


Employment changes and skill needs in South Africa

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Outline

- 
- Background information on South Africa
 - Skill needs
 - Role of government
 - ▣ job creation policies
 - Remarks on current major challenges

Background information on SA



- Bimodal distribution of skills → translates into high levels of inequality
- Formal vs. informal sector
- Limited size of subsistence agriculture

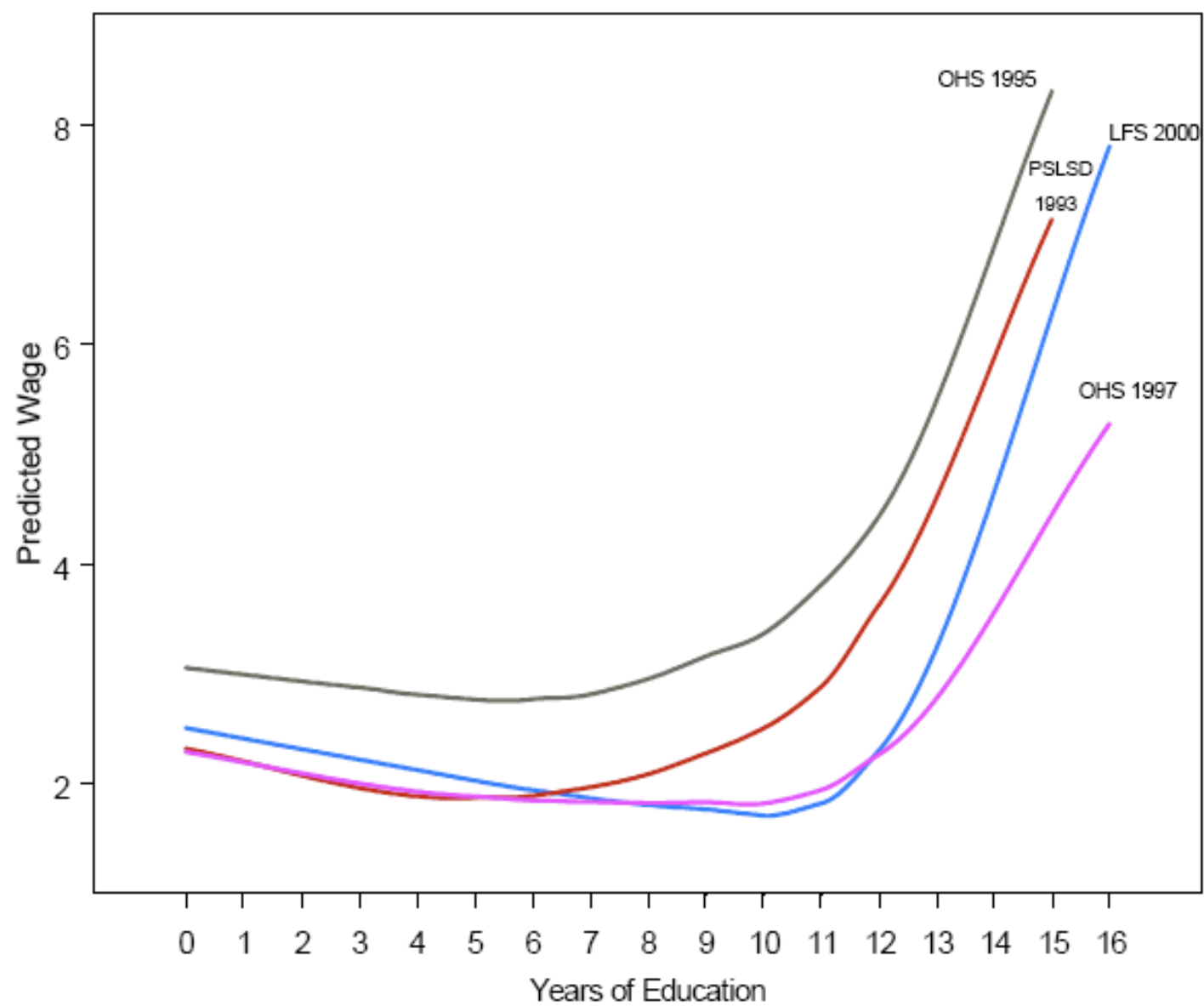


Figure 1. Convex Returns to Education

SA's dualistic school system and labour market

High productivity jobs & incomes

- $\pm 10-15\%$ of labour force – mainly professional, managerial & skilled jobs
- Requires graduates, good quality matric, or good vocational skills
- Historically mainly whites

High quality schools

- $\pm 10-15\%$ of schools, mainly ex-white, but racial composition changed
- Produce strong cognitive skills
- Teachers well qualified, schools function well, good assessment, parents involved



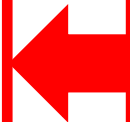
• **Vocational training**
• **Affirmative action**

Low productivity jobs & incomes

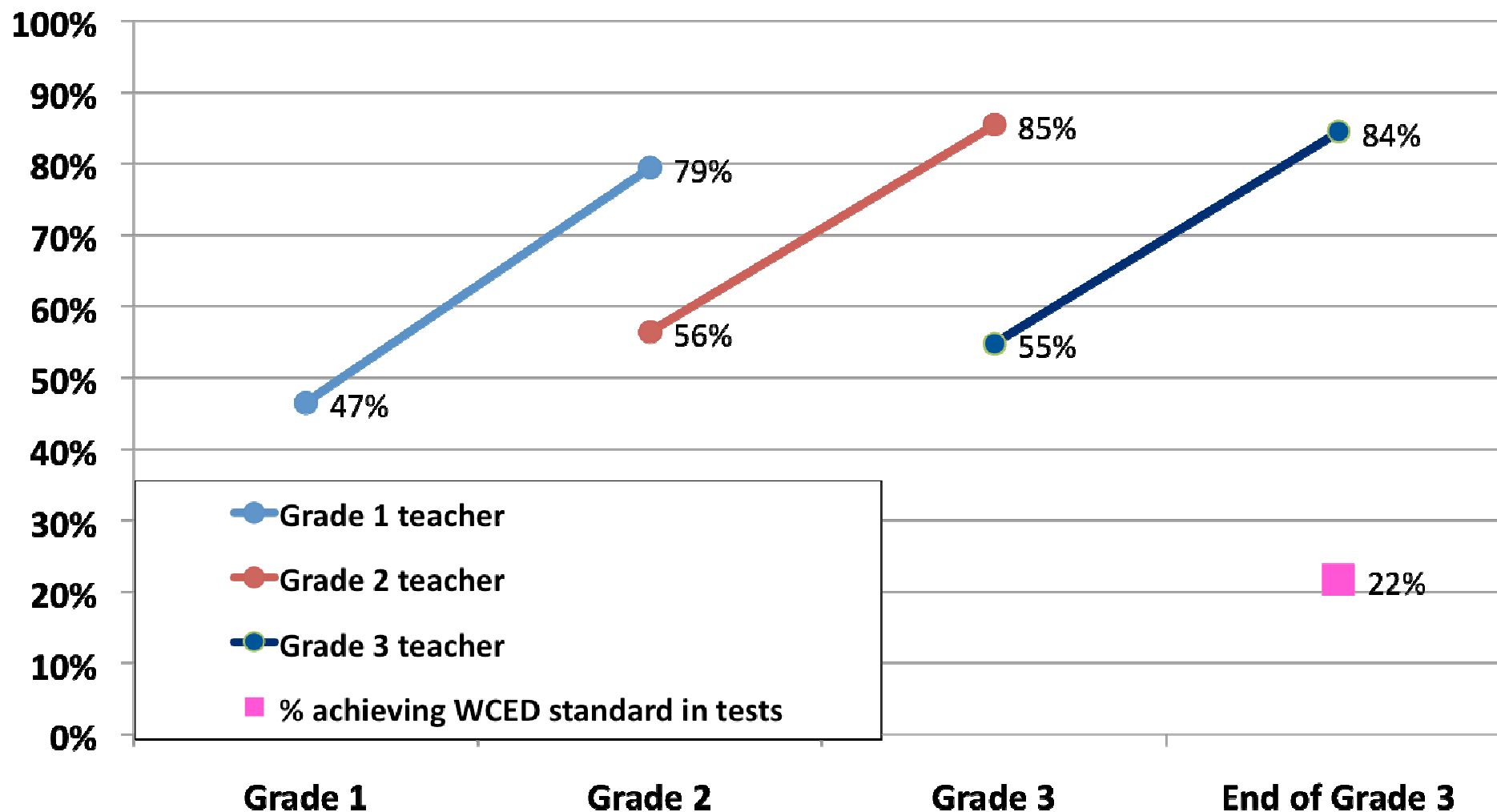
- Often manual or low skill jobs
- Limited or low quality education
- Minimum wage can exceed their productivity

Low quality schools

- Produce very weak cognitive skills
- Teachers less qualified, de-motivated, schools often dysfunctional, weak assessment, little parental involvement, strong union presence
- Mainly former black (DET) schools



Teacher views on % of class at appropriate level in Numeracy for grade at beginning and end of year



How weak is teacher subject knowledge?

Example from teacher test in SACMEQ III

Example of one answer on a Maths test:

9. If the height of a fence is raised from 60 cm to 75 cm, what is the percentage increase in height?

A. ☐ 15 percent

B. ☐ 20 percent

C. ☐ 25 percent

D. ☐ 30 percent

- Correct answer: 25%
- **Most Grade 6 Maths teachers (57%) thought the answer was 15 percent**
- Only 24% of Maths teachers got this right

Role of government

- Reducing unemployment is the government top economic and political priority
- SA government recognises the central role for education and training
 - ▣ ‘shortage of skills’
 - ▣ need of a deeper pool of entry-level and work-ready young people
 - ▣ immigrants from SADC
- Emphasis on industrial policy as lever to target particular areas which are likely to contribute to job creation
 - ▣ encourage and incentives private actors to act in ways that they would not normally act in the pursuit of government’s industrial and skills objectives

Role of government



- Facilitate diversification of the economy away from its traditional reliance on minerals and mineral-processing towards increased value-addition
- Promote labour-intensive industrialisation
- Expanding expenditure on socio-economic policies

Policy alignment



- Linking employment changes to skill needs is a difficult task
 - ▣ alignment requires a detailed disaggregation of the national economy to the sectoral and enterprise levels
 - ▣ high levels of differentiation and unevenness between and within sectors of the economy
 - ▣ ‘one-size-fits-all’ policies are inappropriate
- Lack of sectoral expertise

Skills development strategies



- Skills development strategies are implemented by intermediary agencies: Sector Education and Training Authorities (SETAs)
- The establishment of SETAs occurred without these intermediary bodies becoming informed regarding the key economic needs of the sectors
 - justification for skills anticipation exercises?

Challenges



- **Macro:** more effective horizontal coordination of various government departments
 - National Planning Commission established in 2009

- **Micro:** more effective deployment of intermediary agencies that perform brokerage functions between the state and employers
 - quality of bureaucracy
 - familiarity with localised interests
 - corruption