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INTELLIGENCE PARTNERSHIP

Investigating Employer Interaction with the Employment Services of South Africa (ESSA)

Fabian Arends, Sybil Chabane and Andrew Paterson

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ABBREVIATIONS AND ACRONYMS

| | |
|-------|---|
| CSO | client service official |
| CV | curriculum vitae |
| DHET | Department of Higher Education and Training |
| DoL | Department of Labour |
| dti | Department of Trade and Industry |
| ES | employment services |
| ESSA | Employment Services of South Africa |
| HSRC | Human Sciences Research Council |
| IT | information technology |
| LC | Labour Centre |
| LMIP | Labour Market Intelligence Partnership |
| MoU | memorandum of understanding |
| NSF | National Skills Fund |
| PEAs | Private Employment Agencies |
| PES | public employment services |
| SIC | Standard Industrial Classification |
| SMEs | small and medium enterprises |
| SMMEs | small, medium and micro-sized enterprises |
| UIF | Unemployment Insurance Fund |

PREFACE

The 2009 South African government administration, informed by a results-focused philosophy, identified 12 priority outcomes for the country. Government departments are committed to a 'joined-up' approach to deliver on each of the outcomes. Outcome 5 refers to 'a skilled and capable workforce to support an inclusive growth path', and the delivery of this outcome is being led by the Minister of Higher Education and Training.

Delivery Agreement 5 consists of three parts, with Output 5.1 committing the Department of Higher Education and Training (DHET) to establish a credible mechanism for skills planning, in collaboration with 20 national and provincial ministries. The DHET commissioned the Human Sciences Research Council (HSRC) to support the DHET in establishing a credible institutional mechanism for skills planning (Memorandum of Agreement between the DHET and the HSRC, February 2012).

To inform the architecture of the skills planning mechanism, the following reports have been written:

- Marcus Powell & Vijay Reddy (2014) *An Architecture for Skills Planning: Lessons and Options for Reform in South Africa*, Report 9
- Marcus Powell & Vijay Reddy (2014) *Roadmap for the Implementation of a Skills Planning Unit*, Report 10
- Marcus Powell, Vijay Reddy & Andrew Paterson (2014) *Approaches and Methods for Understanding What Occupations Are in High Demand and Recommendations for Moving Forward in South Africa*, Report 11
- Cuen Sharrock & Sybil Chabane (2015) *International Comparative Analysis of Skills Planning Indicator Systems across National Contexts*, Report 12
- Vijay Reddy & Marcus Powell (2015) *Indicators and Data to Support Skills Planning in South Africa*, Report 13
- Andrew Paterson, Mariette Visser, Fabian Arends, Menzi Mthethwa, Thembinkosi Twalo & Titus Nampala (2015) *High Level Audit of Administrative Datasets*, Report 14
- Fabian Arends, Sybil Chabane & Andrew Paterson (2015) *Investigating Employer Interaction with the Employment Services of South Africa (ESSA)*, Report 15
- Bongwiwe Mncwango (2015) *Public Attitudes Towards Work in South Africa*, Report 16
- Xolani Ngazimbi & Marcus Powell (2015) *Information and Skills Planning for the Workplace: Case Studies of Companies in South Africa*, Report 17
- Lynn Woolfrey (2013) *South African Labour Market Microdata Scoping Study*, Working Paper 2
- Andrew Kerr (2013) *Understanding Labour Demand in South Africa and the Importance of Data Sources*, Working Paper 5

EXECUTIVE SUMMARY

Public employment services (PES) are one of the key active labour market policy instruments used by governments internationally to facilitate employment. The core function of employment services (ES), both public and private, is to match job seekers with employers. ES acts as an intermediary, facilitating information sharing and access between organisations with vacancies and people seeking gainful employment.

In the process of intermediating demand and supply, the administrative function of ES generates administrative information about labour market demand and supply that is relevant to skills planning. The quality of service that ES generates as part of its primary function of maximising matches depends on the integrity of the data that is captured – poorly captured and managed data will generate low numbers of, or inappropriate, matches. Ideally, quality of service and quality data will improve rates of matching, which, in turn, attracts increased enterprise and worker participation, leading to a rising share of all labour market matching transactions and generating data of greater value to skills planning.

The focus of the present study is to investigate employer interaction with the Department of Labour's Employment Services of South Africa (ESSA) system and to consider the status of ESSA in the context of employer perceptions of, and engagement with, various recruitment channels available to employers. The study explores how the actual sectoral location of employers, their skills needs, and their perceptions of ESSA services can influence how employers interact with the free government matching service. In turn, employer behaviour impacts on the extent to which ESSA's

administrative data can be used as part of the system of demand-side data that is needed for skills planning purposes. To address these issues, 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.

Key findings

The findings of the survey on ESSA raise some pertinent issues that can usefully inform the way forward:

- For recruitment purposes, employers use ESSA as one of several channels, ranging from the formal to the informal;
- A slight majority of respondents (50.6%) do not post all their vacancies on ESSA;
- Employers perceive ESSA to be mainly a source of intermediate- and low-skilled workers;
- Public entities, which list all their vacancies on ESSA, predominantly require highly and intermediate-skilled workers, but ESSA has limited capacity to respond to this need;
- The majority (56%) of successful matches made through ESSA result in long-term placements;
- Employers are accustomed to accessing ESSA services online via Labour Centres; and
- Employers signal how to improve the system through assisting work seekers to prepare for job searches and interviews, by way of programmes to improve employability, and by screening of candidates.

Lessons learnt from the international experience include the following:

- The introduction of online portals does not make walk-in centres redundant. They are still an essential vehicle for the delivery of various PES;
- PES job matching is most successful in environments where structural or long-term unemployment levels are relatively low (deep-seated, structural labour market disequilibria call for strategies to support alternative or informal employment initiatives);
- Some countries have linked delivery of PES to the administration of unemployment benefits in different arrangements, with different effects; and
- Measuring the effectiveness of PES remains a challenge for almost all countries (in the end, perception surveys of users may be the most reliable measure of effectiveness).

These findings have the following implications for skills planning:

- Four factors made this research project attractive and its goals achievable. Firstly, an investigation of enterprise interaction with ESSA has hitherto not been undertaken since ESSA was initiated. Secondly, the ESSA system as a labour market intermediary is of critical importance to government's active labour market policy in improving the matching of demand and supply in the labour market. Thirdly, ESSA as a free-of-charge service is open to enterprises and individuals most vulnerable to labour market imperfections, and is therefore particularly important for its focus. Fourthly, ESSA has its own administrative data system, which was made available for this research and which could be considered of value for skills planning purposes.
- The introduction of an online ESSA platform for PES is a natural progression given the need to take advantage of the ability of clients with technology to use it. However, the most important challenge is that many potential users do not have access to computers, and few Labour Centres have their own workstations for clients to capture their information onsite.
- In order to ensure the consistency, accuracy and validity of labour market information

generated through ESSA, it is important to ensure that information generated at Labour Centres is captured electronically on the ESSA electronic platform, as physical files can be lost, forgotten or misfiled, or become irrecoverable.

- This research has demonstrated that no single system, channel or method can fulfil all recruitment requirements across skills levels, sectors and enterprise sizes. Given that the ESSA system has a preponderance of low-skilled vacancy registrations and work seekers, this correspondence is good reason to commit the system to a low-skilled niche approach.
- This research would realise extended value if it serves as the basis for an instrument to monitor changes in the employers who use ESSA, their employment needs and their views of the service received. The current report could serve as the first iteration of an ongoing research initiative.
- In terms of practicalities, two aspects can be pursued. The first is to negotiate with the Department of Labour (DoL) regarding a shared strategy for the ESSA system, with a stronger focus on low-skilled occupations – with niche vacancy registration of government posts that is augmented by further registrations from the private sector. The second would be to enter into a memorandum of understanding (MoU) with the DoL that sets out the plan for sharing data coming from ESSA. This would require agreement on the formats for data transfers.
- PES is currently limited in what it can offer. Thus it is pretty much restricted to improving curricula vitae (CVs) and interview techniques, and providing job searching. It has no resources to train and upskill active work seekers. A link with Department of Higher Education and Training (DHET) institutions would be a positive development in targeting people for skills upgrading. The interaction between ESSA and the DHET would entail diagnosing skills needs of work seekers registering on ESSA, and targeting skills programmes offered through DHET institutions in the spatial vicinity of Labour Centres.

This data will be used for the purposes of skills planning and analysis.

1. INTRODUCTION

Government administrative data systems have been targeted by the Department of Higher Education and Training (DHET) to assess their potential to generate data and information that can support skills planning. An important finding from the High Level Audit of Administrative Databases commissioned by the DHET was that, among the databases investigated, some would contain data relevant to skills planning but might not be sufficiently developed to justify immediate transfer into the skills planning mechanism. An example was the Employment Services of South Africa (ESSA) database, which, according to the audit report, must be allowed some time to mature in order to show consistent levels of quality and accumulate a sufficient number and spread of records to justify inclusion in the mechanism.

Taking into account the recommendations of the High Level Audit report, the practicality of incorporating the Department of Labour's (DoL's) ESSA database into the skills planning mechanism will be considered. This includes investigating the type and quality of data produced by ESSA, and how it could be used by the skills planning mechanism. The potential benefits of using ESSA data would be to better understand employers' recruitment practices and to establish how ESSA competes with other enterprise recruitment methods.

Public employment services

Public employment services (PES) are some of the key active labour market policy instruments used by governments to facilitate employment. PES coexists with private employment agencies in the market as

labour market intermediaries that offer different services that work seekers and employers can select according to their own purposes and affordability. In general, PES offers its services at no additional cost to users, being funded out of the public fiscus. By contrast, private agencies charge fees for employers and individuals who use their services.

The core function of employment services (ES), both public and private, 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. The ES mandate is to support matching through widening the choice and optimising the decisions of employers and employees. In a world with perfect information, the labour market would be self-regulating, and both parties would be able to find each other. The reality is that both employers and work seekers operate with imperfect information and need assistance in determining a good match. ES bridges this divide by clarifying the needs of the employer and screening prospective applicants to assess their suitability for a given position. When an ES does this brokering well, both parties enjoy the benefits and will return if they need similar services in the future. The success of this model is based on the assumption that employers and work seekers have confidence in an ES to find a good fit for their needs. To continue using the services of an ES, employers need to believe that an ES will contribute substantively to their search for suitable candidates. This creates a virtuous cycle in which the more successful an ES, the more employers will use its services. In turn, the ES can further improve its

services through gaining in coverage of the market and offering itself as the provider of choice. Moreover, greater numbers of participants may increase the number of matches realised, recognising, nevertheless, that increased numbers of participants and higher rates of matching are not collinear. The records in the ESSA of registrations and matches can become a repository of valuable labour market information, which can then support analysis of patterns of supply, demand and matching.

Skills planning involves understanding all forms of matching and intermediation. 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.

From a skills planning perspective, the ESSA system can contribute substantially to matching labour demand with supply through acting as a formal intermediation mechanism. There are two characteristics of the PES service that influence its impact. The quality of service it generates in its primary function of maximising matches depends on the integrity of data that is captured – poorly captured and managed data will generate low numbers of, or inappropriate, matches.

The success of the service is also influenced by the distribution of skills levels and experience among work seekers registered on the system in relation to the distribution of the job opportunities across sectors and occupational skills levels offered by enterprises. The concentration of job opportunities

by skills level on offer will not necessarily correspond to the types and levels of skills possessed by work seekers on the system. This may reflect aggregate mismatch between demand and supply across the whole labour market. It more likely reveals the extent to which the skills of participating registered work seekers overlap with jobs offered by participating enterprises.

Therefore, 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.¹ These concentrations will differ according to the shape and growth rate of the local economy and its associated labour market in which each individual Labour Centre and PES are located. Outside of the densely populated urban metropolitan areas, PES in smaller towns in rural areas will predominantly service the low-level skills needs of the local economy where work seekers are isolated from other markets by distance and travel costs. For employers and work seekers alike, finding a match that entails short commuting distances is particularly valuable for low-skilled workers, given the substantial contribution of transport costs to household expenses and to labour costs. Consequently, even though an overall national distribution of supply and demand within the ESSA system is available, actual matches will come to light and be accomplished when the occupational and skills characteristics required by jobs and those offered by work seekers coincide at the local level.

The success of the PES system and its impact are of direct relevance to skills planners in terms of the quantum of its contribution to matching, which is the primary goal of skills planning. As an administrative system housed within a government department, ESSA should have records of all transactions from registrations to matches – both successful and unsuccessful – and of the distribution of these transactions across economic sectors, occupations, skills levels and enterprise sizes. In other words, the ESSA data system has the potential to yield valuable information about the shape and performance of the labour market for the

purposes of skills planners. Admittedly, the ESSA system will not yield a complete picture in comparison with developed-country PES systems, which can comprehensively administer and track almost all labour market intermediation. Essentially, however, it gives us an estimate of the level and range of labour market clearing.

Because ESSA is available to all work seekers and employers as a free service by government, it will reflect on the matching of all participants who, for various reasons, want to, or need to, use it: the reasons being that it is affordable and offers an alternative to other paying services or it can be used in combination with other services. Therefore, 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.

The focus of the present study is to investigate employer interaction with ESSA and to consider ESSA in the context of other recruitment channels used by employers. An increase in employer involvement is of central importance to the ESSA system – specifically, an increase in the number of vacancies posted. Of particular interest will be the skills levels and sectoral distribution of job vacancies posted by employers, as they may not necessarily associate a freely available public service with the provision of highly skilled workers.

The study will also explore how interaction with employers, as well as the sectoral and skills level of activity of employers and work seekers, could have a positive impact on the extent to which data can be used as part of the system of demand-side data that is needed for skills planning purposes. The argument is that, with an increase in employer

participation, the quality of labour-demand data will improve and skills and occupations in demand will be more clearly and reliably revealed. A key issue would be how to increase employer involvement and administrative systems so that the resulting demand-side data increases in value for skills planning. ‘Employer participation’ refers to employers registering their occupational vacancies on ESSA and actively responding to job seeker candidates that ESSA recommends to them by selecting and employing candidates.

Structure of this report

The remainder of the report is structured as follows:

Section 2 consists of a literature review that draws on international comparative models and a profile of the DoL’s ESSA.

Section 3 presents the research design and a brief overview of the methodology adopted for this research.

Section 4 contains a discussion of the most salient findings from the Employer Survey and Labour Centre manager interviews. This discussion appears in the following subsections: a profile of firms using ESSA, with reference to sector and size; reasons of enterprises for using ESSA; an analysis of employers’ preferred recruitment channels; a profile of the vacancies reported by employers and the various recruitment channels they employ; enterprises’ perceptions of ESSA’s usefulness or how it adds value to matching vacancies with work seekers; a consideration of ways to improve the ESSA service; and the role of ESSA in generating labour market information.

Sections 5 and 6 respectively set out the implications of the findings, and the conclusions and recommendations.

2. LITERATURE REVIEW

International comparative models

International models are presented here to identify the ways in which other countries have approached public employment services (PES). These models are not intended to be 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.

The selected countries encompass both developed and developing countries, with the experience of each country being born of local needs, circumstances and priorities. The models presented here are drawn from the United Kingdom, Singapore, Brazil and the Philippines. The first two countries have established social-security nets, which include social benefits and state-supported employment assistance. Singapore, in particular, has established itself as an innovator in many areas, and its approach to labour market policy often differs from other countries because of the geo-spatial and economic constraints it faces as an island. However, it is a very successful country, with interesting lessons for others. Brazil and the Philippines are more similar to South Africa, being at stages in their development where they are also addressing competing needs of highly dualistic societies and economies. Their approaches to employment services may offer useful lessons for South Africa because of similar economic and social circumstances. Nevertheless, it is important to note

that South Africa faces significant challenges with respect to placing work seekers in employment because of high unemployment levels. The official domestic unemployment rate of 25% is much higher than in the countries under review, which must of necessity draw attention to the competing interests that influence policy choices in those countries.

Based on data from the selected countries – where such information was available – the analysis presented here addresses the following issues:

- The purpose and scope of the service;
- The range of services;
- Modes of service delivery; and
- Measuring the effectiveness of the PES.

These issues are not documented in the same way, and not all countries have addressed each of these elements fully.

The purpose and scope of the services

The scope of all the public employment services under review was similar to that of South Africa. At its core, the scope is aimed at facilitating matching of work seekers with available employment opportunities within the local economy. Some of the notable differences arise with respect to the nature of services provided and in the links with national social-security nets.

In the United Kingdom, the PES platform, known as Jobcentre Plus, is an agency of the Department of Works and Pensions. Its purpose is: to provide support for people of working age (16–65); to help disadvantaged groups to compete more effectively in the labour market; to help employers to fill their

vacancies; and to provide allowances for living costs as people make the effort to become employed (Well Aware 2014). Though historically the service was available to both unemployed and employed work seekers, recently the focus has shifted to support only unemployed work seekers and those claiming benefits in order to facilitate their entry or reintegration into the labour market. Employed work seekers are free to use the online portal, but receive no direct support from the contact centres.

The Brazilian and Philippine models are similarly focused on matching employers and work seekers. The key difference is the inclusion of support for entrepreneurs in their mandate. In Brazil, there is recognition that formal employment is not the only avenue for participation in the labour market and, therefore, self-employment is actively encouraged via the PES. The PES directly administers special credit facilities for beneficiaries as part of the basket of services offered to entrepreneurs. The aim is to support the entrepreneur as a direct beneficiary and to create employment through supporting viable enterprises.

The Philippine approach focuses on directing entrepreneurs to services and resources such as training and other support services that are available through local government, non-governmental organisations and community-based initiatives. In this respect, the services are quite similar to those available to work seekers, the difference being the focus on employment or self-employment. The Philippines is currently in the process of implementing a major employment reform programme (Department of Labour and Employment, Philippines 2014).

Singapore has a slightly different approach to PES. It faces circumstances that differ from most other labour markets by virtue of its geographic position and economic structure. Singapore has a highly vibrant and successful economy that is constrained by a small population and physical landmass. Unlike other countries, one of its key challenges is finding enough people to meet its demand for labour across the skills spectrum. At the lower skills end, Singapore imports migrant workers from neighbouring states. At the high skills end, it

provides incentives and facilitates inward migration of skilled workers from across the globe. Accordingly, Singapore has two different vehicles for delivering PES. Firstly, it has a network of career centres (equivalent to our Labour Centres) whose function is to assist local work seekers to find employment and training opportunities. An online portal called Jobs Bank was launched in July 2014 with a view to extending the services of its physical career centres to a wider set of users locally and abroad. The market for employment is becoming global. The pool is becoming smaller for highly skilled workers owing to retirements, and countries will therefore need to compete for skilled workers. Most countries now have to compete for high-level skills, as does South Africa.

The second vehicle is called Contact Singapore. The focus of Contact Singapore is on attracting both workers and investors from other parts of the world to live and work in Singapore. It has established offices in other parts of Asia, as well as Europe and North America, for this outreach purpose. The aim of both these channels is to support the advancement of the local labour market.

Range of services

The range of services offered by PES in the countries under review generally includes:

- Registration of work seekers;
- Registration of vacancies;
- Career guidance and counselling for work seekers;
- Delivery of, or referral to, training programmes in order to prepare work seekers for employment or reintegration into the labour market; and
- Preparation of curricula vitae (CVs) and preparation in interview skills (this is done in the United Kingdom, but is not indicated in other case studies).

Brazil and the United Kingdom have linked the delivery of employment services to work seekers with the administration of unemployment benefits. Recipients of such benefits are required to register as work seekers and to demonstrate active measures that they are taking to find employment. This link is much more rigidly enforced in the United Kingdom,

which has a robust, formal economy. Brazil faces similar challenges to South Africa with respect to chronically high structural unemployment, and thus the link with unemployment benefits is much less strictly adhered to. Instead, services have been extended to include a range of support mechanisms for entrepreneurship and employment creation.

Singapore and the Philippines offer settlement services to immigrants and returning migrants in order to facilitate their integration into the local labour market. Singapore also goes further and hosts career fairs and information/networking sessions for recent graduates and other entrants to the labour market.

Modes of service delivery

The most common mechanism for delivering employment services is through contact centres located throughout a country. The advent of technological solutions has not diminished the role played by walk-in centres, although core functions vary across the different countries in line with the services listed above.

The Philippines has a decentralised model of delivery that rests more with local government structures than with national or regional entities. In addition, strong links are established with local non-governmental and community-based organisations for outreach to, and support for, work seekers and entrepreneurs. These organisations often specialise, either by function or by beneficiary (such as disabled people), and are thus often better positioned to render an effective service.

Online portals for job matching between work seekers and employers are becoming increasingly popular. The United Kingdom has had an online presence in place for a number of years (UK Government 2014). It has two separate interfaces – one for work seekers and one for employers or recruiters – though, clearly, the two must share the foundational platform to facilitate the matchmaking function of the service. For work seekers, the focus is on accessing unemployment benefits, registering a CV and searching listed vacancies. For employers

and recruiters, the focus is on registering vacancies and searching through listed CVs.

Surprisingly, Singapore has only recently launched its portal, with the launch taking place in July 2014 (Singapore Workforce Development Agency 2014). The site is administered by the Workforce Development Agency. It is rich in information for work seekers, employers and recruiters, training providers, and anyone else with an interest in labour market programmes. It includes registration facilities, search facilities, links to useful resources and documents, and news and events updates. Whereas the Jobcentre Plus (JCP) in the United Kingdom is very minimalist and functional, the Jobs Bank is a more user-friendly and useful site for actively supporting work seekers and employers, with a rich array of information for a variety of users. Brazil and the Philippines make no mention of such portals, which does not mean they do not exist.

Measuring the effectiveness of public employment services

Determining the effectiveness of PES is not uniform across countries. The measures used will depend on the expected deliverables of each service. Few specific measures of effectiveness were reported for the countries in this study. However, more generalised studies on the performance of PES have been conducted for other countries or regions. They form the basis of the analysis presented in this section.

One measure of the success of any service is the proportion of successful matches made between work seekers and recruiters. However, even such a straightforward indicator is fraught with complexities. Is the proportion measured in relation to the total number of listings, or the total number of contacts initiated between users of the system? Does the length of the placement factor into the calculation – for example, how should seasonal placements be considered? These placements may be consistently available annually, but they may last for three months or less. In Brazil, where long-term unemployment is high, placement rates were very low relative to the demand for services. This led to the shift in focus toward supporting entrepreneurs,

in addition to providing traditional job-matching services. An evaluation of the credit incentive strategy found that it had mixed results. Apart from the credit facilities, beneficiaries received little business development support, which led to the failure of many of the enterprises supported.

In the United Kingdom, it is not easy to monitor the contribution of Jobcentre Plus to overall employment, as statistics are not gathered consistently. Moreover, the data that is collected includes the number of benefit claimants, as well as the number of vacancies registered by employers and recruiters. Most vacancies are 'fully open', which means that they can be filled through other means than PES channels. Thus, it is not always possible to track effectiveness of the service, as it is not always feasible to link any one placement to the intervention of the JCP. Over time, improvements made to the system have led to greater employer confidence, which can be viewed as one measure of effectiveness, as users rely on the service more consistently.

Ultimately, perception surveys may provide the most reliable and credible feedback in order to determine the effectiveness of PES. These may be supported by other performance indicators where the quality of such information is considered credible.

Profile of Employment Services of South Africa (ESSA)

Historically, PES in South Africa has been offered exclusively through Labour Centres, which offer three core services: labour relations advice, consultation and inspections; administration of unemployment benefits; and services for work seekers and employers. Owing to chronically high levels of unemployment that continue to characterise the South African labour market, Labour Centres have concentrated on assisting large numbers of people who sign up to claim their unemployment benefits from the Unemployment Insurance Fund. The ESSA system was introduced in 2007, at 125 Labour Centres of the Department of Labour (DoL), thereby recognising the need to improve on the performance of the market in matching work seekers with vacancies (Hornsby 2013).

According to the Employment Services Act 4 of 2014 (Republic of South Africa 2014), the functions of PES, currently administered by the DoL (Republic of South Africa 1998),² are to:

'[P]rovide the following public employment services free of charge to members of the public in a manner that is open and accessible:

- (a) Matching work seekers with available work opportunities;
- (b) registering work seekers;
- (c) registering job vacancies and other work opportunities;
- (d) facilitating the placing of work seekers with employers or in other work opportunities;
- (e) advising work seekers on access to education and training;
- (f) advising workers on access to social security benefits;
- (g) providing specialised services to assist vulnerable work seekers;
- (h) facilitating the exchange of information among labour market participants, including employers, workers and work seekers, private employment agencies, Sector Education and Training Authorities and training providers;
- (i) facilitating the employment of foreign nationals in a manner that is consistent with the object of this Act and the Immigration Act; and
- (j) generally, performing any other function in terms of employment law or prescribed in terms of this Act.

The same Act provides for the DoL to:

'[P]rovide the following services to facilitate the matching of work seekers to work opportunities:

- (a) vocational and career counselling;
- (b) assessment of work seekers to determine suitability; and

- (c) any other related life skills to secure employment or other forms of work.'

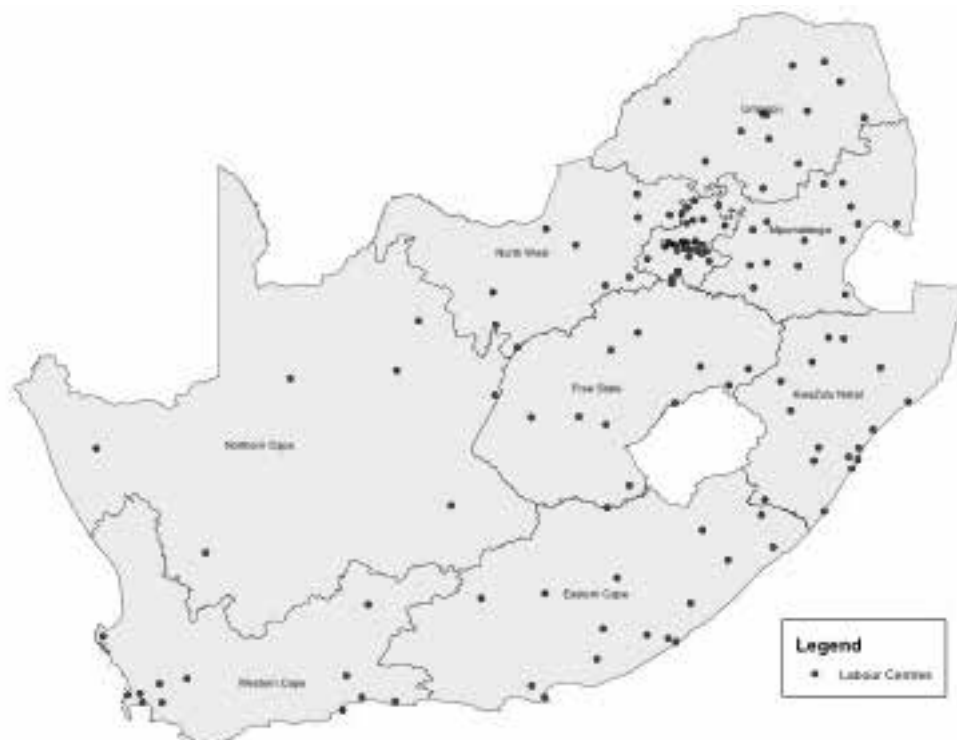
The DoL's Labour Centres are located across all major cities and their peri-urban areas, as well as in regional towns and smaller rural towns (see Figure 1 below). The Labour Centres, which number more than 100, are located in higher concentrations in densely populated areas such as Gauteng, and in lower distributions elsewhere.³ This study reports on documented enterprise and work-seeker interactions facilitated through the existing centres.

The facilities at Labour Centres providing front-line service delivery to the public vary in size from two to 20 or so rooms, consisting of public offices with front-office counters, sometimes computer rooms with workstations for work seekers to enter their data, and consultation rooms. Employment services practitioners provide the personnel backbone responsible for the delivery of all employment services within the catchment area of a Labour Centre. Their numbers are linked to the size of the centre as a function of the client population, but as many as ten or more practitioners may be employed at a larger centre.

All ESSA interactions between clients – work seekers and enterprises – and Labour Centres were conducted on a combination of face-to-face and telephonic meetings until ESSA⁴ was launched on the Internet. The introduction of an Internet channel for matching work seekers to available vacancies is a relatively new development, originating in July 2012. The benefits of this electronic platform are twofold: firstly, it offers an alternative vehicle for users to access the DoL's employment services; and, secondly, information generated through the job-matching process is captured electronically in a database environment that can be made accessible for skills planning purposes. The greater the number of registrations and matches that are recorded, the greater the likelihood that the data will provide a useful picture of trends.

The ESSA system encompasses the combined strengths of an Internet-based system and the Labour Centres as physical points of contact for matching the demand for, and supply of, labour within the broader ambit of PES. Therefore, ESSA will be used to refer to the system as a whole that is the focus of interest in this project.

Figure 1: Map showing distribution of Labour Centres in South Africa



3. RESEARCH DESIGN AND METHODOLOGY

Research aim

The main aim of the present study is to investigate employer interaction with Employment Services of South Africa (ESSA) and to consider ESSA in the context of other recruitment channels used by employers. The greater the number of employers interacting with ESSA in terms of registering vacancies and recruiting from the ESSA database of work seekers, the larger the database records of these transactions will become. Thus, rising levels of interaction between clients will make ESSA data richer and more detailed so that it can be used as part of the system needed for skills planning decision making. In order for data sets to be used to support skills planning, they must be of a minimum acceptable quality. Therefore, procedures for the registration of vacancies, the registration of work seekers, and the conclusion of agreements between parties must be such that this information is captured and maintained to the highest possible levels of accuracy.

As part of the Labour Market Intelligence Partnership (LMIP), the Human Sciences Research Council (HSRC) undertook projects aimed at identifying data held by government departments that would be relevant and useful for skills planning. One involved a high-level audit of government databases that contain data on labour demand and supply. The latter LMIS Data Audit project identified the ESSA database under the administration of the Department of Labour's (DoL's) public employment services (PES) branch as having the potential to yield valuable labour market information because it is positioned in the critical space where matching of demand and supply takes place in the labour market.

This argument was made in recognition that we should be aware of the development of new and useful data systems for incorporation in the skills planning mechanism. In this sense, the ESSA project is being investigated with the expectation that, in ensuing years, it could mature. If ESSA becomes a larger intermediary, serving greater numbers of employers and work seekers, it could offer an increasingly detailed picture of intermediation between employers and work seekers.

We therefore need to know whether enterprises and work seekers perceive ESSA as useful or not with regard to their needs, and how they interact with ESSA. What we learn through this research will feed into making improvements to ESSA. The specific aim of this project is therefore to consider how firms' level of participation and the nature of that participation impact on the value of the data in the ESSA data system. We also want to know more about the quality of data created via administrative processes in interaction with enterprises.

Research questions

This project directs attention to employers as integral participants in the labour market intermediation process. Since this particular focus has not been adopted before, the project makes a contribution to increasing our understanding of enterprise behaviour in the labour market, with particular reference to those enterprises that participate in the PES. More specifically, the aim is to explore employer perceptions/expectations about the PES, to analyse employer approaches to recruitment through use of the PES, and to consider

how these views and actions impact on the performance of the PES system. As part of this research agenda, the views of employers on incentives and disincentives, and on ways of improving the PES service, will be explored. This will contribute suggestions for improving the service so that it can attract more enterprises that post their vacancies on the system.

In this context, the research will consider the capability of ESSA to generate administrative data that is useful for skills planning. The characteristics and distribution of vacancies and work seekers across sectors and skills levels will impact on the extensiveness and value of the database. Greater understanding of the underlying database and its value for skills planning will be of particular interest from a skills planning perspective. Relevant to this question will be how well the online and Labour Centre ESSA system incorporates data in the system.

Research design

The research is an exploratory study with regard to employers' interaction with ESSA.

An exploratory research design is considered the most useful research design for those projects that are addressing a subject about which there are high levels of uncertainty and ignorance, and when the problem is not very well understood (i.e. there is very little existing research on the subject matter). The study aims to consider how firms' level of participation and the nature of that participation impact on the value of the data and on the quality of data created via administrative processes in interaction with enterprises.

The main aim of exploratory research is to identify the boundaries of the environment in which the problems, opportunities or situations of interest are likely to reside, and to identify the salient factors or variables that might be found there and which might be of relevance to the research.

Research methodology

The study applied a mixed-methods approach in which qualitative and quantitative techniques were utilised. Data was collected, findings were integrated, and inferences were drawn from both the qualitative and quantitative components (Creswell & Plano Clark 2011). The assumption is that using both quantitative and qualitative methods in combination provides a richer evidence base for understanding the research problematic than employing only one method (Creswell 2012).

The quantitative data-collection strategy entailed the development of a semi-structured questionnaire that was telephonically administered to employers who had registered a vacancy on the ESSA system during the 2013 calendar year. For the qualitative component of the research, an interview schedule was developed and administered to managers at Labour Centres with a high work seeker volume.

The researchers hoped that, despite the fact that the sample could not be selected scientifically, the data would be sufficiently robust to conduct analysis disaggregated to sector and size. Some disaggregation was deemed possible. However, disaggregation in dimensions of both sector and enterprise size was considered inadvisable owing to data constraints.

This was an exploratory study even though the ESSA database has been in existence since 2007. As a result, the research team encountered teething problems in the process of extracting, cleaning and quality-assuring the data sets for analysis. This was an iterative process and involved a learning curve that could further mature with another iteration of this study.

In this subsection of the report, the sample drawn will be placed in perspective against the overall size of the opportunities and work seeker registration numbers for the 2011/2012 and 2012/2013 financial years.

Sampling and data collection

Quantitative component: Telephonic survey of enterprises interacting with ESSA

A convenience sampling technique was applied. This is a non-probability sampling technique where subjects are selected because of their accessibility.

During the 2011/2012 and 2012/2013 financial years, 553 883 and 600 259 work seekers, respectively, were registered on the ESSA system. A total of 2 475 and 2 620 companies, respectively, registered vacancies on the ESSA system during the same period. During both financial years, the number of companies registering vacancies exceeded the targets set by the DoL for the Labour Centres.

A major limitation to the project was the budget allocation. Taking into account the cost of a telephonic survey, it was decided to limit the required number of surveyed companies to 600. Initially, the intention was to select a nationally representative sample of 600 employers, and to stratify employers by province. The sampling frame was to contain only employers who had registered a vacancy with the DoL since 2011. However, concerns were raised about deterioration of the quality of the contact information in these records over the intervening period, so a new sampling approach was selected. Therefore, the DoL's PES directorate provided the HSRC with a data set of 1 200 more recent records of employers that registered job opportunities on the ESSA system in January, February and March 2013. However, the full data set required cleaning, and, when all duplicate records were removed; the number of unique employers totalled in the vicinity of 600. A decision was therefore made to include all of these employer records for the purpose of conducting the telephonic survey.

Issues of undersampling are a matter of concern. However, given the circumstances in which the sample was obtained, these questions could not be addressed. It is recommended that, if this research is replicated, efforts be made to obtain a representative sample.

The HSRC successfully managed to contact 265 firms through the telephonic survey over the period March to July 2014. Table 1 below sets out the results of the telephonic survey.

Table 1: Results from telephonic survey of sampled firms

| | | |
|---|------------|-------------|
| Total interviews completed | 265 | 44% |
| Duplicates | 21 | 3% |
| Wrong numbers | 76 | 13% |
| Refusals | 35 | 6% |
| Other reasons for not participating | 35 | 6% |
| Emails requested before participation | 19 | 3% |
| Number of maximum call attempts (4) exceeded with no contact made | 19 | 3% |
| Total number of firms contacted | 605 | 100% |

Given the budget within which this study was undertaken and the difficulties involved in realising 265 completed questionnaires, on balance this may be considered a satisfactory result. Nevertheless, the number of valid responses inevitably placed limits on disaggregation by key categories such as enterprise size, economic sector and skills levels of vacancies. Should this survey be replicated it would be useful to explore the characteristics in relation to recruitment methods and use of ESSA.

Quantitative component: Data analysis

The quantitative data analysis for this report is descriptive in nature and does not involve generalising beyond the data at hand. As mentioned above, the sample is a convenience sample. Most recent records available for a three-month period (January to March 2013) were used to draw the sample and not those for a full year, which would have included employer records for a longer period and across all 'seasonal' peaks of recruitment. This would have contributed to skewing in the sampling frame.

Simultaneous disaggregation in dimensions of both sector and enterprise size was considered inadvisable owing to data constraints – that is, certain categories became too small to justify proper comparison between sectors. For the same reason, raw numbers were used when the public/private sector variable was cross-tabulated with industry and/or recruitment channel variables.

Another concern with certain variables (see Figure 6) is the phenomenon of multicollinearity. Respondents were not limited to the number of recruitment channels they could choose. In this case, with the sector (primary, secondary, tertiary) being the dependent variable, the possibility exists that two or more of the predictor variables could be highly correlated.

Taking into account that the sample was not randomly selected, the researchers made the decision that descriptive data analysis should be applied to the employer database.

Qualitative component: Interviews with managers from selected Labour Centres

Selection of Labour Centres

It was decided to include a small number of interviews with managers from selected Labour Centres. These Labour Centres were selected on the basis of the criterion of high levels of employer participation, which generated higher numbers of registered vacancies in these centres than in others.

Twenty Labour Centres with the highest number of registered vacancies were selected and interview schedules were emailed to the Labour Centre managers. The main reason for administering the interview schedule by email was to reach the managers of the selected Labour Centres irrespective of location. Eleven of the 20 interview schedules were completed and returned by centre managers.

Instrument development

Two instruments were developed to collect the relevant data for this study (see Table 1). Table 2 gives an overview of the information sources, types of instrument, and content covered.

A semi-structured questionnaire was developed and administered telephonically to sampled employers who had registered on the ESSA database. An electronic capturing tool was also developed for this purpose. The service providers' interviewers were trained in the electronic capturing tool and information was entered while they were conducting the interviews.

An interview schedule was developed and administered to selected Labour Centre managers. The purpose of this was to gauge Labour Centres' understanding of the needs of their clients, specifically potential employers.

Recoding of items

'Recoding' refers to changing the form of a variable so that it can be used in different ways. For example, changing a continuous variable into a categorical variable would involve changing – or recoding – continuous income data instead of categories of income.

Respondents were asked to name the type of industry or sector they operated in. This varied substantially from, for example, accounting, security services, employment services, government departments, hospitality industries and mining or engineering. The variable for the individual answers

Table 2: Instruments developed for the PES project

| Information source/ respondent | Instrument type | Content covered in the instrument |
|-----------------------------------|----------------------|--|
| Enterprises using ESSA databases | Telephonic interview | Current familiarity with ESSA/ESSA databases, the nature of their industry or sector, vacancy rates and demand trends, the employment of non-nationals, scarce skills, recruitment channels, and perceptions about ESSA service and its value |
| Labour Centre officials | Interview schedule | Types of services rendered by the Labour Centre, procedures and systems followed in doing so (especially pertaining to ESSA databases and the selected two service offerings), collaboration with PEAs, and perceived challenges and proposed solutions to the level of enterprise interaction and participation in the system |

of each respondent, taking into account spelling errors as a result of human data entry, was not feasible to use in the analysis of the data.

A decision was therefore made to recode the industry variable into the industry categories of Statistics South Africa's Standard Industrial Classification of all economic activities.

Definitions of high-, intermediate- and low-level skills

Occupations were classified as high-, medium- or low-skilled. Although respondents were free to apply these terms as they understood them, it is worthwhile considering a working definition for each of these categories. One definition of these three classifications can be usefully applied here (Daniels 2007):

- High-skilled occupations are generally characterised by high education or expertise levels and high wages, involve complex tasks that require specific skill sets, education, training and experience, and may involve abstract thinking.
- Intermediate-level knowledge and skills are best described as occupations in the craft and artisanal trades where knowledge is a combination of theory and practice, and the emphasis is on the practical rather than the conceptual.
- Low-level knowledge and skills are used in occupations where workers can become highly proficient in performing particular routines and procedures without understanding the entire process, with such occupations typically being present in mass-production enterprises.

4. RESEARCH RESULTS AND DISCUSSION

Profile of enterprises using Labour Centre services

This section profiles the types of enterprises, with reference to industry and size, registering their vacancies at Labour Centres. The information contained in this section applies only to the responses collected from firms sampled for the study.

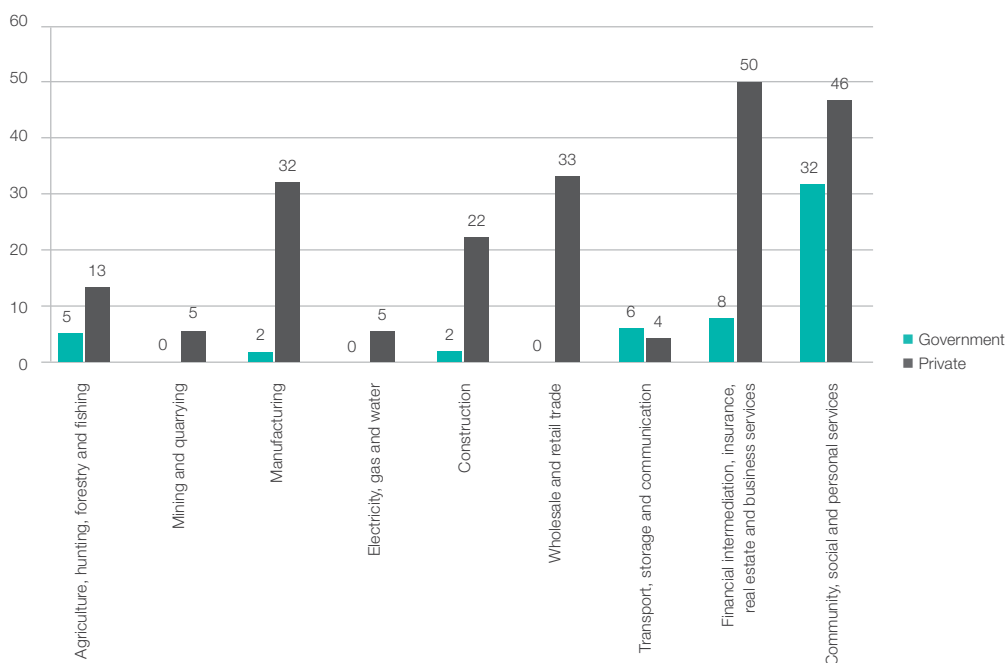
Type of industry

Each firm was asked to indicate the industry or sector in which it operated. The responses were recoded and grouped into industry categories according to the Standard Industrial Classification

(SIC) system as shown in Figure 2.⁵ Just under half of private-sector companies operate within the 'Community, social and personal services' (46) and 'Financial intermediation, insurance, real estate and business services' (50) sectors. Thirty-two of the 55 government departments reported operating in the 'Community, social and personal services' sector.

Private-sector organisations constitute the bulk of the remaining sectors, such as 'Manufacturing' (32), 'Wholesale and retail trade' (33), 'Construction' (22), and 'Agriculture, hunting, forestry and fishing' (13). Government departments are classified as part of the 'Community, social and personal services' sector.

Figure 2: Number of firms surveyed according to public/private sector and industry



Of the enterprises in the ‘Community, social and personal services’ and ‘Financial intermediation, insurance, real estate and business services’ sectors, 21% represent provincial and national government departments. In the past two years, government has concentrated on requiring the public service to use Employment Services of South Africa (ESSA) for recruitment, which may contribute to an overrepresentation of government department and entity vacancies, especially in the ‘Community, social and personal services’ sector.

Only 2% of respondents represented foreign-owned companies.

According to Statistics South Africa’s Second Quarter of 2014 Quarterly Labour Force Survey (Statistics South Africa 2014: xiii), the four sectors that constitute more than 80% of formal employment in South Africa are: Community and social services (29.1%), Finance and other business services (17.1), Trade (19.5) and Manufacturing (14.9%). This suggests that, of the enterprises surveyed in this study, those making proportionately greater use of the public employment services (PES) vacancy registration and matching services are from the same industries with the largest formal employment in the South African labour market. This comparison would have suited the comparison better had the researchers been able to obtain data on employment from a representative national survey of firms.

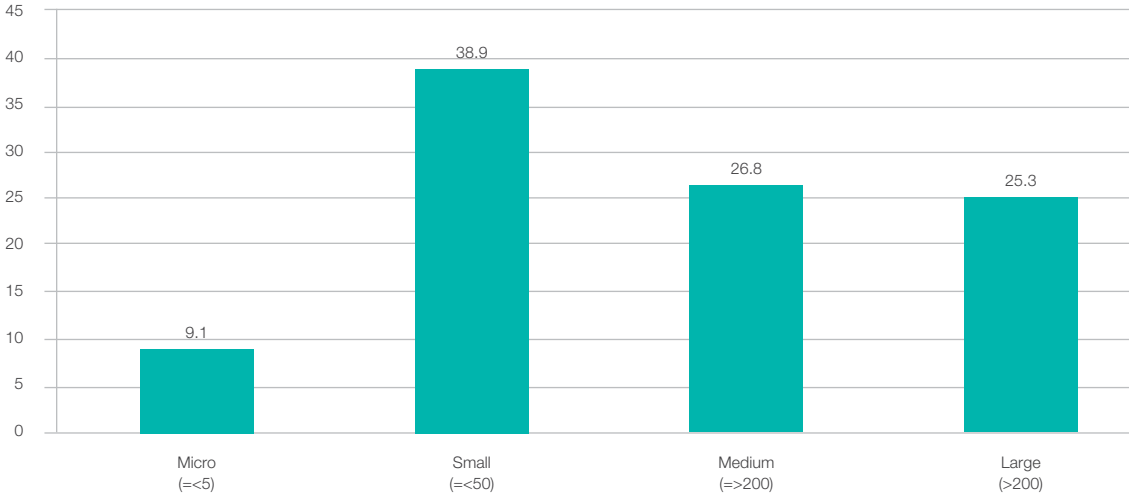
Size of firms

Companies were requested to provide information on the size of their workforce, according to which they were classified by the following size categories: micro-, small, medium, large/very large enterprises (see Figure 3).

Comfortably, the largest single category was the small-enterprise group, accounting for nearly 40% of ESSA users. Moreover, micro- and small enterprises constituted nearly half of all users of ESSA job vacancy registration. The small, medium and micro-sized enterprise (SMME) grouping accounted for practically three of every four ESSA clients. Higher ESSA usage in the SMME category is attributable to the higher incidence of these enterprise sizes in the economy. The widespread use of ESSA across enterprise size category suggests that the system has a value proposition that is broadly appealing to all group sizes. However, further analysis would be needed to understand the relationship between the size of an enterprise and its recruitment practices where ESSA is or is not incorporated as a channel.

In terms of vacancies registered by sector, the highest number of vacancies was posted by firms in the ‘Community, social and personal services’ sector (2 026), followed by the ‘Financial intermediation, insurance, real estate and business services’ sector (1 786), the ‘Agriculture, hunting,

Figure 3: Percentage of firms according to employment size



forestry and fishing’ sector (1 329), and the ‘Construction’ sector (1 054).

Notably, high aggregate numbers of vacancies were registered in the ‘Agriculture’ and ‘Construction’ sectors, which have hierarchical employment structures dependent on large numbers of unskilled and semi-skilled labour. The pattern here suggests that sectors that employ larger proportions of unskilled labour will be inclined to use ESSA more intensively.

Reasons given by enterprises for using ESSA services

Companies were asked for reasons why they initially made contact with and used ESSA. They were invited to identify more than one reason as appropriate. The analysis here refers, firstly, to aggregate responses to key questions. Thereafter, analysis unpacks responses according to the broad sector location of enterprises.

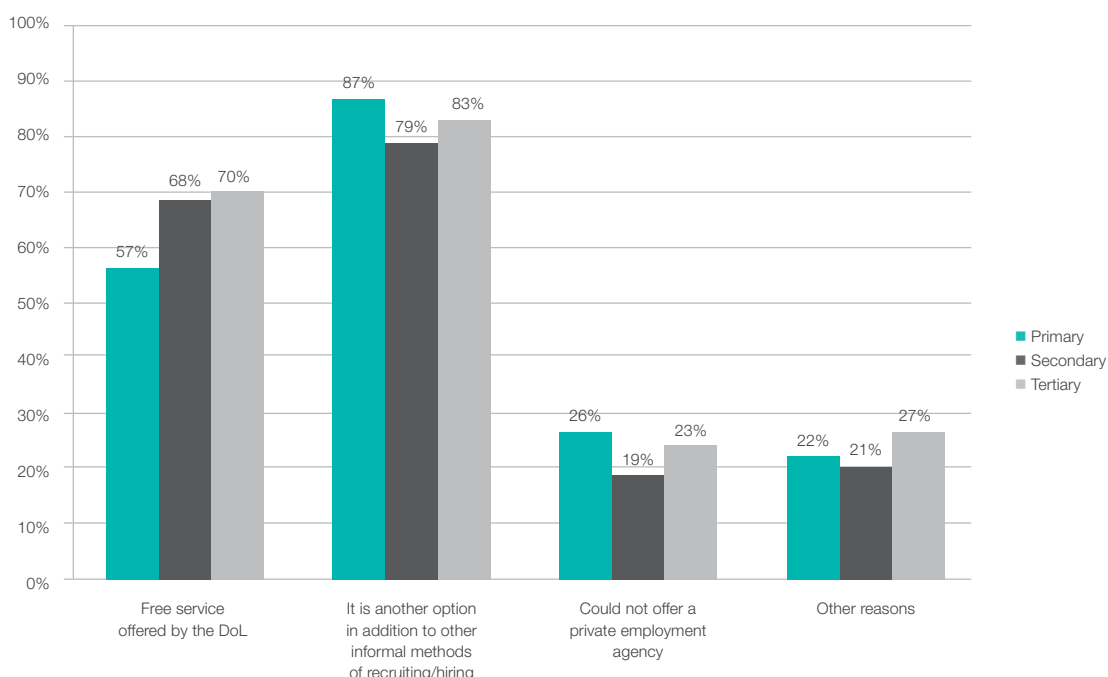
The majority of enterprises (82%) reported that the ESSA service is one option among other recruitment channels or methods. As a matter of course, 68% of enterprises use ESSA because it is free of charge.

This confirms that, from an enterprise perspective, a single recruitment channel will not provide sufficiently for all vacancy circumstances. In this situation involving multiple providers, the implication for ESSA would be to define more clearly, and commit to, its own unique role or niche in facilitating labour market matching. Achievement of good-quality service equivalent to desired standards in the intermediation industry should also be a commitment. The aim for ESSA should then be to focus on raising the standards of ESSA service to encourage greater numbers of clients to resort to its offering.

A significant percentage of companies (23%) stated that they could not afford the costs associated with hiring a private employment agency to recruit employees, and therefore made use of the ESSA service. This highlights the direct benefit that ESSA offers to more than one in five companies that would otherwise have no access to a labour market intermediary. Because these firms are using ESSA, we are able to build a better picture of labour market matching among less well-resourced firms than if ESSA did not exist.

Turning now to examine cross-sectoral dimensions of which factors draw enterprises into using ESSA

Figure 4: Reasons that enterprises give for using ESSA



services, appreciation of the value of ESSA as a free service appears stronger in the secondary and tertiary sectors than in the primary sector (see Figure 4). This may be attributed to the higher emphasis given to informal methods of recruitment and hiring in the primary than in the other sectors. Informal forms of recruitment may be characteristic of predominantly low-skilled sectors.

The data shows that financial constraints tend to limit primary and tertiary sectors' recourse to private employment services. This suggests that financial pressures on resource-based industries make expenditure on recruitment unattainable. There is also a view that engaging private recruitment agencies to recruit low-skill employees is unviable. In the case of the tertiary sector, the relatively high 'unaffordability rating' reflects budgetary restrictions in government on the use of private agencies below the levels of senior management service. In other words, it is regulatory restrictions that oblige the public sector to use ESSA for certain posts.

Percentage of enterprise vacancies registered on ESSA and filled by work seekers registered on ESSA

A simple metric for appraising the success of ESSA is a count of the number of vacancies registered that are matched with registered work seekers and

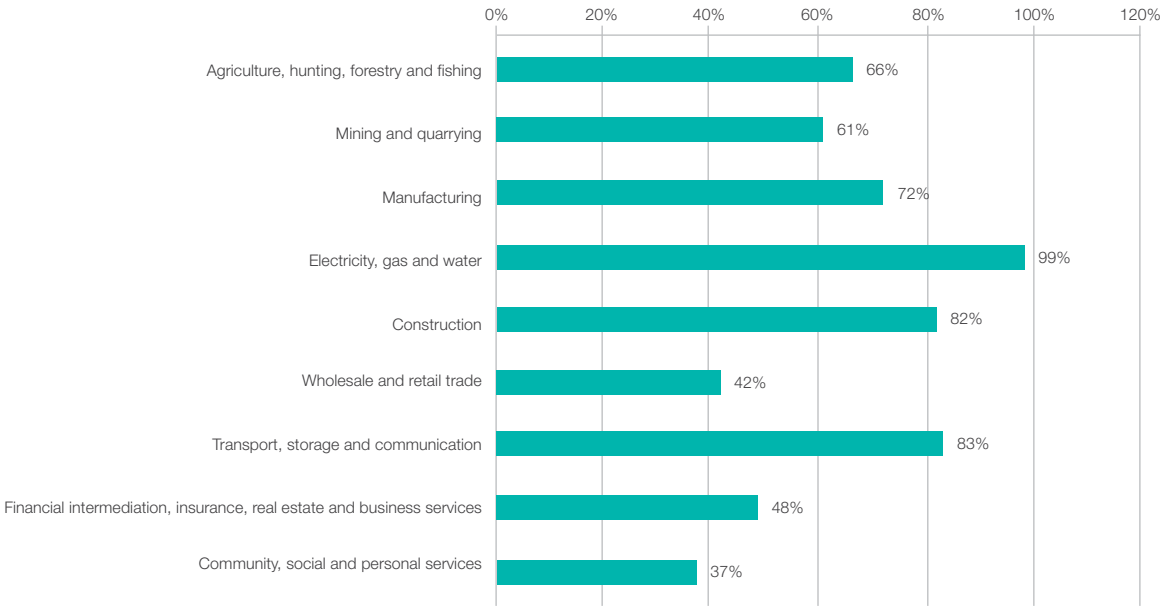
lead to a contract. A profile of successful matches per industry is presented in Figure 5.

Overall, companies using ESSA filled 56% of all their vacancies with work seekers registered on the system – that is, more than half of those employers who do use ESSA are experiencing a measure of satisfaction through using it as a recruitment channel.

High percentages of matching success were reported for the following industries: 'Electricity, gas and water' (99%), 'Transport' (83%), 'Construction' (82%) and 'Manufacturing' (72%). The occurrence of high success rates in filling vacancies in these particular industries could be explained through reference to the skills levels at which vacancies were offered. The sectors identified are all characterised by segmentation between a small proportion of high-skill occupations relative to high numbers of intermediate- to low-skilled opportunities.

Industries that experienced limited success in filling vacancies included: 'Community, social and personal services' (37%), 'Wholesale and retail trade' (42%), and 'Financial intermediation, insurance, real estate and other services' (48%). Together with business services, these industries

Figure 5: Percentage of vacancies registered by firms and filled by work seekers from the ESSA system



require a substantial proportion of high-skilled and, to a lesser extent, intermediate-skilled employees to fill existing vacancies.

Employers' preferred recruitment methods

The analysis now turns to a comparison of employer preferences for recruitment channels, since the majority of respondents indicated that they apply a mix of approaches. In this first scan, ESSA was deliberately excluded from the list so as to obtain a full spread of other channels used. Respondents were invited to identify and select every method they used. Multiple selections of channels produced percentages exceeding 100% in Figure 6. Approximately 58% of companies apply four or more recruitment methods to recruit potential employees. The use of different combinations of methods per occupational skills level is a likely contributor. Those most frequently used are: the Internet (72%), existing employees (69%), newspapers (67%), and oral (61%) and written (51%) recommendations from former employers.

The data discussed above was consolidated according to fewer categories in order to enable analysis at the economic-sector level, which is depicted in Figure 6. In the tertiary/services sector, greater proportions of enterprises make use of private recruitment agencies or brokers than do enterprises in the primary and secondary sectors. Higher proportions of primary-sector enterprises depend on references from the internal labour market, which would reflect low-skill and locally resident workforce characteristics. A similar interpretation could be applied to the use of newspapers, particularly with localised circulations. Internet usage across the sectors is virtually on a par, while recommendations – both oral and written – from former employers are rated of higher importance in the primary and tertiary sectors.

Lastly, the primary sector shows a markedly higher tendency to have recourse to a wider range of alternative recruitment methods. An option was given to companies to add any 'other' recruitment channel not indicated in the questionnaire list, which included: local media, ESSA, radio advertising, own

company database or website, internal processes, referrals, social media, walk-ins, and word of mouth.

Profile of vacancies registered

Based on responses from participating enterprises, the distribution of vacancies registered on ESSA by occupational-skill level is even between the intermediate- and low-skills levels, with slightly lower proportions of high-skills vacancies:

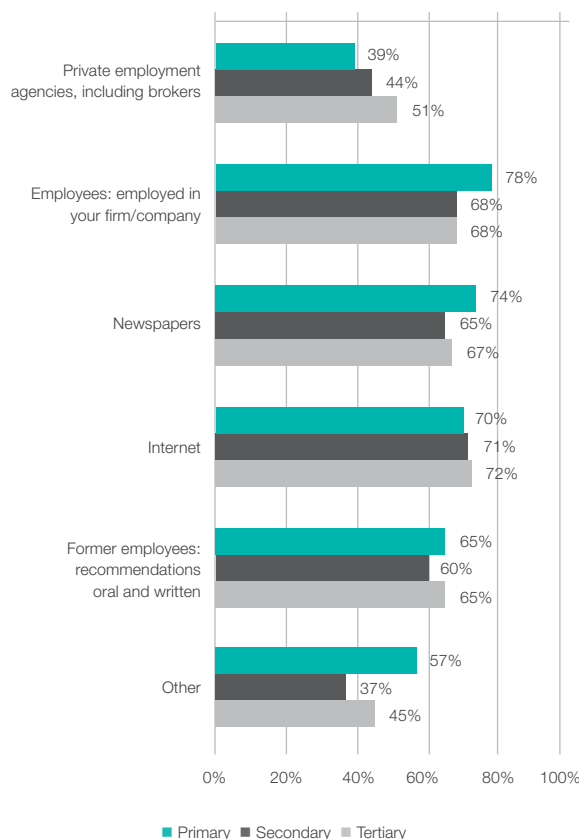
Table 3: Profile of vacancies registered

| | |
|---------------------|-------|
| High skills | 28.7% |
| Intermediate skills | 30.9% |
| Low skills | 30.9% |

Note: 9.4% of the participants did not complete this question

However, this distribution cannot be assumed to be representative of the full range of vacancies experienced by the survey participants, since a slight majority of respondents (50.6%) do not post all their vacancies on the ESSA system. For those employers who use ESSA selectively, the types of

Figure 6: Recruitment channels used by firms to identify potential employees for recruitment



vacancies they choose to list may point to their expectations about the profile of candidates likely to appear on the ESSA vacancy database. Put differently, an enterprise might not post a high-skill vacancy if it did not associate ESSA with availability of high-skilled workers.

Figure 7 provides a more revealing picture of the distribution of vacancies by sector. As might be expected, the primary sector reveals a predominance of low-skill vacancies. The secondary-sector vacancy profile of private-sector firms shows that a substantial proportion of demand is located within the high- and intermediate-skills levels.

The distribution of vacancies among enterprises in the tertiary sector shows two distinct patterns when distinguishing between government and private enterprises. The tertiary sector vacancy profile of government departments shows a slightly higher demand within the high-skills levels and drops off towards the low-skills levels.

The pattern in the private tertiary sector is the reverse. There seems to be a higher demand for low-skilled workers, followed by intermediate- and high-skilled workers. The next subsection provides a discussion on the recruitment characteristics of

employers who do or do not post all their vacancies on the ESSA system.

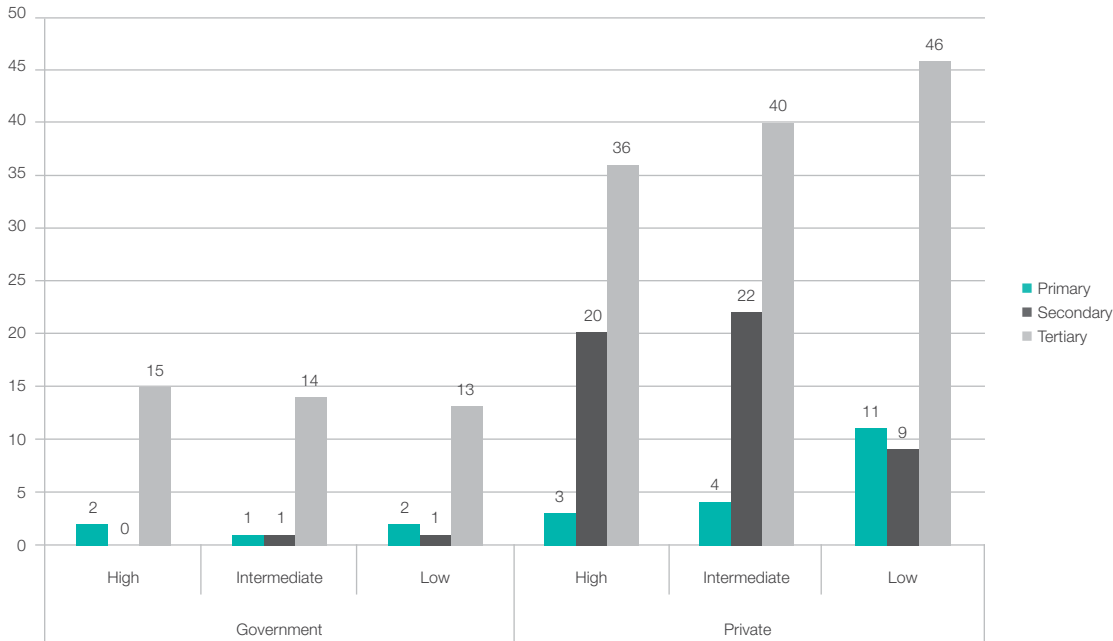
Recruitment channels

Half of the employers in the survey list all their vacancies on ESSA. Figure 8 compares the skills distribution of vacancies posted between the category of firms posting all vacancies and the category of firms posting only some vacancies.

Approximately 50% of the respondents post all their vacancies on the ESSA system, with the highest proportion of these vacancies being for high-skilled employees. Of the 50% of employers that do not post all their vacancies on ESSA, opportunities are distributed mostly in low-skilled occupations.

Figure 8 shows that companies that do not post all their vacancies on ESSA mainly post vacancies for low- (41.7%) and intermediate- (31.1%) skilled occupations. In contrast, companies that do post all their vacancies on the ESSA system register vacancies mainly for higher proportions of high- (35.7%) and intermediate- (31.8%) skilled vacancies and markedly smaller proportions of low-skilled vacancies (18.2%).

Figure 7: Distribution of enterprises advertising vacancies by sector (numbers)



The behaviour of enterprises posting only some vacancies reflects the assumption that ESSA is best equipped to supply work seekers for low and intermediate occupational levels.

Labour Centre managers themselves refer to the predominance of low-skilled work seekers in the system, as reflected in the following three statements:

- ‘Our database mainly [consists] of candidates who are Grade 12 and below and very few graduates/skilled candidates.’¹⁶
- ‘There are still challenges – the fact that people [on] the database of PES (ESSA) generally possess low levels of skills.’¹⁷
- ‘No, we don’t have a database full of skilled labour/work seekers; it’s mostly unskilled people with few qualifications.’¹⁸

Many centres are therefore confronted with a dual challenge: they struggle to meet demand for intermediate and higher skills and, concurrently, struggle to find opportunities for low-skilled work seekers because ‘the labour market rejects them’.⁹ Nowhere is this more starkly illustrated than in isolated small towns with an undeveloped local economy where the Labour Centre is the only system for recruitment in the area: ‘Our database is too small and we do not have enough people on our database who [have] scarce and critical skills. We do not have a great variety of highly skilled

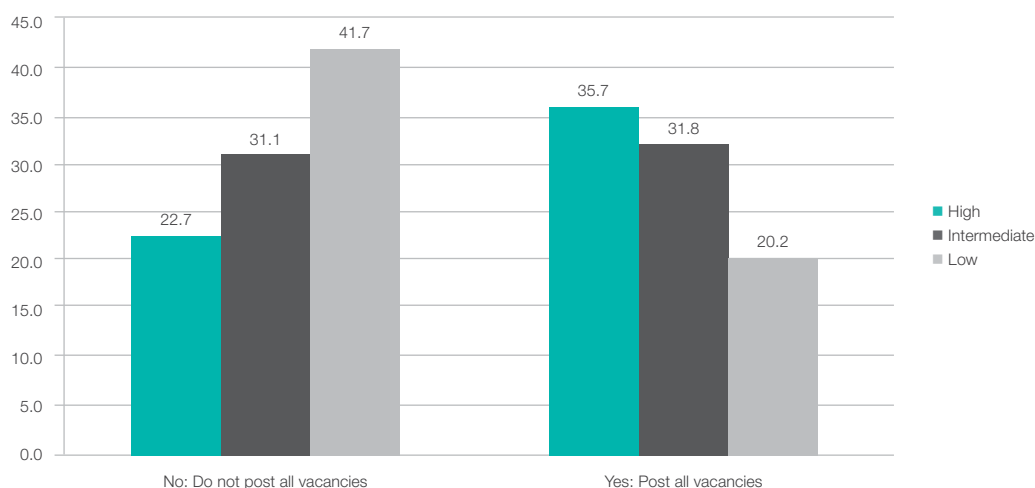
professionals, so we can only deliver [on] the demand [for] lower incomes.’¹⁰

Public entities classified broadly as ‘Community and social services’ are required to list all their vacancies on ESSA, irrespective of any other recruitment methods used. The vast majority of posts within these entities require a minimum of a Senior Certificate for eligibility. This explains the origination of a large proportion of high- and intermediate-skills vacancies that are posted. Government entities expressing reduced confidence in the system may not appreciate that it is not optimised to meet their needs: work-seeker registrations are not suited to meeting intermediate- to high-skills needs.

In the context of the preceding discussion the following information is based on what employers consider the best or most effective recruitment channel for their organisation. Responses for each industry group add up to 100%, so comparison of the relative weight of emphasis on the various recruitment media is revealed.

The primary sector depends mainly on personal recommendations (30%), newspapers (26%) and ESSA (22%); the secondary sector utilises ESSA (27%), the Internet (25%), labour brokers and agencies (17%); while the tertiary sector relies on ESSA (28%), newspapers (21%) and the Internet (19%). The primary-sector pattern reflects the more direct personal mode of primary-sector recruitment,

Figure 8: Skills levels of occupations posted on the ESSA system by firms posting all of their vacancies or only some of their vacancies

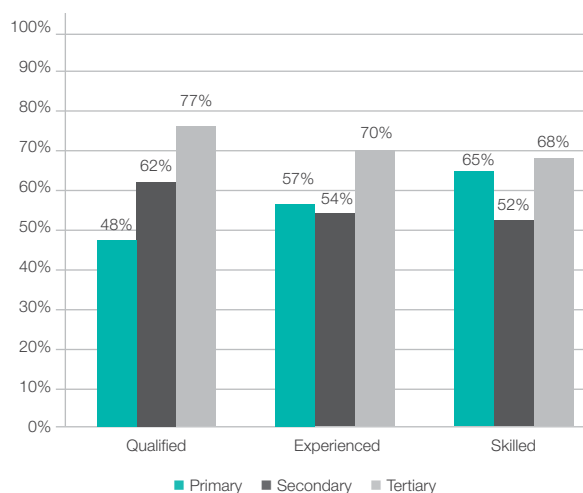


which also includes informal recruitment. The configuration of secondary-sector sources features higher use of brokers and agencies, reflecting a shortage of technical skills and thus necessitating specialised recruitment support. The tertiary-sector pattern is influenced by a high public-sector proportion of employers, with ESSA and traditional newspaper and Internet use.

Satisfaction with ESSA

Respondents were asked their opinions about the qualifications, experience and skills of the ESSA candidates referred and employed. Three-quarters of respondents were satisfied that ESSA-sourced employees had the relevant qualifications for the job, and slightly more than two-thirds were satisfied with the experience and relevant skills levels of the referrals. As further corroboration, 60% of the respondents reported that employees recommended by ESSA had been employed at their respective companies for a year or more.

Figure 9: Percentage of firms satisfied with the qualifications, experience and skills levels of work seekers they recruited from the ESSA system



Particularly in the 'Agriculture, hunting, forestry and fishing' and the 'Mining and quarrying' industries, more employers were satisfied with the experience and skills levels of the employees than their qualifications. In these industries, where the emphasis is on low- and intermediate-skilled employees, practical experience and technical skills are probably considered of greater value to the employer.

How ESSA can be improved in order to work better

Where employers perceive a PES to offer limited or poor quality services, it will struggle to gain clients, and its services will remain average, at best. If there are low volumes of client engagement the system is likely to be less successful in achieving matches and data about transactions will have lower value for skills planning. Nevertheless, some employers are likely to continue listing their vacancies with such a PES using it as one of several channels for recruitment because its services are free.

Of all respondents, some 19% of respondents who expressed dissatisfaction with the ESSA services were requested to consider a list of suggestions on how to improve the service. The list was not exhaustive and respondents were given the opportunity to make additional comments on how the service could be designed to work better. In Figure 10, showing the feedback of unsatisfied employers, percentages add up to more than 100% because respondents were able to select more than one option. In the first instance users observed a general need to improve service levels (82%).

More specifically, suggestions were grouped into two categories, namely those related to service improvements and those related to value-added improvements.

Suggestions related to improving the service levels of ESSA (given in order of importance) are:

- Understanding, and responding to, employers' needs (35%);
- Increasing staff capacity (27%);
- Following up on placement (25%); and
- Providing after-care for employers and newly placed employees (25%).

Requests were made to introduce value-added services. A high proportion of respondents want candidates to be screened (57%) and their references to be checked (49%). Programmes to improve employability (37%) and employment counselling (33%) are value-added improvements mainly to the advantage of the work seeker.

A substantial number of employers (47%) suggested increasing the number of registered work seekers with intermediate- and high-level skills. This response would have been supported by government entities that are mandated to use the system exclusively and that probably register the highest number of vacancies for high-skilled occupations. How the occupational and skills level of registered vacancies complements the occupational and skills levels of registered work seekers will impact the number of possible matches. We have observed that this distribution is partially informed by policies that make ESSA a free service, that require work seekers to register if they receive UIF benefits, and that mandate government institutions to post vacancies.

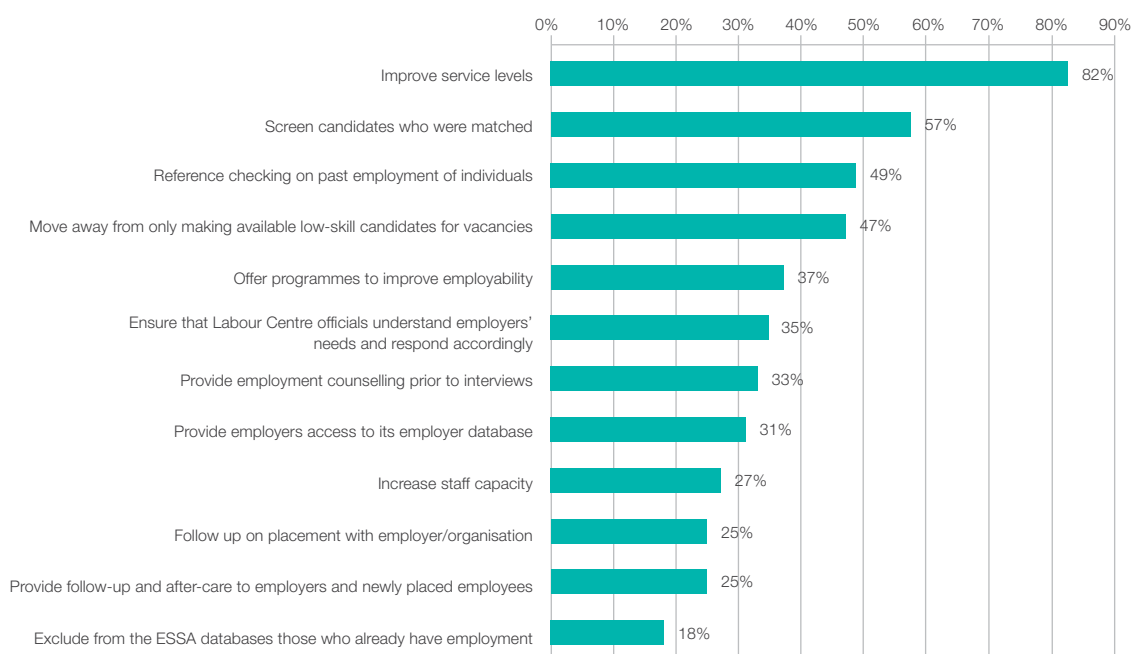
The role of ESSA in generating labour market information

ESSA is an important platform for gathering labour market information and for feeding relevant information into the broader skills planning process. To generate credible and useful ESSA information that can give valid signals on trends within the labour market, it is crucial that both employers and work seekers engage actively with the system, use it regularly, and give feedback on the outcomes of

such engagements through updating information on the system.

It is important to distinguish between the employment services offered to employers and work seekers via traditional channels at the Labour Centres and ESSA's Internet-based platform. The Department of Labour's (DoL's) clients – both employers and work seekers – traditionally accessed employment services through direct contact with the Labour Centres. The information generated from such contacts was not always controlled and could not be used for labour market planning. The quality was highly variable and depended on the local circumstances and resources (e.g. computers, network access, data capturers) of each Labour Centre. For some time, apart from reporting on work-seeker registrations and placements in respect of initiatives funded by the National Skills Fund (NSF), very little was achieved in systematically gathering, collating and analysing the information. The electronic system of data capturing and data management underlying the Internet-enabled ESSA is an important development, because it created a structured approach to collecting usable labour market information from the local Labour Centre level.

Figure 10: Improvements to the ESSA system suggested by firms not satisfied with its effectiveness



According to respondents in this study, many users (employers) still physically access the DoL's employment services via Labour Centres, rather than through an online platform. Nearly two-thirds of respondents (64%) indicated that they prefer to go directly to a Labour Centre. Similarly, the majority of unemployed work seekers applying to the DoL for assistance with employment are more likely to access these services via the contact centres than online. The vast majority of unemployed people are from low-income households and cannot afford to access computers. Therefore, continued reliance on physical visits may be a reflection of the client's familiarity with the available access points, rather than resistance to registering online per se.

ESSA units in Labour Centres struggle with a data-capturing bottleneck. Good-quality and prompt data capturing is vital for the integrity and usefulness of the database. Conditions work against this in many ways: data captured on UIF registration may be incomplete or incorrect, section 17 UIF applicants are captured on ESSA without proof of qualification¹¹, sometimes the system is very slow, taking up to 40 minutes to capture one work seeker's curriculum vitae (CV), very few Labour Centres have terminals where work seekers can sit and capture their own data, staff capturing data leave data fields blank, staff capture data on paper forms, leading to backlogs of forms that must still

be captured electronically (which means wasteful double capturing), workloads of the CSOs (client services officials) preclude systematic capturing by them, quality-assurance of data capturing varies from centre to centre, and data on the system is not always updated (e.g. if an enterprise has filled a vacancy, it does not inform the Labour Centre). Poor data quality can force staff in some Labour Centres to revert to manual matching of hard-copy forms.

The successful conversion of the ESSA system online is undoubtedly an important goal, but it will take time to achieve, because the resources available and characteristic operations of work seekers and enterprises are unfavourable for increased use of the Internet for online matching. 'Not all businesses have the Internet nor do work seekers; [this is] not advantageous – therefore physical and local registration [is necessary].'¹² A Labour Centre manager cites an example from his small-town experience of employers: 'In the rural areas where the ... Labour Centre is situated, information technology is not always accessible, and the employers [are] normally older people and they rather read the newspaper than ... go onto the Internet. Only a [small] percentage of the rural employers go to the website.'¹³

5. KEY FINDINGS

The findings of the survey on ESSA raise some pertinent issues that can usefully inform the way forward:

- For recruitment purposes, employers use ESSA as one of several channels, ranging from the formal to the informal;
 - Employers perceive ESSA to be mainly a source of intermediate- and low-skilled workers;
 - Public entities, which list all their vacancies on ESSA, predominantly require high- and intermediate-skilled workers, but ESSA has limited capacity to respond to this need;¹⁴
 - The majority (56%) of successful matches made through ESSA result in long-term placements;
 - Users of the Department of Labour's (DoL's) ESSA among employers and work seekers are accustomed to accessing employment services via Labour Centres over the online platform;
 - Employers dissatisfied with the ESSA service signal what to improve, including: assisting work seekers to prepare for job searches and interviews, introducing programmes to improve employability, and the screening of candidates; and
- A slight majority of respondents (50.6%) do not post all their vacancies on ESSA.

Lessons learnt from the international experience include the following:

- The introduction of online portals does not make walk-in centres redundant. They are still an essential vehicle for the delivery of various public employment services (PES);
- PES job matching is most successful in environments where structural or long-term unemployment levels are relatively low (deep-seated, structural labour market disequilibria call for strategies to support alternative or informal employment initiatives);¹⁵
- Some countries have linked delivery of PES to the administration of unemployment benefits in different arrangements, and with different effects; and
- Measuring the effectiveness of PES remains a challenge for almost all countries. (In the end, perception surveys of users may be the most reliable measure of effectiveness.)

6. IMPLICATIONS FOR SKILLS PLANNING

There is no doubt that improved understanding of employer recruitment practices is key to understanding how demand is generated in the workplace, a sector or a location. We can begin to understand the dynamics of the employment relationship from the perspective of employers using the government's Employment Services of South Africa (ESSA) system. Four factors made this research project attractive and achievable: firstly, an investigation of enterprise interaction with ESSA has hitherto not been undertaken since ESSA was initiated; secondly, the ESSA system as a labour market intermediary is of critical importance to government's active labour market policy in improving the matching of demand and supply in the labour market; thirdly, ESSA as a free-of-charge service is open to enterprises and individuals most vulnerable to labour market imperfections and is therefore particularly important for its focus; and, fourthly, ESSA has its own administrative data system, which was made available for this research and which could be considered of value for skills planning purposes. Government administrative data systems have been targeted by the Department of Higher Education and Training (DHET) to assess their potential to generate data and information that can support skills planning.

This research therefore addressed a set of preliminary research questions that required exploration of how enterprises perceive the ESSA offering, how they interact with ESSA, and how they propose ESSA should improve its service. A small sample of Labour Centre managers as respondents

in this study presented their views on the same broad set of questions.

The usefulness of the ESSA data for incorporation into the skills planning mechanism being developed by the DHET was considered a relevant facet for exploration. This includes the type and quality of data produced by ESSA and how it could be used by the skills planning mechanism. There would be benefits to using this data for better understanding employers' recruitment practices in relation to the work seekers it targets, and how ESSA fits in with other enterprise recruitment methods.

With ESSA, analysis at the national, provincial and local level is possible. In the latter case, a Labour Centre manager identifies the importance of a database that can be used for analysis in order to inform improvement of the service: 'We have to design a system for two purposes: One, for data collection and stats formation, and, two, for impact analyses and improving our services to clients.'¹⁶ This Labour Centre manager draws our attention to the value of data at the local level, because matches especially for low-skill vacancies seem to take place between work seekers and employers in the same locality – in many cases, effectively within the area of responsibility of a particular Labour Centre. Statements such as the following made by an employer corroborate this feature: 'ESSA is helpful in recruiting suitable workers within a particular locality.' The aim of this research is to establish ways in which this capability is acquired in the ESSA system for South African conditions.

The combination of ESSA's Labour Centres with the online facility

The introduction of an online ESSA platform for public employment services (PES) is a natural progression given the need to take advantage of the ability of clients with the technology to use it. In administrative environments, online systems can create substantial savings in transaction costs, the quality of data can be automatically monitored, and records can easily be stored directly on databases. However, the most important challenge is that many potential users do not have access to computers, and few Labour Centres have their own workstations for clients to capture their information onsite. Therefore, the physical Labour Centres themselves and their services remain an essential bridge for most clients into the ESSA database.

Thus the platform's effectiveness and usefulness will be dependent on the overall effectiveness of the capturing, quality assurance and uploading of data at the Labour Centre level rather than online registrations that can be better controlled. An indicator of the number of client registration forms captured at Labour Centres, compared with numbers captured online, will provide valuable insight into the extent to which clients are migrating to the online system over time. Meanwhile, Labour Centres are placed under severe pressure by the weight of client numbers that physically turn up and queue to register, which impacts negatively on data quality.

ESSA data systems need support to create quality data for skills planning

The ESSA system presents a very useful and viable source of information on labour market matching, especially among individuals and enterprises that would otherwise not have been able to avail themselves of an intermediary.

In order to ensure the consistency, accuracy and validity of labour market information generated through ESSA, it is important to ensure that information generated at Labour Centres is captured electronically on the ESSA electronic platform, as physical files can be lost, forgotten or

misfiled, or can become irrecoverable. Avoiding this risk will take greater allocation of resources by the provincial contact centres to assist work seekers and employers to enter their information online either remotely or at a Labour Centre with a bank of terminals set up for that purpose, much as they would if they had independently availed themselves of the opportunity.

There should be no doubt that the introduction of ESSA online is appropriate. But it will be a matter of time before the majority use online registration. Until then, it is necessary that human resources be allocated to supporting a data-capturing function that can generate reliable data for matching and for analysis.

PES should consider ways to raise data quality so that more accurate rates can be calculated against regions consisting of groups of Labour Centres. If more Labour Centre matching rates can be obtained, a more accurate picture of the impact of ESSA can be created.

ESSA niche: Matching vacancies at low-skilled occupational levels

It is important to take into account the economic and labour market context of a country in which PES and allied services operate. The ESSA system is segmented between an intermediate- to high-skilled occupation stratum where vacancies exist, and a large proportion of low-skilled occupations for which high numbers of unemployed workers compete. This research has demonstrated that no single system, channel or method can fulfil all recruitment requirements across skills levels, sectors and enterprise sizes. However, to maximise their revenues, private employment agencies focus on sectors with higher-level skills needs and attempt to grow their market share there and in other specialised niche markets, including intermediate technical occupations.

Given that the ESSA system has a preponderance of low-skilled vacancy registrations and work seekers, this correspondence is good reason to commit the system to a low-skilled niche approach. This is represented in Table 4.

Table 4: Representation of the numbers of records in the ESSA system

| | Skills levels | | |
|--|--------------------------------|---------------------|-------------------|
| | Low skills | Intermediate skills | High skills |
| Numbers of vacancies registered by enterprises | High | Low | High ^b |
| Numbers of work seekers registered | High ^a | Low | Low |
| Potential for successful matches | Relatively high ^{***} | Low ^{**} | Low [*] |

^a Many unemployed and inexperienced work seekers registered

^b Mostly public-sector positions

^{*} The sectoral–occupational distribution will impact on this probability

^{**} The technical–occupational distribution will impact on this probability

^{***} Employer and work seeker sharing the same locality/using the same Labour Centre will impact positively on probability

To focus, ESSA should not be expected to develop a full profile of high-skills occupations, as this space is already occupied by other players. However, it could market its own exclusive coverage of all government vacancies in low-, intermediate- and high-skills work as a special feature of ESSA.

Through this approach, ESSA would be taking on the most important challenge to confront the South African labour market – the linked social problems of unemployment, poverty and inequality.

Finally, results from matching may be undermined by an unintended consequence of the Department of Labour’s (DoLs’) ruling that all persons who are beneficiaries of Unemployment Insurance Fund (UIF) payouts must register on ESSA as a work seeker. Although UIF beneficiaries are required to register as work seekers on the DoL database, this requirement is understood by some work seekers as not being in their interests, as explained by a Labour Centre manager: ‘There is a form the client must complete. But individuals registering for UIF are forced to register as a work seeker and some of the information they provide is incomplete and their purpose at the time of entry is to claim UIF and not wanting to start working immediately. They are scared they will lose that money if they should find employment.’¹⁷

Monitoring employer behaviour over time

This research would realise extended value if it served as the basis of an instrument to monitor changes in the employers who use ESSA, their employment needs, and their views of the service received. The current report could serve as a baseline and, as ESSA increases and improves its employer recruitment and work-seeker services, could become the first iteration of an ongoing research initiative. Based on this first survey, a second survey instrument could deepen understanding of employer attitudes and behaviour through more in-depth understanding of companies, such as turnover, occupational structure and other characteristics that influence their recruitment activities and use of ESSA.

Moving forward

In terms of practicalities, two aspects can be pursued. The first is to negotiate with the DoL over a shared strategy for the ESSA system, with a stronger focus on low-skilled occupations – with niche vacancy registration of government posts that is augmented by further registrations from the private sector. The second would be to set up a memorandum of understanding (MoU) with the DoL that sets out the plan for sharing data coming from ESSA. This would involve agreement on the formats for data transfers.

PES is currently limited in what it can offer – that is, it is mainly limited to improving curricula vitae (CVs) and interview techniques, and providing job searching. It has no resources to train and upskill active work seekers. A link with DHET institutions (Further Education and Training Colleges and Adult Education Institutions) will be a positive development if the DHET can deploy its resources to Labour Centres so as to provide some targeting skills upgrading for work seekers. From a data perspective, effectively removing older records with limited value for matching will be needed, and this will enable ESSA to serve as a data set from which job seekers can be targeted for skills upgrading.

The interaction between ESSA and the DHET would entail:

- Diagnosing skill needs of work seekers registering on ESSA; and
- Targeting skills programmes offered through DHET institutions in the spatial vicinity of Labour Centres.

The DoL should consider linkages with the Ministry of Small Business Development in order to stimulate small and medium enterprises' (SMEs') participation in the PES system. Another strategy would be to link the Department of Trade and Industry's (dti's) Business Support Centres with the DoL's PES services. Finally, using the Brazil and Philippines models as an example, a tie-up between credit to SMEs and the PES universe could also be very beneficial to the employer.

ENDNOTES

1. Definitions of these skills levels are discussed in the methodology section: Definitions of high-, intermediate- and low-level skills.
2. The earlier Skills Development Act 97 of 1998 set out the functions of Labour Centres as being to: provide employment services for workers, employers and training providers, including improvement of such services to rural communities; register work seekers; register vacancies and work opportunities; assist prescribed categories of persons to enter special education and training programmes, find employment, start income-generating projects and participate in special employment programmes; and perform any other prescribed function as provided for in the legislation.
3. They are not placed in areas below a threshold of population density or economic activity judged to be too small to justify investment in a centre. The DoL has instituted an ESSA mobile service using two buses that travel to areas not serviced by permanent Labour Centres.
4. Employment Services of South Africa's online service to register individual work seekers and enterprises with vacancies can be accessed at: <https://essa.labour.gov.za/EssaOnline/WebBeans/>.
5. The methodology section ([Annexure 1](#)) contains a brief discussion explaining the recoding of firms' individual responses into the SIC industry categories.
6. Interview: Manager at Labour Centre No. 01.
7. Interview: Manager at Labour Centre No. 08.
8. Interview: Manager at Labour Centre No. 04.
9. Interview: Manager at Labour Centre No. 08.
10. Interview: Manager at Labour Centre No. 03.
11. Interview: Manager at Labour Centre No. 06.
12. Interview: Manager at Labour Centre No. 07.
13. Interview: Manager at Labour Centre No. 03.
14. A wider spectrum of vacancies across occupations more commonly found in the private sector is not being registered by businesses.
15. In countries where these levels are relatively high, or in underdeveloped economies, support for alternative or informal employment takes on increased importance.
16. Interview: Manager at Labour Centre No. 11.
17. Interview: Manager at Labour Centre No. 11.

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APPENDIX A – SURVEY OF EMPLOYERS

PUBLIC EMPLOYMENT SERVICES SURVEY

Introduction

Good (morning/afternoon/evening), my name is _____ and my organisation is conducting research on behalf of the Human Sciences Research Council (HSRC).

The aim of the study is to understand employer interaction with the Department of Labour's employer services (PES) and employers' opinions of the services provided by the public employment services. The name of your organisation has been randomly selected from a list of employers who have registered job vacancies with the Department of Labour.

Am I speaking to Ms/Mr _____ who registered a job vacancy with the DoL's PES? *(If the person is not employed there any more, then please ask to speak to the relevant person.)* Are you the relevant person to interview for this study? If not, could you please provide me with the name and contact details of the relevant person?

| | |
|---------------------------|--|
| Name of relevant person | |
| Landline or mobile number | |

I would like 15 to 20 minutes of your time to participate in the study, either now or at a later time or date that is convenient to you.

Inform the participant that:

- Participation in the study is voluntary.
- The information they provide will be treated confidentially.
- Their name or the name of the organisation will not be used in the research report.

Employers semi-structured interview (telephonic)

| | |
|--|--|
| Date: | |
| Name of firm/company: | |
| Rank/position of respondent: | |
| Tel. no.: | |
| Cell no.: | |
| Type of industry/sector: | |
| Main product/service of your company/firm: | |

Section A: Size and location of industry

V1. Is your company: *(Select one option for each line.)*

| | Yes | No |
|---------------------------------------|-----|----|
| 1. A South African-owned company? | 1 | 2 |
| 2. A subsidiary of a foreign company? | 1 | 2 |
| 3. A government department? | 1 | 2 |
| 4. A branch of a larger company? | 1 | 2 |
| 5. Other (specify): | 1 | 2 |

V2. How many competitors does your company have in the area in which it operates? *(Select only one option.)*

| | |
|--------------|---|
| 1-5 | 1 |
| 6-10 | 2 |
| 11-20 | 3 |
| More than 20 | 4 |

Profile of workforce

V3. What is the number of employees in this organisation?

V4. What is the current percentage of high-skilled, intermediate-skilled and low-skilled employees in your organisation? *(The total must add up to 100%.)*

| | Example | Actual |
|-----------------|---------|--------|
| 1. High | 30% | % |
| 2. Intermediate | 40% | % |
| 3. Low | 30% | % |
| Total | 100% | 100% |

V5. What would be the ideal/preferred ratio of high-, intermediate- and low-skilled employees in your organisation? *(The total must add up to 100%.)*

| | Example | Actual |
|-----------------|---------|--------|
| 1. High | 30% | % |
| 2. Intermediate | 40% | % |
| 3. Low | 30% | % |
| Total | 100% | 100% |

V6. Tell us which **FOUR** occupations (vacancies) are the hardest to fill. On average, how long does it take you to fill these vacancies?

| Occupations/vacancies | Period to fill vacancies | | |
|-----------------------|--------------------------|---|--------------------|
| | Less than 1 month | More than 1 month but fewer than 3 months | More than 3 months |
| 1. | 1 | 2 | 3 |
| 2. | 1 | 2 | 3 |
| 3. | 1 | 2 | 3 |
| 4. | 1 | 2 | 3 |

V7. From your experience, why are these vacancies hard to fill? The candidates ... (Select more than one option.)

| | |
|---|---|
| Lack education/qualifications | 1 |
| Lack the right work experience | 2 |
| Do not have suitable attributes for the job | 3 |
| Lack technical skills | 4 |
| Do not prefer working under the conditions here | 5 |
| Other (specify): Provide only TWO additional | 6 |
| | |

Employment Services of South Africa

V8. When did you last register a job opportunity with PES?

| | | | | | |
|---|---|---|---|---|---|
| Y | Y | Y | Y | M | M |
|---|---|---|---|---|---|

V9. Why did you register a job opportunity on ESSA? (Select more than one option.)

| | |
|--|---|
| 1. Free service offered by the DoL | 1 |
| 2. It is another option in addition to other informal methods of recruiting/hiring | 2 |
| 3. Could not afford a private employment agency | 3 |
| 4. Other (specify): | 4 |

V10. How many vacancies did you post on the ESSA system in the last six months? (Select only one option.)

| |
|--|
| |
|--|

V11. Do you post all your organisation's vacancies on the ESSA system? (Select only one option.)

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

V12. If not, which type of occupations do you post on the system? (Select only one option.)

| | |
|--------------|---|
| High | 1 |
| Intermediate | 2 |
| Low | 3 |

V13. Why do you advertise these particular occupations on the system? Provide three reasons:

| | |
|----|---|
| 1. | 1 |
| 2. | 2 |
| 3. | 3 |

V14. How many of the vacancies that you have posted on the ESSA system have been filled by work seekers that were registered on the ESSA system?

| | |
|----------------------------|-----------------------------------|
| Number of vacancies | Number of vacancies filled |
| | |

V15. In your opinion, were the candidates qualified, experienced and skilled according to your specifications? (Select one option for each line.)

| | | |
|----------------|------------|-----------|
| | Yes | No |
| 1. Qualified | 1 | 2 |
| 2. Experienced | 1 | 2 |
| 3. Skilled | 1 | 2 |

V16. Which type of documentation regarding the matched candidates was sent to your company?

| | |
|--|---|
| 1. List only with the contact details of the candidates | 1 |
| 2. List with some details of the candidates (e.g. age, gender, experience, qualifications, etc.) | 2 |
| 3. Curriculum vitae | 3 |
| 4. Other (specify): | 4 |
| | |

V17. What is the average duration of the contract offered to employees recruited from the ESSA system? (Select only one option.)

| | |
|---|---|
| Less than a month | 1 |
| More than a month but fewer than six months | 2 |
| More than six months but less than a year | 3 |
| A year or more | 4 |

V18. Do you find the DoL's *Registration* and *Recruitment and Selection Services* to be effective? (Select only one option.)

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

V19. If you answered 'No', can you suggest ways in which the *Registration* and *Recruitment and Selection Services* can be improved? (Select more than one option.)

| | |
|--|----|
| 1. Provide employers with access to its employee database | 1 |
| 2. Screen candidates who were matched (e.g. background checks) | 2 |
| 3. Reference-checking on past employment of individuals | 3 |
| 4. Follow up on placement with employer/organisation | 4 |
| 5. Provide employment counselling prior to interviews (job-hunting skills) | 5 |
| 6. Offer programmes to improve employability (learnership/training of work seekers) | 6 |
| 7. Improve service levels | 7 |
| 8. Ensure that Labour Centre officials understand employers' needs and respond accordingly | 8 |
| 9. Provide follow-up and after-care for employers and newly placed employees | 9 |
| 10. Increase staff capacity | 10 |
| 11. Move away from only making available low-skill candidates for vacancies | 11 |
| 12. Exclude from the ESSA databases those who already have employment | 12 |
| 13. Other (specify): | 13 |

V20. In your experience, do you prefer using the DoL's Labour Centre services or the DoL's online registration services? (Select only one option.)

| | |
|----------------|---|
| Labour Centres | 1 |
| Internet | 2 |

V21. How do you rate the accessibility of PES services at Labour Centres or over the Internet? (Select only one option per line.)

| | Labour Centre | Online |
|--------------|---------------|--------|
| 1. Excellent | 1 | 1 |
| 2. Good | 2 | 2 |
| 3. Average | 3 | 3 |
| 4. Poor | 4 | 4 |
| 5. Don't use | 5 | 5 |

Other recruitment channels

V22. Which other channels do you use to recruit potential employees? *(Select only one option per line.)*

| | Yes | No |
|---|-----|----|
| 1. Private employment agencies | 1 | 2 |
| 2. Temporary employment agencies (labour brokers) | 1 | 2 |
| 3. Employees employed in your firm/company | 1 | 2 |
| 4. Newspapers | 1 | 2 |
| 5. Internet | 1 | 2 |
| 6. Former employers: oral recommendations | 1 | 2 |
| 7. Former employers: written recommendations | 1 | 2 |
| 8. Other (please specify): | 1 | 2 |

V23. Please tell us which is the best recruitment channel for your organisation and provide **TWO** reasons why you prefer this channel.

| |
|----------------|
| Which channel? |
| Why? |
| |
| |
| |

Thank you

APPENDIX B – LABOUR CENTRES INTERVIEW SCHEDULE

INTERVIEW MANAGER

Section A: Labour Centre information

| | |
|------------------------------|--|
| Date: | |
| Labour Centre (LC): | |
| Province: | |
| Rank/position of respondent: | |
| Telephone no.: | |
| Mobile no.: | |

Section B: Employer interaction and marketing

V1. How would you describe the relationship between businesses/employers in your service area?

V2. Which strategies do you use to develop and maintain relationships with businesses/employers?

V3. In your opinion, which services do you consider employers expect/want from an employment service?

V4. Do you think the services provided by this Labour Centre are in line with employers' expectations?
Please explain:

V5. Do you consider your marketing strategies in respect of businesses/employers as effective? Is there room for improvement? How do you recommend that these improvements be realised?

Section C: Recruitment agencies

V6. Please refer to the list of recruitment methods below and indicate the recruitment methods you consider employers might prefer. (*You can select more than one recruitment method, but then select them in order of employer preference, e.g. Newspapers 1, Internet 2, etc.*)

| | | | |
|--|--|---|--|
| 1. To use public employment services | | 5. To advertise in newspapers | |
| 2. To use private employment agencies | | 6. To advertise on the Internet/job sites | |
| 3. To use temporary employment agencies (labour brokers) | | 7. To ask for former employers' oral recommendations | |
| 4. To use employees employed in firms/companies | | 8. To ask for former employers' written recommendations | |

V7. Please explain why you provided the recruitment methods in the specific order in question V6.

V8. How do you think PES–ESSA compares with private or temporary recruitment agencies? (*In terms of quality of service, price, resources, capacity of personnel, etc.*)

Section D: Employment Services of South Africa

V9. Do you consider the ESSA system to be effective in your region? Please explain:

V10. What are your biggest challenges in implementing an effective PES/ESSA at this Labour Centre?
(Please refer to: infrastructure, resources, office space, facilities, IT support and maintenance, training and capacity of officials)

V11. What are the key challenges in matching job seekers to vacancies?

Section E: Data quality

V12. Which processes are in place to monitor the quality of the collection and processing of the ESSA data?

V13. How would you rate the Labour Centre's data quality on a scale where:
1 = Very good, 2 = Good, 3 = Barely acceptable, 4 = Poor, 5 = Very poor?
Rate:

V13.1 Please explain why you gave this particular rating?

V14. How can the ESSA system be improved?

Thank you

Investigating Employer Interaction with the Employment Services of South Africa (ESSA)

About the LMIP

The Labour Market Intelligence Partnership (LMIP) is a collaboration between the Department of Higher Education and Training, and a Human Sciences Research Council-led national research consortium. It aims to provide research to support the development of a credible institutional mechanism for skills planning in South Africa. For further information and resources on skills planning and the South African post-school sector and labour market, visit <http://www.lmip.org.za>.