

# **South Africa and a Global Market**

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**Key of icons used in text**

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## ■ A change of scenery

With the advent of South Africa being welcomed back into the world community during 1994, South Africans, having to cope with significant changes across all aspects of their daily lives, suddenly also realised that to be back into the international fold also now meant being part of the "**global village**."

Being a welcome member of the bigger economic community has its many attractions and advantages, but it definitely also has its risks. Being a competitor in the global market and wanting to prosper as a country in a merciless environment where only the most productive and innovative of contenders remain in the running means having to be:

- Politically and economically stable.
- Attractive to international investors.
- Extremely competitive in terms of products and services.
- Customer service and quality driven in everything we do.
- Advanced and competitive in terms of technology and infrastructure.

Against the background of these new demands and challenges, South Africa as a country have to take a hard look at its capabilities of taking part in this global challenge and staying in the game.

- "How do we cope with this environment?"
- "What strategies do we need to survive and prosper?"
- "What resources do we need to meet the challenges?"

These and many other similar questions have been asked and are still being asked by government officials, astute businessmen and the ordinary man in the street who needs to make a living everyday.

As a country South Africa, although being in Africa, has always been seen to be part of the "**first world**" and competing with first world

countries. Africa as a continent has its possibilities but it certainly does not offer the opportunities for economic growth and wealth that the first world markets and economies offer.

What do the people of South Africa want? Amongst other things we are all wanting:

- Peace and stability.
- Employment opportunities for all
- Personal wealth and well-being.
- Economic growth.
- Crime free societies.
- Effective social services.

How can we achieve this? The answer is quite obvious. By being able to:

- compete with
- trade with, and
- hold our own

in the international markets of the world.

As a country, an economy and a business fraternity we are certainly not ready for what we have to contend with.

One of the most important issues that hit home when considering the above-mentioned issues, are the **capabilities of our people resources**. It is first and foremost the people of a country that make a country great and South Africa is no exception. People with their

own will not, however make a significant difference or impact in a world economy and cannot guarantee economic growth and prosperity.

What then is it about the people of a country that make it a prosperous and powerful economic contender? Studies of successful nations indicate a number of factors but very importantly, it highlights the **abilities of the people of such countries**.

Prospering countries reflect in their people high levels of appropriate skills, high levels of education and the ability and freedom to apply such skills and knowledge in innovative and creative ways on an ongoing basis.

It is for these and similar reasons that since 1994, the South African Government has launched a number of initiatives and promulgated certain legislation to lay the foundations for a revised training and development approach to address the serious deficiencies in education and skills development in the country.

These measures have and will leave no enterprise or individual untouched. It poses many challenges to make it effective and the structures and requirements implemented to date in itself require new skills and paradigm shifts within public and business enterprises.

### ■ How ready is South Africa for these challenges?

Any competitor will always want to measure his or her ability against some acceptable benchmark to determine their level of competitive ability.

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## ■ How competitive is South Africa in the company of world market players?

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The latest "**World Competitiveness Report**", published by the International Institute for Management Development in Luusanne, Switzerland has this to say about being a competitor in the global markets:

### • Why do Nations Compete?

In short, to increase their standard of living. However, this concept is not very well defined in economic terms. The most widely used indicator is a country's per capita Gross Domestic Product (GDP), sometimes adjusted to Purchasing Power Parity. Unfortunately, GDP does not include many items that people would generally consider part of their standard of living. This is the case for protection of the environment, personal security, education and other "soft" attributes of the standard of living.

The more recent concept of "**sustainable growth**" tries to encompass some of these concerns. It promotes the idea that the objectives of present growth should take into account the impact on future generations. The "**official**" definition of a nation's competitiveness is

The degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term

Country competitiveness and openness to global business activity are inextricably linked to a country's standard of living.

Some scholars claim that nations themselves do not compete, rather, their enterprises do. There is no doubt that competitive enterprises are the main engines of a country's competitiveness.

However, over the past 30 years, the economic responsibilities of governments have - for better or worse - increased so much that it is simply impossible to ignore its influence on modern economics

The most convincing support for the argument that there is competition among nations can be seen in the areas of education and know-how. In a modern economy, nations do not rely only on products and services, they also compete with brains. The ability of **a nation to develop an excellent education system and to improve knowledge in the labour force through training is vital to competitiveness.** The International Association for the Evaluation of Educational Achievement in Washington, DC, makes an annual assessment of the educational performance of nations around the world. In recent years, the results highlight the formidable efforts that East Asian nations have made to improve education. In addition to being competitive (temporarily) because of cheap labour, they aim to develop their competitiveness level so that it is based (permanently) on an educated workforce.

Knowledge is perhaps the most critical competitiveness factor. As countries move up the economic scale, the more they thrive on knowledge to ensure their prosperity and to compete in world markets. How that knowledge is acquired and managed is each nation's responsibility. Indeed, nations do compete

The World Competitiveness Yearbook analyses competitiveness using 286 valuable statistics for 49 industrialized and emerging economies. The statistics are grouped into **four Input Factors:**

- Economic Performance,
- Government Efficiency,
- Business Efficiency
- Infrastructure.

We obtain hard data from international, regional and national organizations. The remaining data is drawn from our Annual Executive Opinion Survey (3,678 respondents). A unique network of 35 Partner Institutes ensures that the statistics are accurate and as up-to-date as possible

## ■ Value Systems Evolve

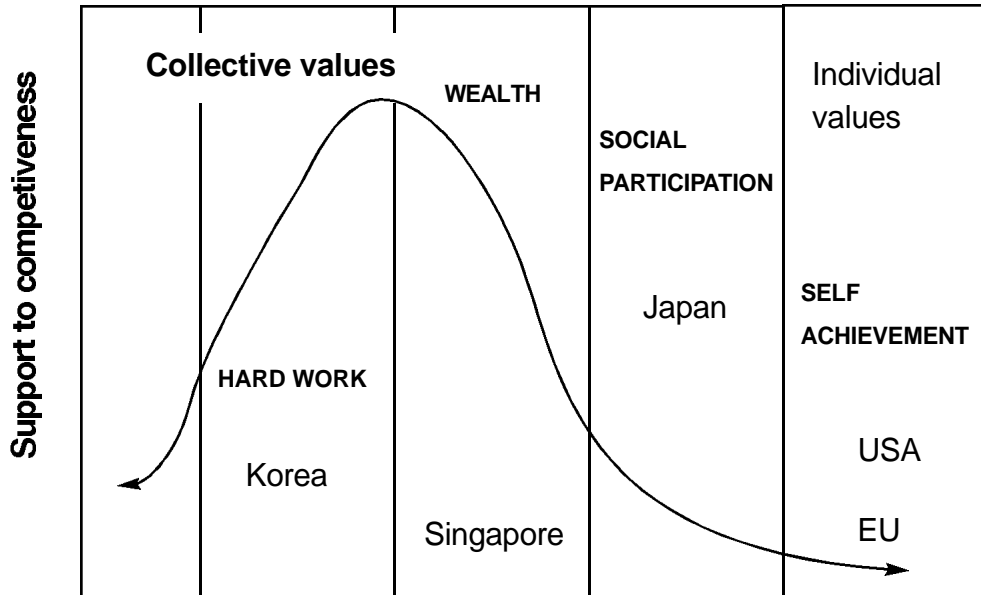
As countries develop, values tend to evolve. They go through four distinct phases that are described below:

- **Hard work:** people are totally dedicated to the country's corporate objectives and work many hours (for example, Korea).
- **Wealth:** although people still work hard, they pay more attention to increasing their own incomes (for example, Singapore).
- **Social participation:** people are less interested by hard work, and more involved in shaping their society (for example, the US and Europe in the late 1960s).
- **Self-achievement:** people are more interested in developing their private lives, rather than pursuing societal change (for example, the US and Europe today).

**Figure 1** shows a natural evolution of values over time, from a collective to an individual perspective. This process is hardly reversible, but can be managed. Japan, for example, is in transition from collective to individual values, which implies an in-depth reform of the political, social and economic systems.

It is striking to compare the value systems in East Asia today with those of the United States and Europe in the 19th Century. The current East Asian value system is based on the Confucian principles of hard work, loyalty, discipline, saving and education. These closely resemble the Protestant work ethic that dominated Europe and the United States in the 19th century and was at the root of the Great Industrial Revolution.

Value Systems Evolve



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■ Behaviour Models

Three different models of society are identified below:

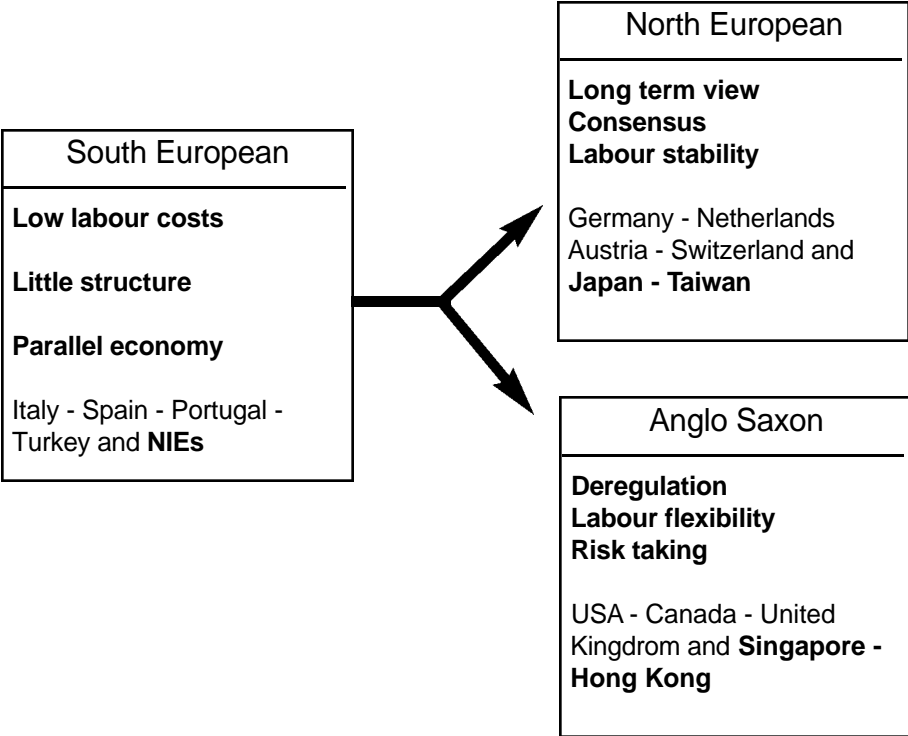
- The **South European Model** is characterized by little infrastructure, business regulations, and social protection; a parallel economy; and low labor costs. It favors inventiveness.
- The **North European Model** is characterized by a strong emphasis on stability, social consensus and regulations. It favors a long term perspective.

The **Anglo-Saxon Model** is characterized by deregulation, privatization, labor flexibility and a higher acceptance of risk. It fosters entrepreneurship.

Over the past ten years, a shift has occurred from the North European model to the Anglo-Saxon one. However, striking a balance between a hyper-competitive global business environment, close to the Anglo-Saxon model, and a more socially responsible local environment, close to the North European model, is still a challenge.

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**The Behavioural Model**



## ■ The Impact of Technology

During the past two decades, the technological revolution - computers, telecommunications and now Internet - have had a profound impact on the competitiveness of nations. High technology is now prominently featured in the World Competitiveness Yearbook.

Today, infrastructure cannot be considered only in the traditional terms of roads, rail, harbor facilities and even airports. Technological infrastructure is becoming a key asset for the future competitiveness of a nation. The availability of cheap and efficient telecommunication systems, connections to the Internet, and development of mobile telephony (be it traditional or linked to the Internet) are just few of the new technological priorities of nations that want to compete. Some countries, such as South Africa, Mexico or Poland, are leapfrogging some technological infrastructures, for example, in focusing on mobile rather than land line phones.

Technology also impacts education. Many countries, such as the US, Britain or France have an objective to connect the entire school system to the Internet. Sweden and Finland are very advanced in providing distance learning through telecommunication or the Internet. However a shortage of IT skills remains endemic in most countries. Therefore, the priority of a competitive nation is to develop the people who will operate the new technological infrastructure and strive to be on the leading edge of future developments. Ireland has heavily invested in this field to provide local and foreign enterprises with a young and qualified labor force that has IT skills. This is one of the reasons why the country is so attractive to foreign investment.

The new technological requirements of enterprises have forced countries to give a priority to technology. Attracting research centers, and developing cooperation between local universities and enterprises, is becoming just as important for the competitiveness of a country as attracting Foreign Investment. The Internet allows companies to develop E-commerce, E-procurements, Auctions, and E-marketplaces across borders. This pushes countries to develop an advanced technological infrastructure.

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This revolution however challenges some of the basic functions of a State. How does a country tax people who are making money on the Net? The European Union is contemplating the possibility of introducing a tax on "intangible" transactions on Internet. Certain US states simply assume that for any given income a certain number of goods are bought on the Net and thus should be taxed (the estimates are that, in 2003, 10% of the US GDP will be generated on the Net). Finally, how does the state control the operation of a "net company" - one that can operate in any given country without being legally registered in that country, as a good old "brick and mortar" company would be?

Governments also face the phenomenon that net companies can easily bypass their social legislation. How can countries enforce legislation such as France's 35-hour week and Switzerland's strict opening and closing hours? Does a company operating on Internet need to close on weekends or when its working contingent of hours has elapsed? Privacy is another concern for most governments. Protecting the privacy of citizens (who can develop, use, and transfer data banks with personal information on individuals?) is a concern and is also a source of contention between the US and Europe today.

Finally, technology is a non-negligible risk to a nation:

- Hackers have proven that they can penetrate many tightly secured systems, even in Defence.
- Destroying the technological infrastructure of a country can be as damaging for its security as a traditional military attack.
- Terrorism is also becoming High Tech. Threats, blackmail, or plain actions using the latest technologies are becoming a reality for both companies and governments.

## ■ Golden Rules of Competitiveness

What is it that countries must do in order to become or stay competitive? They must:

- Create a stable and predictable legislative environment.
- Work on a flexible and resilient economic structure.
- Invest in traditional and technological infrastructure.
- Promote private savings and domestic investment.
- Develop aggressiveness on the international markets (exports) as well as attractiveness for foreign direct investment.
- Focus on quality, speed and transparency in government and administration.
- Maintain a relationship between wage levels, productivity and taxation.
- Preserve the social fabric by reducing wage disparity and strengthening the middle class.
- Invest heavily in education, especially at the secondary level, and in the life-long training of the labor force
- Balance the economies of proximity and globality to ensure substantial wealth creation, while preserving the value systems that citizens desire.

Measured against the above and the input factors listed below, the tables below show how South Africa rates as a world competitor amongst the 49 countries used as bench mark for comparison. Please note that the tables are not reproduced to show all countries. Furthermore South Africa is currently the only African country used in

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this analysis. South Africa is therefore still considered to be a member of the global markets and is still perceived to have a role to play.

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- Input Factors**

1.	<p><b>Economic Performance</b></p> <ul style="list-style-type: none"> <li>- International Trade</li> <li>- International Investment</li> <li>- Employment</li> </ul>
2.	<p><b>Government Efficiency</b></p> <ul style="list-style-type: none"> <li>- Public Finance</li> <li>- Fiscal Policy</li> <li>- Institutional Framework</li> <li>- Business Framework</li> <li>- Education</li> </ul>
3.	<p><b>Business Efficiency</b></p> <ul style="list-style-type: none"> <li>- Productivity</li> <li>- Labour Market</li> <li>- Financial Markets</li> <li>- Management Practices</li> <li>- Impact of Globalisation</li> </ul>
4.	<p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>- Basic Infrastructure</li> <li>- Technological</li> <li>- Infrastructure</li> <li>- Scientific Infrastructure</li> <li>- Health and Environment</li> <li>- Value System</li> </ul>

## The world competitiveness scoreboard

Notes

*Ranking as of April 2001*

Country	Rankings				
	2001	2000	1999	1998	1997
USA	1	1	1	1	1
Singapore	2	2	2	2	2
Finland	3	4	5	6	7
Ireland	7	5	8	7	10
South Africa	42	43	43	42	42
Argentina	43	41	33	30	28
Turkey	44	42	38	39	35
Russia	45	47	46	43	46
Colombia	46	45	45	45	45
Poland	47	38	40	44	43
Venezuela	48	46	44	46	44
Indonesia	49	44	47	40	38

### Economic performance

Country	Rankings				
	2001	2000	1999	1998	1997
USA	1	1	1	1	1
Luxembourg	2	2	2	2	6
Singapore	3	8	7	4	2
Ireland	6	3	10	9	12
Thailand	15	15	40	32	28
Hungary	18	27	26	24	38
Israel	21	40	41	40	35
Spain	22	21	22	27	33
India	23	23	32	30	16
Russia	30	44	42	38	46
Brazil	31	35	39	43	41
South Africa	47	43	43	45	43

**Government efficiency**

Country	Rankings				
	2001	2000	1999	1998	1997
Singapore	1	1	1	1	1
Finland	2	2	3	10	8
Ireland	3	5	9	3	10
South Africa	38	37	38	40	42

Notes

**Infrastructure**

Country	Rankings				
	2001	2000	1999	1998	1997
USA	1	1	1	1	1
Finland	2	2	2	3	3
Sweden	3	7	7	11	13
Ireland	15	16	20	13	10
South Africa	46	46	46	46	45

**Business efficiency**

Country	Rankings				
	2001	2000	1999	1998	1997
USA	1	1	1	1	1
Finland	2	3	3	2	3
Netherlands	3	2	2	3	2
Ireland	7	4	9	6	13
South Africa	2	35	36	33	29

This situation raises serious concerns from an economic development and world competitor point of view. It is quite clear that South Africa will have to address a number of important issues if it wants to improve its position on this list dramatically. It is very significant to note that a country such as Ireland is a country that has shown great progress overall. Improvement is possible, but then the right things must be addressed.

## ■ Labour and Skills trends – International and Local

Few people, if any, will disagree with statements that labour and skills requirement trends have changed significantly during the last thirty to forty years over the world. Overall demand for labour has changed and is changing still. Skills sought forty years ago have been forgotten in the new millennium.

Globally the following are some of the major trends in demand for labour and skills.

### • Primary industries

During the industrial revolution it was the primary industries that drove the revolution. Demand for particularly manual labour was very high. Industries such as agriculture, mining, ship building and most manufacturing organisations required labour in large quantities, mostly with basic manual skills.

As technology and science advanced and more "**modern**" methods of manufacturing and producing became available, so job opportunities in the primary industries all over the world started shrinking drastically. Automation and related technologies started to replace manual labour and low skill jobs at an increasing pace. Hundreds of thousands of jobs have been lost in these industries internationally and locally. Fewer jobs are available today in these industries and the skills required have moved on too much higher levels.

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Consider the following examples:

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## A shift in demand

### Agriculture

Thirty to forty years ago it was not an uncommon sight in South Africa to see hundreds of workers manually harvesting the maize cobs in the fields by hand in a process that could take several weeks, weather permitting or farmers ploughing their fields with ploughs drawn by oxen, mules or donkeys. Today harvesting is done with mechanical harvesters, usually operated by a single operator in a fraction of the time irrespective of weather conditions. New high tech air-conditioned tractors are ploughing the fields at an unbelievable speed.

The need for the product has not changed, but the need for labour and skills have. The farmer does not need a labourer any more, he needs a skilled operator to man and operate a sophisticated harvester and a tractor operator who can handle a sophisticated piece of machinery to plough the fields.

### Mining

Mining used to be one of the most labour intensive industries in South Africa and mining houses had to recruit labour from neighbouring countries in large numbers to work the mines. It required very hard manual labour in very difficult working conditions.

Today mechanised mining has replaced those thousands of labourers. Huge front end loaders operate underground, moving more tons than what manual workers could accomplish, not affected by the illnesses suffered by man when working in the bowels of the earth, untiring by daily toil. The need of the mining houses to mine minerals has not changed; but the demand for highly skilled operators to man and operate sophisticated machinery and equipment underground, has replaced the need for manual, low skilled labour.

### Manufacturing

A motor assembly plant employed more than 900 workers to perform a variety of motor vehicle assembly tasks on an assembly line around the clock. Most of the tasks were low level skill jobs and of a repetitive and mundane nature. Robotics and computerisation changed the face of this manufacturing. Manual labour has been replaced by automated robots performing the tasks in an untiring manner 24 hours a day. A few highly skilled individuals control these robots through the use of sophisticated computer systems. The need for cars haven't changed, but the skills needed by the manufacturer certainly have.

All the above examples highlight the following:

- Jobs have become obsolete.
- Workers with "old" skills have become redundant.
- Numbers of jobs have drastically decreased.
- Skills have replaced the previous skills requirements.
- Few people are doing the jobs that hundreds were need to perform before.

- **Service Industries**

If jobs have been lost in such large quantities in the primary industries, have they been replaced somewhere else?

The answer is "**Yes**" but only to a qualified degree. There has been a significant shift in employment opportunities into the so-called "**service industries**" During the last ten to fifteen years, particularly as a consequence of the significant development in technology and more specifically computer technology, thousands of people have found new job opportunities in the service industries.

These industries include:

- financial services (banks, insurance companies, building societies);
- communications industries (radio, television, internet);
- health services (hospitals, medical aid societies, clinics);
- public services; transport (road, rail, air);
- hospitality (hotels, guest houses, conference centres, tourism) and many others.

The skills required in these industries are usually at medium to very high levels, in many instances not requiring physical manual labour

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any more. Individuals employed in these industries find that the need for new skills are ongoing and they have to constantly update their existing skills or learn and master new skills.

Staff turnover in these industries are usually quite high and employee loyalty has also changed significantly.

Many employees are changing their attitudes towards work and are placing higher premiums on "**quality of life**" rather than "**working to live.**"

Many employees have come to realise that they have special or scarce skills that they can sell and make a good living doing so. They therefore trade permanent employment for self employment, creating more flexibility for themselves.

The trends discussed above has also resulted in the following trends on employment practices:

- Outsourcing
- Downsizing or Re-engineering
- Multi-skilling
- "Work from home"
- Contracting
- E-commerce

### ■ Outsourcing

Many organisations have been taking a serious look at all the different activities that they have to manage and provide resources for. They have started to reconsider the extent to which they have moved their energies away from their "**core business activities**" and have come to the conclusion that there are many activities and services, which they currently have to manage and control and which are important to their

business, but which can be performed by external suppliers more cost effectively and efficiently.

Organisations have started to "**outsource**" their physical security, transportation, cleaning services, canteen facilities, information technology services, repairs and maintenance services and many other services and tasks to external suppliers. Consequently the number of employees, employed to provide these in house have been reduced. The services outsourced has however provided opportunities for those skilled to provide such services, to find employment for themselves and sell such services back to the organisations.

### ■ Downsizing or Re-engineering

Organisations also started taking a hard look at the way they have been "**doing things lately**". They have started to revise their work methods and processes, eliminating unproductive and inefficient methods and processes.

The results of these exercises are that organisations are "**re-engineering**" themselves to improve efficiency, effectiveness, productivity and quality. This usually leads to a re-defining of skills requirements and a loss of jobs. New jobs also emerge as a result, from time to time. The organisation usually shrinks in terms of number of employees, hence the "**downsizing**".

### ■ Multi-skilling

Due to new technology and labour saving devices, employers have also come to realise that workers usually have more talents than what they sometimes get credit for and can actually perform a multiplicity of tasks very effectively, given the opportunity to do so. Workers also tend to prefer challenges and break away from limited and routine tasks that tend to dampen morale and motivation.

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For these and other reasons employers are more and more providing employees the opportunity to take on more diversified tasks, using a variety of different skills. This is referred to as "multi-skilling". For the employer it means employing fewer permanent staff and for the employee needing to have a broader range of skills and therefore a more rewarding job.

### ■ "Working from home"

The advent of the computer age and the leaps and bounds with which it has taken the world forward, have not left the workplace untouched. The ability to communicate through e-mail coupled with video and other multimedia facilities has made it possible for people to perform their jobs just as effectively if not more so from home than at the office. More forward thinking employers have also come to realise that they pay employees for the excellence that they perform their duties with and not the time or environment where they perform the job.

Traffic congestion, unreliable public transport, small children and similar every day problems have made "**working from home**" more attractive for many people. It is a growing phenomena and it is coupled with high levels of skill both in technology and on interpersonal levels.

### ■ Contracting

Worldwide people are changing their attitudes towards the ratio of "**personal time**" vs. "**work time**". Quality of life issues are becoming more important to many workers. The freedom to choose when you want to work flexi-time, is introducing a new dimension into the labour market.

For these considerations many workers are now changing their "**permanent employee stuck with one employer status**" to that of "contractor involved with many employers' status.

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Employers prefer this type of relationship in some instances, as it reduces the number of permanent employees in the organisation and gives them the flexibility to contract the best skills for a job. Contractors on the other hand realise that they must ensure that their skills are current and up to date, to stay competitive.

## ■ E-commerce

The internet has opened up a whole new world for all of us and has also affected the way we conduct business drastically. Businesses conducting their business activities partly or entirely through the Internet is growing at an alarming rate. Concepts such as "**virtual offices**" and "**E-trading**" is becoming everyday terminology.

Doing business this way requires very high levels of skills and a changing need for new skills and competencies once again.

## ■ A new Education and Training mindset

From what has been said so far, it is quite clear that South Africa, like many other countries of the world, must look for improved ways of educating its people and drastically improving its education and training systems to give itself a competitive economic edge in the global environment.

Education and training systems must also cope with rapidly changing environments that are mostly technology driven.

The education and training systems must produce more creative, effective, flexible and skilled people. Furthermore an ideal education and training system should provide quality learning and be responsive to changing demands and foster a culture of life long learning.

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- **To improve the employability of labour, emphasis will be placed on:**
  - improving the functioning of labour markets, with an emphasis on geographic and occupational mobility, greater adaptability to changing circumstances, a more appropriate regulatory framework, reduced occupational discrimination and improved absorption of new entrants
  - improving education and training levels, with an emphasis on better coordination in the responses of secondary and tertiary education to labour market needs, dramatic improvements in the provision of basic education, and the institutional transformation of the system of industrial skilling

Extract from "**Employment Strategy Framework**" – Department of Labour -2001

People must be motivated to improve their skills and knowledge by being provided with education and training systems that support and enhance their own abilities, prepare them for career paths and progression and enable them to respond successfully to employment opportunities.

A major shift in thinking about education and training is required. The shift must be from "**Education for employment**" to "**Education for employability**."

What such a new system must deliver is people who have the required knowledge for a job opportunity and coupled with that, the ability to apply such knowledge in an effective, innovative and creative way in the workplace to add identifiable value to the work performed.

Furthermore people must display an attitude towards a work ethic that fully subscribes to productivity, quality and customer service.

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- Why are the "**old ways**" of educating and training obsolete?

Common with the resistance to change, when faced with new ways of doing things or having to make a mind shift, people can suddenly identify many good reasons to defend a current position, comfortably forgetting their dissatisfaction with the same situation not long before.

It is said in boardrooms and meetings many times that the money spent on training and development have not resulted in any perceivable benefits for such organisations. Managers lament that their subordinates do not show any change in behaviour from training interventions, and budget cuts usually start with the training budget.

Very little value from training was and still is perceived by many enterprises and individuals and commitment to training and development in many boardrooms remain only lip service.

Many managers hold the view that training and development means "**sending the individual on some training course**" where it is hoped that the provider of such course will actually be able to miraculously change the behaviour of the individual and return a highly motivated, innovative, creative and competent individual back into the fold. Accepting direct responsibility for the application of knowledge and skills in the workplace and providing a supportive coaching role to reinforce, measure and improve the newly acquired knowledge and skills of individuals, is certainly not seen by many managers as their responsibility.

Training and development have always been treated at "**low priority**" in many enterprises.

## ■ **Supply driven and Input based**

Education and training systems have always been "**supply led**". Off the shelf, standardised and inflexible learning interventions were "**sold**" by providers to users on the basis of often very marginally aligned needs. The status of the provider institution or programme more often than not was the deciding factor for supporting a particular education or training

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programme. Very little if any attention was given to the strategic needs and future requirements of the enterprise, its divisions or departments and how to ensure that appropriately skilled and qualified individuals are available to meet these demands.

Education and training providers also made it very difficult if not impossible for learners to transfer between such institutions due to widely differing standards and curricula being followed. Recognition of qualifications or training done by individuals has always been at the mercy of the provider institutions and many times no recognition at all was given.

Qualifications in most cases were obtained through an "**input**" basis of evaluation. Formal examinations were conducted where learners were required to reproduce mainly the theory that they have been taught. Those who had good memories and had the ability to absorb and remember large quantities of information found this approach quite useful and had no problems meeting the criteria. A pass mark signified competence, while a fail meant starting from scratch and doing it all over again! This sometimes meant having to wait for months before being given the chance at a next attempt. For those who were more practically inclined, the input system of evaluation was usually a nightmare. This type of system disillusioned many competent individuals and actually instilled negative attitudes towards any form of development into many individuals for life.

The system also established a certain '**status**' through qualification. Those who 'had the papers' were at a distinct advantage compared to those of equal ability but did '**not have the papers**' to prove it.

Knowledge and skills acquired simply through the workplace did not receive any consideration at all, as there were simply no system or methodology in place to consider such possibilities. Many individuals who did not go through a formal education or training route were therefore left stranded without any formal recognition. They simply "**did not have the papers**" and were therefore relegated to menial and unrewarding jobs, possibly laying to waste important skills and contributions.

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The approach to education and training was therefore largely theory or "**knowledge**" based. Demonstrating the ability to apply such knowledge appropriately under varying conditions in a work environment received little or no attention from training providers. Employers were like minded and did not have the know-how, capacity or resources to allow for structured skills development in the workplace other than in the case of using the apprenticeship system of training technical (blue collar) workers.

The fact that a large percentage of the South African population is illiterate, semi-literate, unskilled or semi-skilled in a situation where high skills levels in adequate supply is required, is largely to be laid at the door of poor education and training strategies, shifting of people development to the lower priority levels of the enterprise and ignoring the potential of certain groups of people.

To stimulate growth, develop lucrative export markets and uplift the standard of living of all South Africans under these conditions is a daunting task and significant effort will have to be directed to education and training as a priority of the highest order without delay.

### ■ Looking for a fresh approach.

If what South Africa had in terms of education and training was not as good as it needed to be, how should an alternative system be different?

A new system needs to focus on:

- A process of integrating knowledge, skill and ability, which together will deliver a highly satisfactory result (outcome), in any situation and particularly in a business environment
- Combining knowledge, skill and ability to establish competence leading to desirable outcomes. This is what is happening in many parts of the world. Countries in Europe, the Pacific Rim, Australasia and North America have either adopted or are moving in the direction of outcomes-based education. A new system should therefore be based on competence and outcomes

- Providing for a strong foundation of general education.
- Stimulating the desire to continue to learn and acquire new skills.
- Providing flexibility in learning and portability.
- Allowing learners multiple entry and exit points.
- Giving recognition for 'informal' or experienced based learning (Recognition for Prior Learning)
- Having national standards of performance and qualifications and
- On being on par with international standards.
- Incremental learning – Learning at learner's own pace and time.
- Reflect the needs of the workplace
- Prepare learners to take up job opportunities

#### ■ Demand led and output driven

As mentioned before the South African education and training environment was supply led and input driven. This had to be changed around so that the users of the system, the employers and learners, can have their specific requirements addressed.

The demand for education and training qualifications and programmes must therefore have its origins with the consumers of the products. Furthermore the system must provide for achieving results in a demonstrable manner. It must measure progress and success not only by the absorption of knowledge but more specifically by demonstrating the ability to effectively apply such knowledge under varying circumstances in a work environment. It must measure the outcomes or "outputs" of the learning experience.

Notes

Only once a learner can demonstrate both knowledge and skill is the education or training effective.

- **Advantages of a Demand Led –Output Based System**
- Education and training will deliver what the markets want.
- Learners will develop demonstrable skills that add value to the workplace.
- Employers will know that they are employing people with ability to deliver.
- Return on investment in education or training becomes measurable in terms of outcomes achieved.
- Qualifications become uniform and standardised.
- Performance measures are objective and nationally accepted.
- Learners are productive much sooner.
- Non-formal learning gets recognition.

To enable this system to function it must be nationally recognised and supported and must provide an efficient and effective framework within which the stated objectives of such a system can be achieved.

To give effect to these requirements, the South African Government, through legislation established a statutory body, the South African Qualifications Authority (SAQA) in 1995 to develop and implement such a national education and training system.

Notes