
WEDNESDAY, AUGUST 27, 2014

10:30–11:30am

Skill Needs in the Industrial and Mechanical Field

Countries around the world are facing challenges related to unemployment, underemployment, or lack of participation in the labor market, especially among youth. Certain sectors, however, are well positioned to contribute to youth development and help meet the jobs challenge, thus fostering economic development within the communities and nations in which they operate. The industrial and mechanical sector, with its global reach and key role in these industries, has much to contribute to the economic viability of today's youth. This session will present research and insights relating to the labor market needs of the industry, specifically in South Africa, and how those needs are reflecting global trends.

- Ken Duncan, CEO, Swiss South African Co-operation Initiative
- Ansa Liebenberg, Program Manager for Special Projects, Manufacturing, Engineering & Related Services SETA
- Moderator: Matthew Breman, Regional Director (Africa), International Youth Foundation

Panelist Introductions

- merSETA is one of 21 SETAs in the country, which are funded by a skills levy on employers and funds programs to address scarce skills gaps in the sector.
- SSACI is a public private partnership between the Swiss and South African governments and private sector. SSACI is focused on improving skills development in South Africa, with a particular focus on strengthening work-integrated learning opportunities for students in the public sector Further Education Training (FET) colleges.

Context

- Extremely high rates of youth unemployment in the country.
- Unskilled labor in the manufacturing sector tends to be dominated by black South Africans, while skilled and highly skilled occupations are dominated by white South Africans.
- Technical occupations are dominated by men, while clerical/admin roles in the manufacturing sector are dominated by women.
- Government focuses on strengthening skills within the FET college system, but there is a continued skills gaps between skills taught, and employer needs. Many young people are completing training for the sector, but still lack the relevant skills to access employment.

Ansa Liebenberg – merSETA

- Massive need/challenge around youth unemployment, but even small differences are important.
- merSETA and other related SETAs have primarily focused their research in the formal labor market.
 - But 42% of Africa's GDP comes from the informal sector – as cited during last years in municipal/metropolis cities conference here in Joburg.
 - Are there sufficient opportunities in the formal sector to absorb young people, including for work-integrated learning opportunities? The manufacturing sector labor market is becoming squeezed—including due to technological and mechanized operations—and increasingly the opportunities are very high skilled.
- Barriers to female employment are not just about doing the job, but where the job is – the jobs are often dangerous. It's challenging for both men and women to sustain jobs/careers in this sector – takes a particular type of person to succeed.
 - What are the actual employability skills necessary to succeed? Soft skills critical though not the only skills to succeed in these challenging but interesting positions.

- Jobs are changing every day, and this information needs to be communicated to youth.
 - Jobs in the green sector (i.e. renewable) are increasingly important.
 - Often maintenance of renewable infrastructure needs is very localized, with linked entrepreneurial skill needs.

Ken Duncan – SSACI

- SSACI grew out of collaboration between the Swiss and South African government, and between companies with interests in both countries.
- There was a realization in the early 2000's that the skills system was not adequately preparing young people for the skills needed in the labor market.
- Swiss has specialty in skills training / vocational training. Partnering with government to enhance the public sector training college (i.e. FET colleges), as there is a major gap between the vocational training system and the needs of the labor market. Many of the courses in the FET colleges have youth enrolled in courses for 3-years, and never once do they step into the workplace.
- SSACI is therefore focused on work-integrated learning, both for FET students and FET lecturers.
- SSACI implements 'proof of concept' projects, with SSACI leading design/implementation, in partnership with government, to influence broader systems.
 - Example: SSACI organized a DHET study tour to Switzerland, where the Minister saw the Dual Apprenticeship Project. This influenced implementation of a pilot in South Africa within the FET college system, which is ongoing.
- The majority of trained artisans come out of large parastatals.
 - However, there are thousands of SMEs that could artisan, to increase skilled artisanal training within the country.
- The biggest challenge in South Africa's skills development sector isn't financial resources, but effectively spending public sector funding for skills development.
 - The state is central to economic development in SA, as is often the case in developing countries.
 - Necessary to establish those links between public/private sectors. Only the state has the mandate and resources to implement training on the scale that is needed to address youth unemployment, but the private sector has the scale to actually absorb youth.
- Areas where youth are ill-equipped:
 - Artisans/technicians are in very short supply.
 - Shortage of management skills from top to bottom – important to have the combination skills of management, including technical, marketing, and financial. South Africans need a broader set of foundational skills that allow them to engage in these different occupations throughout their career.
 - Attitudinal – resiliency to get ahead in the very competitive business environment of today. Youth entering the labor market today don't really understand how competitive youth have to be to succeed in the job market. Soft / life skills critical, combined with technical skills.
- Employers will not employ anyone unless they absolutely have to, due to labor market regulations in SA. A major barrier to hiring youth – which is why internships, learnerships, etc, are so critical, so that an employer has an opportunity to get to know a young person, before making a decision to hire a young person.
 - This is why 'work-integrated learning' opportunities are so critical, and why SSACI is focused on this area.

Q/A Session:

- Matthew (IYF): What is the difference between absorptive capacity, and the labor market needs in the sector?
 - Ansa (merSETA): We need to incentivize SMEs to provide work-integrated learning opportunities to young people. SMEs often indicate that they don't have time to provide workplace training opportunities. Many of these businesses are survivalist, and find it challenging to take on a young person, and SA is not properly incentivizing these businesses to provide training. We should look at the 'less-formal' sector, to provide opportunities for young people in locations outside the metros, as it's difficult for youth to travel to the large metros to access work-integrated learning opportunities within the major employers/corporate sector.

- Matthew (IYF): Ken mentioned that public sector skills development funding needs to be spent more wisely. What are recommendations for better spending for these resources?
 - Ken (SSACI): We have a strange system in SA, in which employers pay taxes to fund FET colleges, and also pay a skills levy to merSETAs, which are redistributed to companies as training grants. Companies then use these grants to fund training provided by private training providers. Private companies should be working with public colleges (FET colleges) in their immediate area – that is a much smarter, longer-term investment. These colleges are reaching large numbers of youth, with training funded by government.
- Jenny Hills (IYF): Questions for Ken around the model for placing interns within SMEs. How do you ensure that these SMEs are up to safety standards, and have the appropriate support and facilities to host interns, as well ensure ongoing provision of support to young people?
 - Ken (SSACI): This is a real challenge. There has to be a business case for SMEs to take on apprentices. But this exists in SA – an apprentice quickly becomes very able within a short period of time, but paid low wages. Many companies in SA could not survive with the apprenticeship program. This is a very strong argument for the SME. But we need a national, standardized list of criteria, which is enforced to host apprentices. We are getting close to that situation in South Africa, with workplace standards being enforced across the board. And yes, the interns require support – some organization, whether it's SSACI or another organization – providing this support. SMEs may not be able to provide all the training required for the trade, so an apprenticeship/internship program still requires a training provider to be involved in the model. There is an interesting model developing in SA, in which there is a lead employer, who 'loans' apprentices to other partner employer for more specialized training in certain areas – i.e. for 3 months, 6 months, as part of a 4 year apprenticeship program.
- Aakash (Quest Alliance - India): Is there trust amongst the private sector for the government to adequately respond to the skills gap? Is there an opportunity for the private sector to become involved in training, to offer more competitively driven training models?
 - Ken (SSACI): There are six reasons:
 - Cost-benefit to working with public sector
 - Tax incentives for interning youth enrolled in FET college
 - Opportunity for employer to 'cherry-pick' work-ready youth. Very valuable for employers, due to labor law that restricts firing employees once hired.
 - Opportunity for employers to influence public sector training criteria. For a company to shape what's being implemented at a local college is a real opportunity, and this opportunity will not always exist.
 - The government scores companies in their socio-economic development and skills development policies. This score incentivizes companies, but providing preferential access to government supply/service tenders to companies with higher scores. So working with the public system training is incentivized.
- Aakash (Quest – India): What do we need to do, to ensure that the new green jobs / sectors are seen as very viable career options for young people to access and grow in? Is there a need to reposition training around this space to make this sector more viable for young people to access?
 - Ansa: From the maintenance perspective, it's mentioned more as a job perspective. Maintenance provides job opportunities, as well as infrastructure sustainability. It's not necessarily a high-skilled requirement – but still a good job opportunity. Often just requires very basic hand skills. Around green jobs and advocacy about these opportunities, almost nothing has been done, including career opportunities and the skills required – including in areas such as recycling, solar, wind power, etc. This type of advocacy is particularly needed for youth living in underserved communities.
- Jimmy (St. Anthony's Education Center): What progress has been made through the SSACI initiative with government, and how long is the plan for this engagement?
 - Ken (SSACI): We estimate it will take about 20 years – we are 13 years into it, so perhaps in 7 years that will be the end of SSACI. Every year, something in the region of 15,000 youth participates in work-integrated

learning, which is a small proportion, based on the 300,000 young people in colleges. Progress in the 'proof of pilot' projects, including 100 youth in apprentices in SMEs.

- Jimmy (St. Anthony's Education Center – South Africa): How can NGOs effectively access and spend resources?
 - Ken (SSACI): We have a funny system, in which there is a lot of funding for skills development in SA, but difficult to access. NGOs need to show that they are providing an effective service to the public sector training providers. There is openness in government now in forging more partnerships, including those outside of the public sector.
 - Ansa (merSETA): It's absolutely critical that training programs be responsive to the very local labor market.
- Yao Li (BNVS - China):
 - Ken (SSACI): Explained the SA TVET system – discussion of 3-year National Certificate Vocational (NCV) in the South African system, which could allow students to access higher education, but in practice does not work – the skills aren't sufficient for accessing higher education. There are articulation challenges, which don't exist in other countries. In practice, most employers insist that a young person completed 12 years of education (matric) and 12 years of Maths before they enroll a young person into a 4-year apprenticeship. Math has been brought in as a proxy measurement for competence, but it's not necessarily a requirement for the trade.