the clients physically visit, or that is entered by clients on the Internet. So far, the bulk of uploading takes place as a result of visits to a Labour Centre rather than on the Internet.

The ESSA system can contribute two major skills planning and employment functions. First, the ESSA system can contribute substantially to matching labour demand with supply through acting as a formal intermediation mechanism. To this end, the success of the PES service will depend on increasing the number of job opportunities registered and on the number of work seekers registered across the spectrum of occupations from low-level to intermediate- and high-level skills. An increase in employer involvement is of central importance to the ESSA system – specifically, an increase in the number of vacancies posted. Second, ESSA data, as long as it is of quality, can offer skills planners important insights into the particular characteristics and activities of the user population. From a secure platform of data integrity, ESSA could continually enhance the reliability of its service and grow its client base, which would, in turn, improve the analytic value of its information.

International Context for PES

In order to set the context for an investigation into the ESSA system the study explored international models from the United Kingdom, Singapore, Brazil and the Philippines with the intention of identifying ways in which other countries have approached public employment services (PES). The models selected were not intended to serve as templates for South African conditions; rather, they represent the divergent experiences of the selected countries and offer lessons that may be absorbed by the local system in seeking to improve the service. Comparisons with other countries are useful, but it is important to distinguish between learning from principles and copying models mechanistically without taking context into account. Key lessons drawn from this survey include:

- Online portals do not make walk-in centres redundant.
- PES job matching is most successful where structural or long-term unemployment is low.
- In some countries PES has been linked to the administration of unemployment benefits.
- The effectiveness of PES is difficult to measure.

Key Findings

The study conducted a quantitative survey to unpack employers' interactions with the Employment Services of South Africa (ESSA) system. The survey raised a number of important issues which serve future decisions regarding the ESSA. Key findings include:

- Employers use a variety of recruitment channels, of which ESSA is one.
- More than half of respondents who use ESSA do not use it for ALL of their vacancies.
- Employers perceive ESSA to be mainly a source of intermediate- and low-skilled workers.
- ESSA has limited capacity to respond to the needs of employers, like public entities, that may require higher skilled workers.
- The majority (56%) of successful matches made through ESSA result in long-term placements.
- Employers are comfortable accessing ESSA services online.
- Improvements to the ESSA system desired by employers include assistance to work seekers in preparing for job searches and interviews as well as improved screening of candidates.

Implications for Skills Planning

The study revealed a number of important implications for skills planning and the future of the ESSA systems. These results include the following conclusions:

- **The introduction of an online ESSA platform for PES is desirable.** Many ESSA clients have access to the technology necessary to utilise an online system. Furthermore, an online system could create substantial savings in transaction costs while improving the ability to monitor employment data. However, many potential users do not have access to computers, and few Labour Centres have their own workstations for clients to use.
- **It is important to ensure that information generated at Labour Centres is captured electronically on the ESSA electronic platform.** This will ensure the consistency, accuracy and validity of labour market information generated through the ESSA platform.
- **The ESSA system should be committed to fulfilling a low-skilled niche.** The system already has a preponderance of low-skilled vacancy registrations and work seekers and has proven less effective in addressing medium- or high-skilled vacancies.
- **Ongoing research on ESSA trends would be valuable.** Future research should monitor changes in the employers who use ESSA, their employment needs and their opinions on services rendered.
- **Greater coordination with the Department of Labour (DoL) is desirable.** Areas for cooperation include a shared strategy for the ESSA system and plans for the sharing of employment data generated through the ESSA.
- **Cooperation with Department of Higher Education and Training (DHET) institutions would add value to ESSA services.** A link with the DHET would help target individuals for skills upgrading.



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