



POLICY BRIEF

Roadmap for the implementation of a Skills Planning Unit

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Introduction

A key area for policy in South Africa is how to develop a strong foundation of labour market information and to provide the type of intelligence and signals that can help government, stakeholders, education and training providers, and students to make more informed decisions about how resources are invested in skills development, education and training. In order to address this need, the Department of Higher Education and Training (DHET) initiated a four-year Labour Market Intelligence Partnership (LMIP) project, with research to be conducted by a consortium led by the Human Sciences Research Council (HSRC). The project investigates labour market and skill issues with a view to producing recommendations on how education and training institutions could respond to signals from the labour market, with the goal being to develop a credible skills planning mechanism for South Africa.

This policy brief is based on an analytical study*, with the objective of:

Outlining a roadmap for the design and implementation of a Skills Planning Unit for South Africa.

Within this analytical study, a roadmap is considered to be a plan or guide for future activities. In the context of the Skills Planning Unit (SPU), it also addresses the following questions:

- What are the functions of a proposed SPU?
- What could be the most suitable location for the SPU?
- What structures will be required to establish the SPU?
- How will the new structure be established?
- What are the various stages in these processes?
- What role is the DHET, along with other partners, expected to play?

* <http://www.lmip.org.za/document/roadmap-implementation-skills-planning-unit>

A multimethod approach was used to undertake the study. Much of the evidence used to inform the report was obtained from earlier LMIP work that investigated the implementation experience of South Africa in the field of skills planning and labour market intelligence systems (LMISs). The study also drew on lessons from how other countries approached these issues.

Background

Past experience in South Africa

Post-1994, the skills planning mechanism and labour market intelligence systems were the responsibility of the Department of Labour (DoL) and were initially driven by the Labour Market Skills Development Programme. The original skills planning mechanism and the LMIS were established in 2004/2005 and the functions were transferred to the DHET in 2009. Structures established under this system included:

- The Skills Development Information System (SDIS), the core purpose of which was the data collection, collation and analysis of a number of supply, demand indicators relating to the labour market;
- The LMIS, which was developed as a stand-alone system, the primary role of which was to store information from the SDIS relating to the key labour market indicators; and
- The Job Opportunity Index (JOI), which was an attempt to track the number of vacancies that were published in the national and provincial press.

From the start, there were problems with the skills planning mechanism and how the information systems operated, particularly as regards the setting up of new systems. A number of possible explanations can be put forward for the poor performance of the current skills planning mechanism in South Africa. Perhaps one of the most significant factors relates to the unrealistic assumptions underpinning the design of the skills planning mechanism. Closely related to the design issue was the lack of capacity within the DoL and sector education and training authorities (SETAs) to undertake tasks associated with planning. Another contributory factor is the structures responsible for producing data and intelligence on the labour market. A lack of valid data has made it difficult to develop accurate plans. A final, and equally important, issue relates to the philosophy underpinning the mechanism for skills planning and the difficulty experienced by the government in implementing a developmental (interventionist) state approach.

Lessons from other countries

According to a recent study conducted by Powell and Reddy (2014), there are three main approaches when it comes to how different countries approach their skills planning and labour market intelligence. Each of these approaches has implications for moving forward, particularly with regard to the overall functions of the SPU.

Broadly, the first approach can be called 'the market-based approach', with emphasis being given to understanding trends in the labour market and to dissemination through web pages and publications. The underpinning assumption is that this information will be used by providers, learners and employers to make more informed decisions about the labour market.

The second approach is called the 'employment approach', where the LMIS is primarily used to track advertised vacancies by employers for workers and jobseekers. Within this approach, the data is used at the national or provincial level to help match supply and demand, with social partners playing a role in deciding how resources can be invested in supply in order to help deal with the skills gap or scarce skills.

The final approach is the 'interventionist approach', in which data is collected about the labour market and future industrial policy. In the case of this third approach, the state uses such information to ensure that the skills strategy is in line with the country's industrial policy. This is a proactive approach to using labour market intelligence.

A proposed Skills Planning Unit

Functions

The proposed functions of the SPU should be guided by the mistakes of the past, and by lessons from other countries identified above, as well as by the articulated skills planning approach for South Africa. Furthermore, unless the functions of the SPU are clearly defined, there is a danger that the production of labour market intelligence will become divorced from decision-making processes concerning skills development (as occurred under the former system in South Africa). Therefore, the function of the SPU would need to be supported by legislation and appropriate guidelines in order to ensure adherence. Based on the evidence examined in the study, the proposed functions to be performed by the SPU are:

- Developing a occupations-in high-demand list;
- Supporting the skills planning processes at the following levels: national, sectoral, occupational, provincial, employer and provider;
- Monitoring implementation progress of the different skills strategies mentioned above, as well as their final impact;
- Tracking trends in the labour market, particularly in respect of situations where the demand for specific occupations is rising and falling;
- Playing a key role in the management of surveys;
- Understanding the supply of skills at the different levels, covering formal institutions, private training providers and the workplace;
- Provide indicative forecasts of future skills requirements;
- Identifying the skills implications of the government's industrial and trade strategies as well as other government growth priorities and strategies that will impact on the demand for skills;
- Tracking recruitment vacancies;
- Tracking regional/provincial dimensions of skills in demand;
- Supporting ad hoc requests from government;
- Developing a strategic research plan to help collect labour market intelligence on key areas for the DHET; and
- Supporting career guidance and providing learners with information about which qualifications are likely to result in productive employment.

Many of the above issues will be cross-cutting ones and it might be difficult to disentangle one function from another. Similarly, there may be other functions that are not outlined above and which are implicit, particularly those relating to the production of publications and the dissemination of knowledge. This list provides the basis for further consultations and for determining the structure of the SPU and the proposed indicators that will be monitored, including what systems and procedures will be required to carry out these tasks.

Location

There are probably a number of different institutions or government departments that would wish to take responsibility for managing the SPU, particularly in relation to influencing how resources are invested in skills development and related activities. Two important factors are necessary for consideration when locating the SPU. The first is whether the organisation responsible for the SPU has the political power to ensure that decisions taken by the unit are capable of being effectively implemented throughout government. The second issue that needs to be taken into consideration is the ability of the proposed department where the SPU is to be located to support effective data collection, collation and analysis of skills planning information.

Among the most important roles associated with the SPU is the ability to understand the supply of, and demand for skills, and to support improved decision-making processes regarding how resources are allocated for skills development. In this respect, whatever the location of the SPU, the DHET can be expected to play a key role in understanding the supply of skills. The Department of Trade and Industry (dti), along with the Economic Development Department, will need to provide signals relating to the changing nature of demand for skills (both now and in the future). Bringing together actors involved in supply and demand, and ensuring that one side is speaking to the other, is a more difficult task. However, the Human Resource Development Council (HRDC) could facilitate this process by bringing together supply and demand actors, thereby supporting political decisions as to how resources are invested in skills development.

Organisation

The proposed SPU will be made up of four sub-directorates or sub-units, three of which will be responsible for core functions, with the other being a support unit. The four sub-units will be organised as follows:

- 1. Skills Planning and Liaison Unit (SPLU):** The key unit operating under the SPU and guiding the direction of the other units will be the SPLU. This will work closely with the other sub-units to inform the development of skills strategies at the different levels. The SPLU will also work closely with the SETAs in order to identify more clearly what skills are required in the workplace, as well as support employers and providers so as to enable them to work together in a more integrated manner. The responsibility of the SPLU is to support the planning mechanism and to liaise with other government institutions and external stakeholders concerning skills and labour market issues. This unit will guide the processes of data collection and analysis for the other sub-units. Another key function of the SPLU will be the production of the next National Skills Development Strategy (NSDS), or the revision of the existing strategy. In order to carry out this task, the SPLU will establish a coordination committee, consisting of representatives from the DHET and the dti, to help translate industrial and trade requirements into those for skills development.

2. **Labour Market Intelligence and Reporting Unit (LMIRU):** The LMIRU must act as a service provider to the Research and Analysis Unit. The key activities of the LMIRU must focus on the development of timely and valid data. The type of data collected and the indicators developed will depend on agreements reached between the DHET, other government departments, and stakeholders, including business, regarding the precise functions of the SPU.

3. **Research and Analysis Unit (RAU):** The RAU can be regarded as the link between the LMIRU and the SPLU. Put more simply, the LMIRU produces the data, the RAU analyses the data so as to produce labour market intelligence, and the SPLU utilises this intelligence to ensure improved decision-making processes concerning how resources are allocated for skills development. The data analysis to be carried out by the RAU will also be derived through the overall functions of the SPU.

4. **Finance and Administration Unit:** The final sub-unit, the Finance and Administration Unit (FAU), will provide support for the other units and will be responsible for, among other matters, budgeting and staffing.

Figure 1: Proposed organisational structure of the SPU



Moving forward

The rationale for the roadmap to effect a skills planning mechanism has been presented. What needs to occur next to move forward with implementation. There are two interrelated issues that need to be addressed. The first is consideration of the recommendations regarding the functions and structures of the SPU. This will require consultation with staff working at the DHET, as well as commitment on the part of other stakeholders in the sector.

The second major issue that needs to be dealt with is the implementation plan. This is more complex and will require wider consultation with those involved in producing data and in the actual implementation processes. Currently, a draft implementation plan has been developed for further consultation and it is important that consensus be reached on the proposed plan. Finally, the DHET must provide the necessary budget to ensure successful implementation.



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