



LABOUR MARKET
INTELLIGENCE PARTNERSHIP

Creating a credible institutional mechanism for skills planning in South Africa

Briefing workshop to the Minister of Higher Education and Training

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Emerging trends from the MEMSA skills forecasting model

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The need for a SETA Labour Market Survey

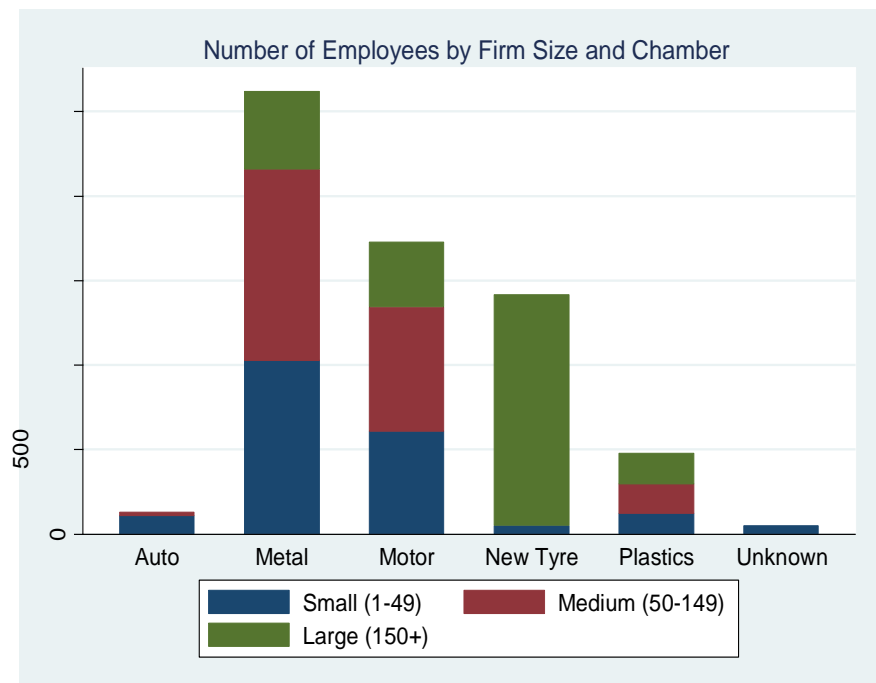
Haroon Borat
Development Policy Research Unit

MerSETA Survey Results I: A Snapshot of the MerSETA Labour Market



	Auto	Metal	Motor	Tyre	Plastics	Total
Employees (n)	131	2 620	1 726	1 416	478	6 422
Employees (%)	2%	41%	27%	22%	7%	100%
Firms (n)	12	116	75	11	19	237
Firms (%)	5%	49%	32%	5%	8%	100%
Mean employees per firm	11	23	23	129	25	27

- Average number of employees per firm shows that firms are on average largest in the tyre sector and smallest in auto.
- The graph shows that employment in the tyre chamber is dominated by large firms, whereas in the other sectors, small and medium firms are the source of the large majority of employment.

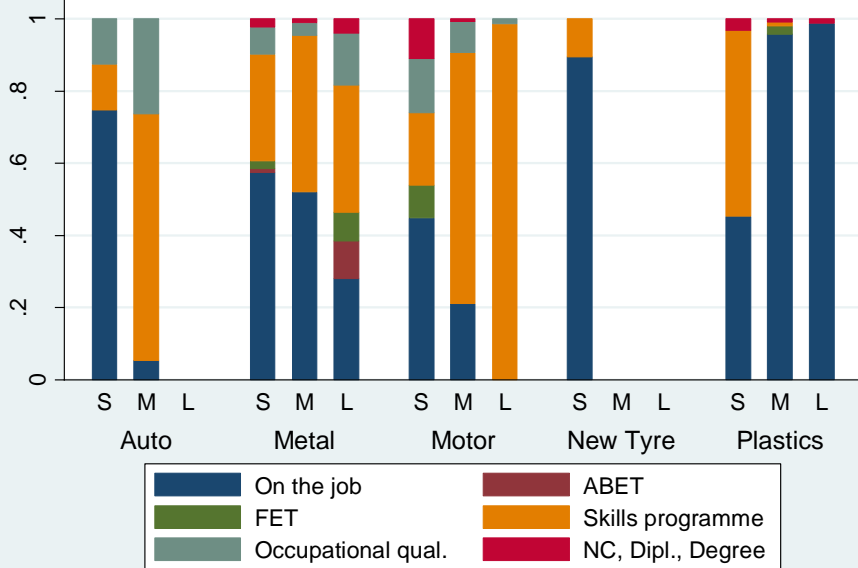


MerSETA Survey Results II: Education, Skills Training and Earnings

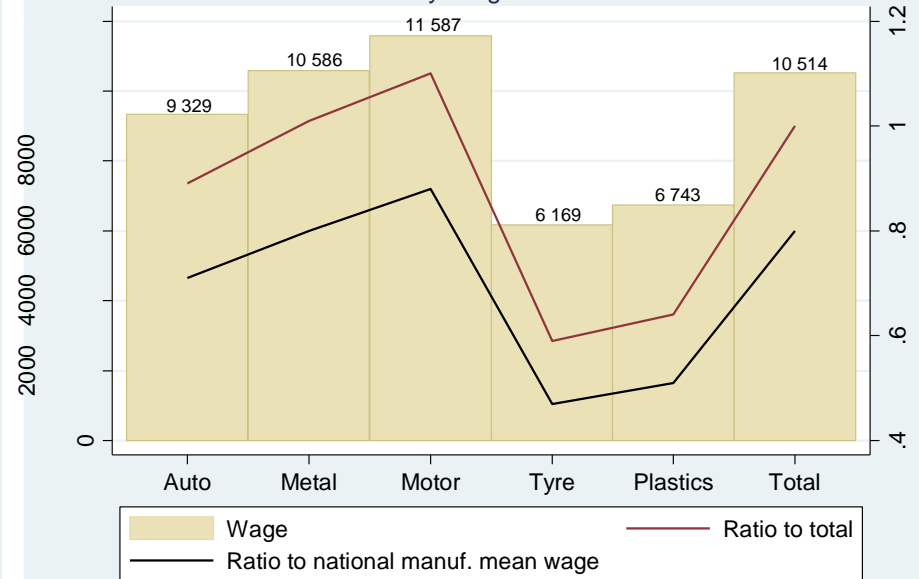


(% of employees)	Auto	Metal	Motor	Tyre	Plastics	Total
Grade 12 only	76.6	50.6	78.4	3.8	75.7	65.9
National Certificate	9.4	26.4	10.3	88.5	10.0	18.0
FET Qualification	4.7	7.9	5.1	3.8	1.4	5.9
Diploma	7.8	8.6	2.6	0.0	4.3	5.2
Undergrad Degree	1.6	4.9	3.0	3.8	5.7	3.9
Post-grad degree	0.0	1.6	0.5	0.0	2.9	1.1
Completed training	51.4	42.7	53.0	1.7	79.8	38.6
Training intensity ratio	1.33	1.11	1.37	0.04	2.07	1.00

Type of Training by Sub-Sector and Firm Size

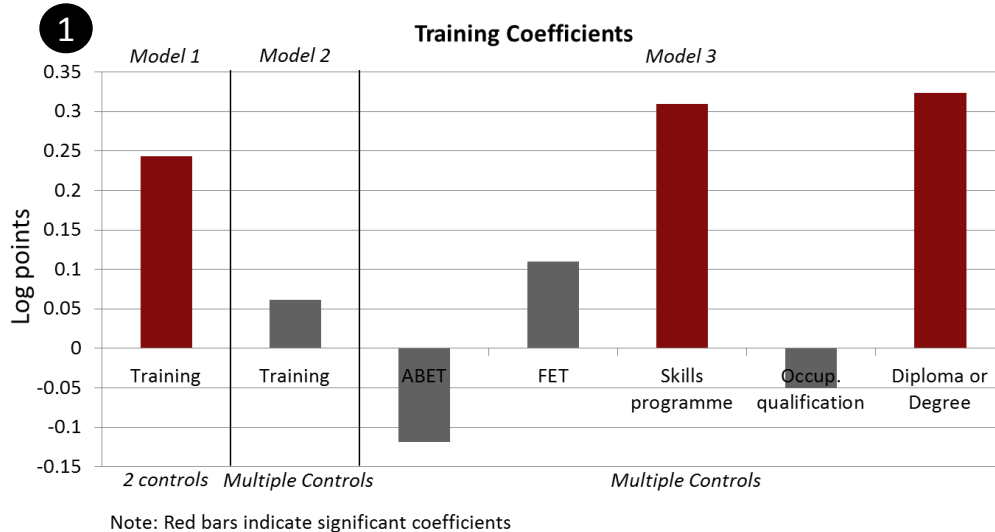


Mean Monthly Wage Per Sub-Sector



MerSETA Survey Results III:

Returns to Training and Determinants of Firm Training Expenditure



2

Dependent var: log(training expenditure)	(1)	(2)	(3)
Profitability ⁽¹⁾	0.421*** (0.0239)	0.399*** (0.0394)	0.371*** (0.0482)
Seta engagement		-0.774 (0.654)	-0.686 (0.772)
Discretionary grant		0.164** (0.0660)	0.169** (0.0789)
Vacancies		0.00790 (0.00934)	
Hard to fill vacancies			0.0100 (0.0205)
Constant	2.610*** (0.421)	0.187 (1.531)	0.397 (1.788)
	Controls: Sub-sector, firm size, type of training institution		
Observations	340	161	122
R-squared	0.503	0.590	0.570

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

(1) Profitability is measured as turnover minus payroll

Group-specific returns:

- For those who already had a diploma or degree, they experience significantly positive returns to training relative to those with lower levels of education.
- Furthermore, different types of training yield different returns, depending on the individual's initial level of education.

- The data we received from firms during our survey makes it clear that without an incentive, firms can and are willing to provide both unit record and firm-level data.
- Without unit record data, firms may hide behind aggregates such as average training expenditure per worker, when actually training may only be benefiting a select group of employees.
- The flexibility of the unit record data means that various types of reports can be generated from this data – from detailed employee-level analysis to more aggregated firm and sector analysis.



Attitudes to work: social attitudes have a bearing on labour market outcomes

Bongiwe Mncwango
HSRC

Public attitudes: a missing link in skills planning?



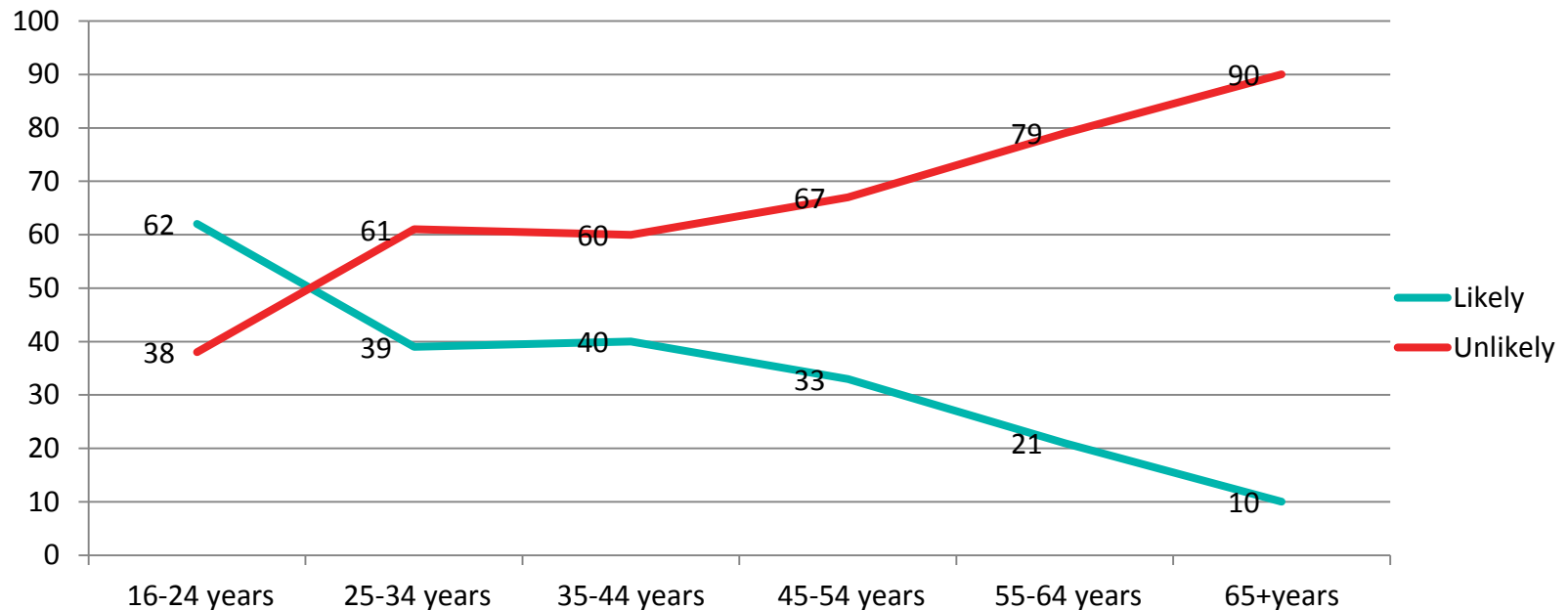
- Need to **map attitudes** to work, employment and unemployment:
 - ❖ Labour market expectations and preferences
 - ❖ Objective and perceived conditions of work
 - ❖ Perceived constraints in the labour market
 - ❖ Work values
- Insight into **participants' decisions** – education and labour market participation
- Apply behavioural economics to understand **work seeker and worker labour market behaviour**
- Pilot dataset collected by including questions in the **South African Social Attitudes Survey of 2013**

Socio-demographic groups vary in their attitudes to work



1. (Lack of) education and skills perceived as a major constraint to labour market participation.

2. Unemployed youth are the most optimistic about employment prospects

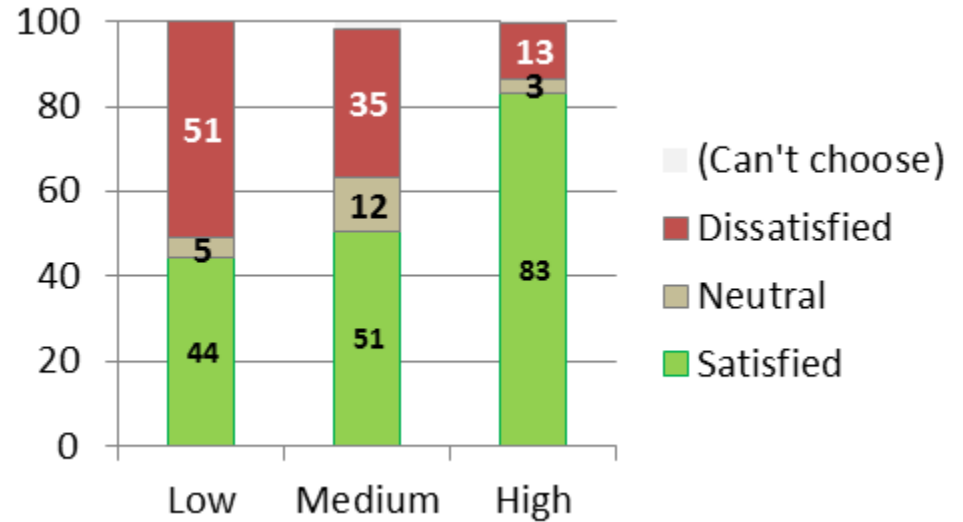


3. Relationship between (positive) employment expectation and (active) job search behaviour

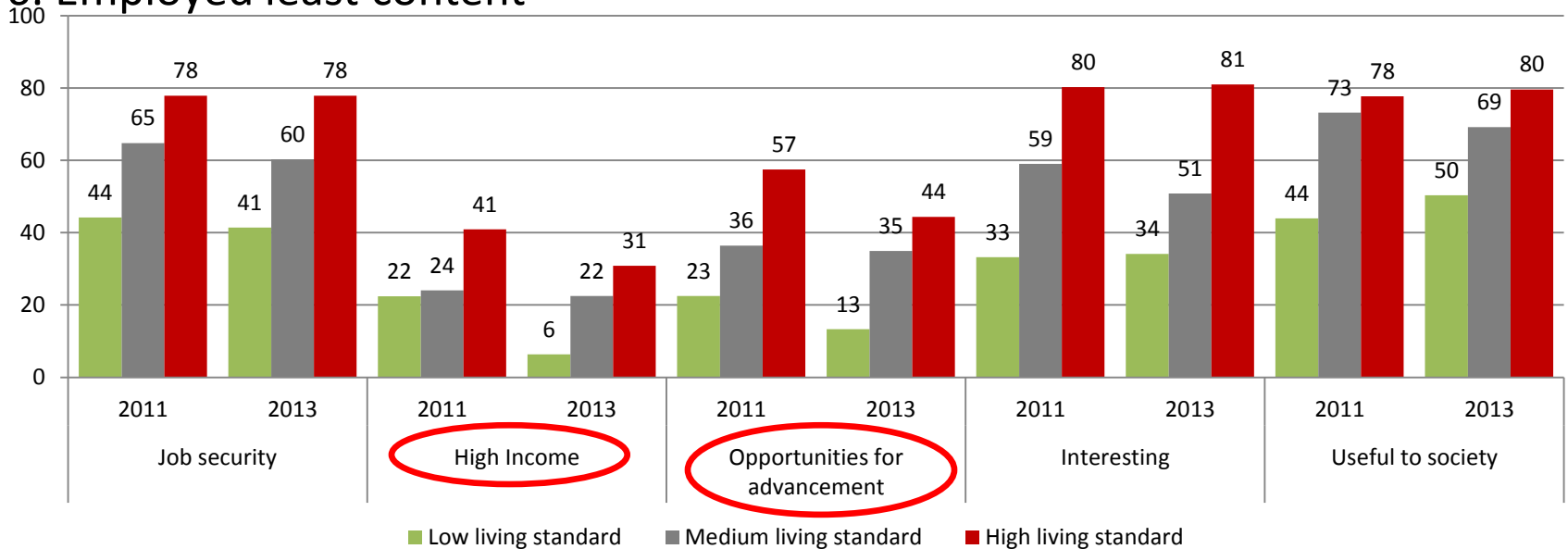
4. Reliance on informal job search methods – personal networks

Job satisfaction declining

5. A strong class gradient



6. Employed least content



Way forward



A need for a national level monitoring system:

- A systematic and methodologically sound structure to study changing work attitudes, values and behaviour patterns of South Africans
- Regular fielding— core set of questions asked annually and rotating themes fielded three to five years
- To supplement existing labour market macro-datasets with a better understanding of dynamics of human and social behaviour



University graduates' transitions to the labour market: An Eastern Cape Pilot study

Michael Rogan
Rhodes University

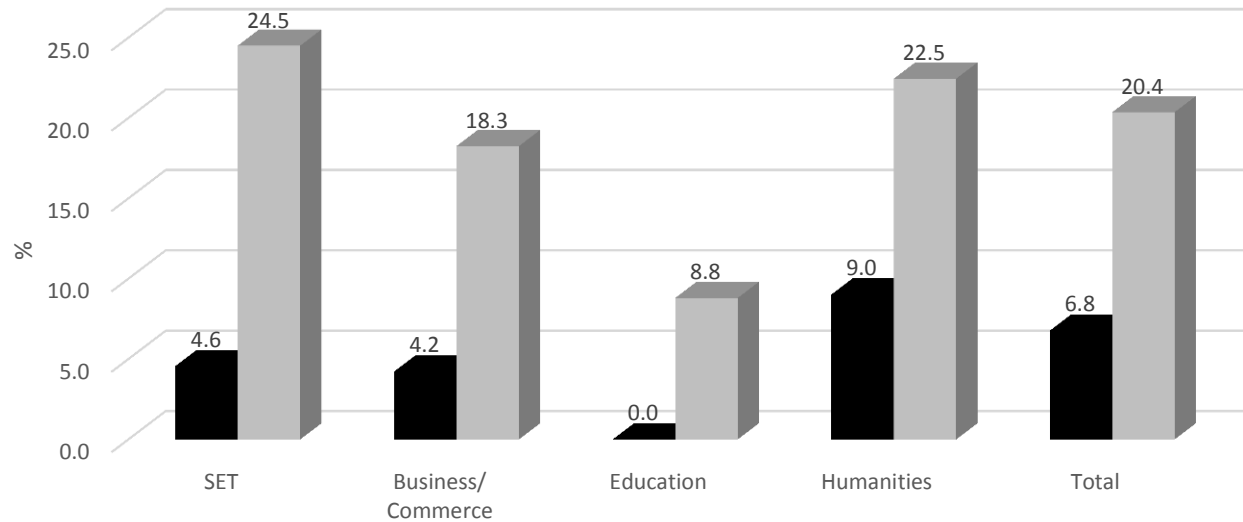
Problem Statement

- We don't know enough about what happens to university students after they graduate from university.
- The LMIP conducted a tracer study which followed recent graduates from the University of Fort Hare and Rhodes University

Findings: graduate unemployment



Figure 1: Broad unemployment rates, by field of study



Notes: The data are weighted.

■ Rhodes University ■ University of Fort Hare

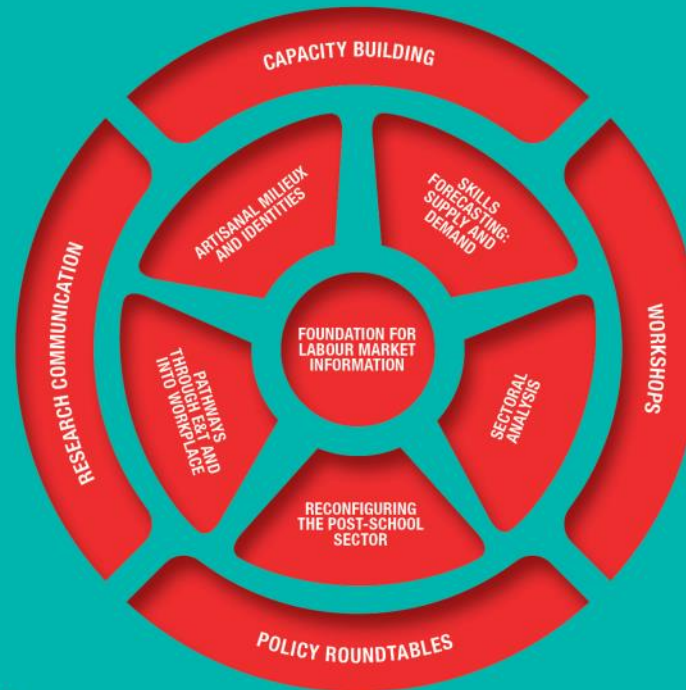
Schooling Inequality, Higher Education and the Labour Market



- Unemployment rates **differ** considerably **between** universities
- The factors linked with unemployment also seem to differ between the two universities
- At Fort Hare, **schooling background** seems to be more important than field of study for finding employment
- Among employed graduates, Rhodes graduates mostly work in the **private sector** and Fort Hare graduates are much more likely to be employed in the **public sector**
- The ways of finding jobs are also very different - for example, Rhodes graduates are much more likely to have used their **social networks** to find employment

Implications

- Policy interventions should **not be uniform** across all universities
- Disadvantages in schooling background carry over into the labour market (even for successful graduates)
- Students from low quintile/i.e. high poverty index schools require **support in identifying employment opportunities**
- It is crucial to **collect information** on graduates at the institutional level in order to improve the match between higher education and the labour market



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