

Rethinking the Skills question in South Africa



Resolving the jobs and skills crisis cannot be disarticulated from broader questions of political economy that mediate the context in which development takes place.

By Siphelo Ngcwangu

South Africa is facing a crucial challenge of creating employment opportunities in the context of a decline in employment prospects in many industries as the country's economy undergoes structural shifts which are influenced by global trends.

The South African government under President Ramaphosa has identified job creation as a strategic priority. This is one reason the government held a Jobs Summit in September of 2018. The last Jobs Summit that the post-apartheid state held was in 1998, at a time of considerable debate within the African National Congress (ANC) over the direction of macro-economic policy. The original vision of the ANC was captured in the Reconstruction and Development Programme (RDP): a radical socio-economic document aimed at improving the conditions of the poor masses and redressing historical imbalances. The RDP adopted in 1994 by the ANC was replaced by the Growth, Employment and Redistribution (GEAR) which was formulated by a core of economic specialists who focused on fiscal austerity, deficit reduction and

general macro-economic stability.

Buhlungu (2010) argued that GEAR was an acknowledgement by the new government that the South African economy could no longer operate outside the logic of global capitalism and its imperatives of labour market flexibility, fiscal austerity and deregulation of economic life. However GEAR also exhibited the ambivalence of a national liberation movement which had come to power in a world governed by neoliberalism but was compelled to address the needs of its working class constituency.

The National Development Plan (2011) argues that South Africa faces a severe skills shortage which, if not resolved, could place heavy constraints on economic growth and significantly limit South Africa's potential to compete with other countries in the world or take advantage of growth opportunities provided by technological advancement which depend on skills. This formulation is pervasive and heard regularly in mass media, television talk shows and radio programmes. Skills shortages or gaps include (the absence of qualified labour

to fill vacant positions) and mismatches (when those who are seeking employment do not have the skills or qualification needed to fill vacant positions). These, as well as information asymmetry (when potential employees or employers do not have information that could improve matching), are some of the main issues identified by mainstream labour economists engaging in the skills discourse. Critics of the NDP see it as neoliberal and a 'copy and paste' of GEAR while those who support it either argue that it is only a vision or that certain parts of it require revision (Balwanz and Ngcwangu, 2015).

Skills are largely shaped by the contextual character of production and the nature of relations between management and employees. The concept of skill has changed over time, away from a definition strictly related to technical 'hard' skills, which are related to artisanal and apprenticeship types of work which is linked to vocational education. The definition now encompasses a broader set of skills including 'soft skills' which are related to human relations and professional ethos. McGrath (2002) contends that the language of skill has shifted from an input orientated concept of 'education and training' to an outcomes orientated language of skill due to the rise of globalisation and the increasing dominance of market led ideologies in society. The differing perspectives on what constitute skill and the search for a common language has implications for statisticians, researchers and labour market research in general. The term skill is central to the various distinctions within the labour force and the various hierarchies of remuneration.

Discussion over job creation in many ways is centred on the shortage or 'mismatch' of skills in relation to available skills. Not only is the debate over skills misplaced; it is also de-contextualised in mainstream political and economic analysis. I argue that the assumption of most South African state policies is that increasing 'supply' of skills through education and training is a singular solution to the jobs crisis, yet the jobs crisis is shaped by a range of factors that prevail in the capitalist labour market, many of which have very little to do with skills. However this is not

to imply that education and training are not important but to show that our approach to the skills debate has been strongly dominated by neo-liberal policy assumptions and human capital theory which distort the structural nature of the jobs crisis and make unemployment an individual problem which can be resolved through skill acquisition only.

Scholars such as Alice Amsden (2010) argue that purely emphasising supply provision or expansion without dealing with demand side restructuring in order to create jobs may prove futile for countries seeking to widen employment opportunities. Amsden (2010) argues that in the presence of high unemployment at all levels, improving the capabilities of job seekers will only lead to more unemployment and not to more paid employment or self-employment. To believe that improving only the supply side of the labour market is enough to reduce poverty without also improving the demand side, and investing in jobs, is logically flawed and subject to the same error as Say's Law – that supply creates its own demand (Amsden 2010:57).

Human capital theory advances a linear concept of change in which educational attainment equates to economic success, but this linearity is decontextualised from the configurations of power and the purposeful actions of capitalist producers. De-industrialisation has had an enormous impact on local communities surrounding industries which have experienced large-scale job losses. In other research we have conducted, we found that attempts at 'reskilling' ex-mineworkers have proven to be less effective given that local economies are depressed and communities lack the means to purchase the services offered by ex-mineworkers who are undergoing retraining.

This presents a complex challenge which shows that resolving the jobs and skills crisis cannot be disarticulated from broader questions of political economy that mediate the context in which development takes place.

Skills for Jobs or Jobs for Skills ?

Skills shortages or mismatch discourse has taken shape in South Africa over a long period since the 1980s and even earlier, and some

scholars sought to show that the skills question is underpinned by a discourse of legitimisation. For example, Chisholm (1984) notes:

The skills shortage, irrespective of whether there is an actual shortage or not, plays a powerful part in negotiating the discourse of legitimisation. It appears to be used as a rationale for bringing about changes which cannot be brought about directly since various class interests are thereby threatened.

The skills issue is framed by mainstream labour economists as being a problem of 'frictional' misalignment between 'supply' and 'demand', when the problem is actually more about a systemic misalignment, as Lehulere (2013) argued. The South African labour market has not only been divided along

“The NUM has an agency that deals specifically with post-employment challenges of workers beyond reskilling.”

racial lines but is also fragmented due to the concentrated ownership patterns in the economy. Therefore discussing skills 'mismatch', 'shortage' or 'scarcity' has to account for the structure of the prevailing labour market (Ngcwangu, 2015).

Guy Standing (2011), in his seminal book, *The Precariat: A Dangerous New Class*, argues that there are no countries that have an accurate sense of skills available in their populations.

There is always a shortage, insofar as one cannot see a limit to potential human competencies. However, no country in the world has a measure of the stock of the skills of its population, and standard indicators such as years of schooling should be regarded as woefully inadequate. Is a gardener or a plumber unskilled because he/she has no secondary or tertiary schooling? One might claim rather the reverse – that modern market society has a 'skills excess' in that millions of people have bundles of skills that they have no opportunity

to exercise or refine).

The issue of skills in general is elusive as all attempts at defining skills shortages show there is no common understanding on what a skills shortage is. This implies that the problem rests not merely with definition but with the politics behind it. The notion of 'demand' for skills is problematic because it relies on an idea of demand based narrowly on employer needs. However, many employers are unable to explain exactly what demand they require and how it exactly fits into their requirements as those requirements themselves remain elusive due to the dynamics of capitalist turnover times and the lack of job opportunities.

A further dilemma is around the paradox of growth without jobs, which is critical in a context where many African countries have been growing their economies at high levels, with some, such as Ghana, at rates of 4–5% per annum (King 2009), yet being unable to create mass employment opportunities.

In 2016 (see Balwanz and Ngcwangu, 2016) we argued that there are ideological, theoretical, conceptual and methodological limitations to the 'scarce skills' discourse in South Africa. We identified 7 problems that underpin these limitations:

- 'Scarce skills' has become a discursive practice;
- The 'skills' argument is based on contested theory and ignores non-skill factors influencing the economy;
- Conceptualisation of 'skill' is narrowed when skill is defined as 'occupation';
- Methodologies for identifying scarce skills/occupations is highly contested and implemented in a highly inconsistent fashion;
- Theory and methods used to determine scarcity reflect discursive biases;
- 'Scarce skills' promotes a misguided conceptualisation of education and training reform priorities; and
- The evolution of occupations and skills appears to be better illustrated by models which emphasise co-construction and partnership as opposed to supply and demand.

Harvey (2011) argues that 'There are many advantageous ways for capital

to address problems of labour scarcity. Labour-saving technologies and organisational innovations can throw people out of work and into the industrial reserve. The result is a 'floating' army of laid-off workers whose very existence puts downward pressure on wages. Capital simultaneously manipulates both the supply and demand for labour'. This point is further accentuated by Brown (2011): 'Governments have a political duty to privilege their citizens, but capitalism has no such loyalty. Where it is given room to breathe, it tirelessly accumulates capital in whatever ways it can with scant regard for existing arrangements' (Brown, 2011:pg 113).

This implies that capitalists are continuously restructuring the workplace and making it increasingly difficult to determine with certainty their actual requirements for skills of potential employees. This is worsened by the phenomenon of de-industrialisation which simply means the decline of manufacturing as a contributor to the overall economy of a country. It results in significant job losses and subsequent economic decline in overall employment within manufacturing.

The effect of de-industrialisation on Communities and ex-Mineworkers

The decline of significant industries in manufacturing, steel production and mining has hit many communities very hard and affected the livelihoods of many families. Understanding the nature of the skills development of former mineworkers has been a neglected component of the skills development literature in South Africa and internationally. An overarching focus within skills development literature has been on workplace preparation and technical skills development for workers, overlooking the aspects that affect skills development for those outside formal employment.

In his insightful study of Arcelor Mittal (formerly Iscor) in Vanderbijlpark Hlatshwayo (2017) describes how the impact of the privatisation of the company coupled with the introduction of Lean Production techniques has resulted in a huge number of job losses. This is a production technique underpinned by a philosophy of elimination of waste, workforce

reduction and cost reduction. It is associated with a range of industrial strategies linked to what is called 'Post Fordism'.

Between 1989, when Iscor was privatised, and 2015 when the company was acquired and controlled by Arcelor Mittal International, 46 642 jobs were lost in plants located in Vanderbijlpark, Vereeniging, Pretoria and Saldanha Bay. By 2015 the plant in Vanderbijlpark employed 4 500 people. Close to 10 000 jobs were lost between 1989 and 2015 at the Vanderbijlpark plant alone (Hlatshwayo, 2017).

Other responses of the community included pressure on the Municipality to implement its Integrated Development Plans (IDP), solidarity amongst retrenched workers, service delivery protests, establishment of a youth development centre, and stokvels, cooperatives and similar organisations aimed at building solidarity among the residents in the context of decline of a company that was once their major source of employment.

The response of government policy makers and politicians has tended to promote 'reskilling' as a solution to the jobs crisis. The reality of the mining sector is that there is an increase in job losses in recent years due to economic factors, which has had a severe impact on mining communities. It is important therefore to understand how the community survives when mining goes into decline and 'wagelessness' prevails. Social and Labour Plans (SLPs) are legislated in South Africa and are meant to ensure that these include training and community development as a significant criteria to mining companies receiving a mining licence from the government. This is meant to ensure an example of responsible and sustainable human resources practices in the mining sector, the effectiveness of its implementation has not been formally undertaken through research. Both the immediate locality of the mine and the way in which economies of the 'labour sending areas' become affected. But how effective are 'reskilling' programmes in an environment of depressed economies? My colleagues and I (see Akoojee, Ngcwangu, Lolwana and Fobosi) compiled a report on *Reskilling*

ex-Mineworkers: Glimpses into post-employment skills. In the research we interviewed a range of stakeholders: trade unions, government, business as well as workers in the Carletonville area in Gauteng's West Rand.

The area in which we did the research was heavily dependent on gold mining but the company which had provided employment closed due to a combination of economic challenges and problems related to a Black Economic Empowerment (BEE) deal which went wrong. The result was that many workers were retrenched, and some returned to their original homes while others stayed in the community in hope for a promised re-opening of the company under new ownership. The MQA and the trade union National Union of Mineworkers (NUM) tried to initiate programmes to retrain workers for further study, self-employment and re-employment. The training involved a focus on what are called 'portable' skills which involves bricklaying, carpentry, plumbing, painting, decorating, plastering and tiling. This training was meant to give the ex-workers skills they could apply beyond mining and to help them generate an income to support their families. These training programmes were aimed at both ex-mineworkers and 'proxies' who are relatives of ex-mine workers.

While benefits may not be on a huge scale what we found is that those small survivalist benefits are critical to provide a source of income for the ex-mine worker or proxy. The portable skills training in itself does not ameliorate the crisis sufficiently and in future may prove less effective if the local economy is not developing. The types of training on 'wet trades' that are being provided assume that there is consumption of the services on which training has been given. The ex-miners are people with families, and they saw benefits to themselves through the portable skills training.

Sir we can see the change in our lives. Because when people with nice jobs got a problem with their toilets, they come to us and we go and fix their toilets. After we done we say just give me R50. That is not the same as selling apples on the street. My hands can give me food, so the

training was beneficial (anonymous ex-mineworker 1, 2015)

The cash generation potential of such training is critical in empowering the ex-mine workers. The main issue of concern is what type of market structure would best absorb these trainees and what prospects exist for the creation of a vibrant small business sector within the construction industry.

Other interesting findings that emerged from our study are, for example, that labour and business focused on broad issues that influence their varied responses to retrenchment or downscaling. Business sees a need for short term programmes that can be standardised and used by the MQA at any given time and adopted where necessary but broadly addressing the same principle of reskilling. Labour seemed to demonstrate more practicality. The NUM, for example, has an agency that deals specifically with post-employment challenges of workers beyond reskilling. The workers expressed more of a concern for further employment opportunities within the sector or for training in areas that will provide economic opportunities for themselves and their families.

A crucial trend is that the reskilling issue is not confined to the individual worker who has lost employment or been retrenched: a strong community dimension has taken shape over the recent period. The research we conducted contributes a critical dimension to the literature on skills development as it looks beyond the formal workplace by examining the notion of skills outside of the traditional employment relationship and problematises the concept of reskilling.

This article has shown through a combination of conceptual and empirical analyses that understanding the skills issue is quite complex given the social realities of South Africa. It is not merely a linear process linking education, training and the economy. In the build up to the Jobs Summit towards the end of 2018 there has been much discussion over some of the issues I have raised in the article. It is not clear if the 'New Dawn' will evolve new policy measures beyond the currently existing framework of the NDP. There is also no indication as to whether the ANC

is giving much thought to the model of skills development which is encouraged through the Sector Education and Training Authority (SETA) system. Nor is it clear that there is currently a wider rethink of Post School Education and Training provision in order to ensure that it works for the masses of the poor and working classes.

I have shown in another paper (see Ngcwangu 2017) that the DHET's attempt to rethink skills policy beyond the third phase of the National Skills Development Strategy (NSDS) shows a stronger appetite to strengthen the role of the state in skills development and support for community-based organisations unlike past iterations which were influenced by neoliberal thinking which resulted in weakening the capacity of the state by leaving

“Nor is it clear that there is currently a wider rethink of Post School Education and Training provision in order to ensure that it works for the masses of the poor and working classes.”

provision to private service providers who saw skills development by training against unit standards as a lucrative market.

There were no new radical measures that came out of the ANC's policy conference. The focus was more on #feesmustfall and the free education proposals. With regards to the contentious employment chapter of the NDP, there is likely to be continued debate about its ideological orientation and usefulness in addressing the employment challenge in South Africa.

The state has a number of interventions such as expanded public works programmes, internships, youth employment schemes, graduate placements, entrepreneurial training, reindustrialisation and a broad range of programmes related to the 'social economy' which includes the social welfare system. Rethinking skills

development means that a better understanding of the current economic climate will be required, coupled with a thoroughgoing assessment of the entire post-school education and training system.

Funding priorities may have to be reconsidered with greater focus being placed on the National Skills Fund (NSF) which is an entity of the Department of Higher Education and Training (DHET) that is designed to support non-governmental and community based organisations in their skills development training initiatives. The two cases of Vanderbijlpark and Carletonville areas that I have cited show the important need for us to look at the informal economy as a focus for skills development in light of the deepening capitalist crisis. Many of our policies are still largely geared towards meeting the needs of big business which prove to be elusive due to the ever-changing turnover times of capital accumulation. ■

References

- Akooje S, Ngcwangu S, Lolwana P & Fobosi M. (2015) 'Re-skilling of ex-mineworkers: Glimpses into Post-Employment'; Research Report for the Mining Qualifications Authority (MQA) SETA, Wits REAL Centre: pp 1-80
- Amsden, A. (2010). Say's law, poverty persistence, and employment neglect. *Journal of Human Development and Capabilities: A Multi-Disciplinary Journal for People-Centred Development* 11(1):57-66.
- Balwanz, D and Ngcwangu, S. (2016) 'Seven problems with the 'scarce skills' discourse in South Africa', *South African Journal of Higher Education*, Volume 30 | Number 2, 2016, pages 31-52
- Brown, P. (2001). 'Skill Formation in the 21st Century'. In P. Brown, A. Green & H. Lauder (Eds.), *High Skills: Globalization, Competitiveness and Skill Formation*. Oxford: Oxford University Press.
- Buhlungu, S. (2010). *A Paradox of Victory: COSATU and the Democratic Transformation in South Africa*. Scottsville: University of KwaZulu-Natal Press.
- Chisholm, L. (1984). 'Redefining Skills: Black Education in South Africa in the 1980s'. In P. Kallaway (Ed.), *Apartheid and Education* (pp. 387-409). Johannesburg: Ravan Press.
- Harvey, D. (2011) *The Enigma of Capital and the Crises of Capitalism*. London, Great Britain: Profile Books.
- Hlatshwayo, M. (2017). 'Community Responses to Declining Industries', *New Agenda*, Issue 66, Quarter 3: pp 22-27
- King, K. 2009. 'Education, skills, sustainability and growth: Complex relations'. *International Journal of Education Development*, 29:175-181.
- Lehulere, O. 2013. Speech delivered at CEPD/UWC workshop on Post School Education and Training, 11 February 2013, Cape Town, South Africa.
- McGrath, S. (2002). Skills for development: a new approach to international cooperation in skills development? *Journal of Vocational Education and Training*, 54(3), 413-430.
- Ngcwangu, S. (2015). 'The ideological underpinnings of World Bank TVET policy: Implications of the influence of Human Capital Theory on South African TVET policy', *Education as Change*, 19(3) 2015: 24-45
- Ngcwangu, S. (2017). 'Reshaping skills policy in South Africa: structures, policies, processes', *New Agenda*, Issue 67, Quarter 4: pp 29-34
- Standing, G. (2011). *The Precariat: The new dangerous class*. London: Bloomsbury Academic.