



Marise Taljaard

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To: All HSRC Office's

cc:

Subject: Finance Week, 15-1102004: "What's needed is economically relevant skills"

Dear All

Attached is an article from Finance Week of 15 November.

Kind regards  
Marise

## 'What's needed is economically relevant skills'

CONSTANT rapportage regarding South Africa's reputed severe shortage of human skills seems sharply at odds with the country's economic progress. Annual GDP growth has moved up from barely 1% in the Eighties to a current assessed 3% to 4,0% base.



Simon McGrath... "shortages not as dramatic as made out"

Are reality and theory out of joint – or can these two developments be reconciled? Yes.

● There are real skills deficiencies in some sectors of SA's economy – but the overall situation has been grossly exaggerated. A leading research expert in this field, Simon McGrath, of the Human Sciences Research Council, says: "The shortages are not as dramatic as made out. It's fairly easy to generate many skills."

The HSRC says that overall skills shortages, where they exist, are only about 3% to 4% in most professions.

● Extensive studies by top analysts now

question the entire issue of just what really are vital economic "skills".

*The Economist* (26 August, 2004) summarised the revisionist view: "Having a high-school diploma or university degree is a weak indicator of whether one has the skills that increase productive capacity.

"Educational qualifications are relatively easy to measure but only offer a poor proxy for human capital. What's needed is economically relevant skills."

SA is better off, in that respect, than generally realised. Against that, don't get overexcited with regard to any major increases in overall matric pass rates. But do worry about the poor quality overall of English (the main global business language), maths and science coming out of SA's schools generally.

The East Asian economic miracle was built on strong, essential primary education – not PhDs.

● SA's shift in GDP growth from 1% to 3% has been easily attainable with existing skills resources. However, to get the growth rate to 5% will need radical upliftment in the quality and quantity of human capital.

Education policy has to be geared much more to economic success and much less to socio-political engineering.

SA's skills shortage is nowhere near as bad today as is widely believed – but only because the economy is still growing well below optimum levels. ■

Marise Taljaard  
Corporate Communications  
Human Sciences Research Council  
Private Bag X41  
Pretoria

Tel: 012 302 2026  
Fax: 012 302 2028  
Cell: 083 9953 889

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