

AN ASSESSMENT OF THE IMPLEMENTATION OF THE EMPLOYMENT SERVICES OF SOUTH AFRICA (ESSA)

Study commissioned and funded by
the Department of Labour (DoL)



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LIST OF ACRONYMS

Notes: The names of frequently used institutions, concepts and related descriptions have been written out in full in this report at each first mention, followed by its acronym in brackets. After that, only the acronym is recorded. As recorded below, a few small exceptions to this rule have been implemented for easy access to the contents of the report.

The Executive Summary and rest of the report text have been treated independently to align with possible reader options in selecting or sequencing what they want to read. In this case some full-text versions of what an acronym stands for have been repeated.

Literature references which comprise acronyms are cited in the text in accordance with the accepted convention; at first citation in full with its acronym, followed by only the acronym when repeated. In the Reference list itself both acronyms and full text have been included. The acronym is only recorded once as cross-reference to the full-text reference/s to each source.

In relation to footnotes, acknowledgements, tables and figures, the considerations of space and transfer of meaning have both been applied. The preferred convention was to use acronyms to reduce clutter. The adjacent or foregoing text in most cases conveys the relevant meaning sufficiently.

ABS	Australian Bureau of Statistics
AMDP	Advanced Management Development Programme
ANZSCO	Australian and New Zealand Standard Classification of Occupations
APSO	Association of Personnel Service Organisations
BCEA	Basic Conditions of Employment Act
BEE	Black Economic Empowerment
BS	Beneficiary Services
BUM	Business Unit Manager
CAPES	Confederation of Associations in the Private Employment Sector
CCMA	Commission for Conciliation, Mediation and Arbitration
CDW	Community Development Worker
CIETT	International Confederation of Private Employment Agencies
COIDA	Compensation for Occupational Injuries and Diseases Act
COSATU	Congress of South African Trade Unions
CPS	Centre for Policy Studies
CSO	Client Services Officer
CV	Curriculum Vitae (with CVs for the plural curricula vitae)
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DEAFSA	Deaf Federation of South Africa
DHET	Department of Higher Education and Training
DoL	Department of Labour
DPSA	Department of Public Service and Administration
DTI	Department of Trade and Industry
EEA	European Economic Area
ELRC	Education Labour Relations Council
EPWP	Expanded Public Works Programme

ESD	Education and Skills Development (Research Programme at the Human Sciences Research Council (HSRC))
ESP	Employment Services Practitioner
ESSA	Employment Services of South Africa
EURES	European Employment Services
FET	Further Education and Training
GDP	Gross Domestic Product
GIS	Global Information System
GTZ	(Deutsche) Gesellschaft für Technische Zusammenarbeit
GVA	Gross Value Added
HET	Higher Education and Training
HIV/AIDS	Human Immuno-deficiency Virus / Acquired Immune-Deficiency Syndrome
HPCSA	Health Professions Council of South Africa
HRD(-SA)	Human Resource Development (Strategy for South Africa)
HRM	Human Resources Management / Manager
HSRC	Human Sciences Research Council
ICD	Integrated Client Databases (system)
ICT	Information and Communication Technology
IES	Inspection and Enforcement Services
ILO	International Labour Organization
INDLELA	Institute for the National Development of Learnerships Employment Skills and Labour Assessments
ISCO	International Standard Classification of Occupations
IT	Information Technology
JOI	Job Opportunity Index
LMP	Labour Market Planning
LMIS	Labour Market Information and Statistics
LP&LMP	Labour Policy and Labour Market Programmes
M&E	Monitoring and Evaluation
MQA	Mining Qualifications Authority
NAMB	National Artisan Moderating Body
NDYP	New Deal for Young People
NEA	Not Economically Active
NEETs	Not in Education, Employment or Training
NGO	Non-governmental Organisation
NICRO	National Institute for Crime Prevention and the Reintegration of Offenders
NLRD	National Learner Record Database
NOPF	National Occupational Pathways Framework
NPO	Non-profit Organisation
NQF	National Qualifications Framework
NSA	National Skills Authority
NSF	National Skills Fund
OECD	Organisation for Economic Co-operation and Development
OFO	Organising Framework of Occupations
OHS	Occupational Health and Safety
OSD	Occupation Specific Dispensation
PALAMA	Public Administration Leadership and Management Academy
PEA	Private Employment Agency

PEM	Provincial Executive Manager
PERSAL	Personnel Salary Management System
PES	Public Employment Services (at DoL in South Africa, as the branch in the national office and the units in the provincial offices and labour centres) ¹
PFMA	Public Finances Management Act
PMG	Parliamentary Monitoring Group
QCTO	Quality Council for Trades and Occupations
QLFS	Quarterly Labour Force Survey
REC	Research Ethics Committee (of the HSRC)
REQV	Relative Education Qualification Value
RPL	Recognition of Prior Learning
RPP	Research, Policy and Planning Unit (of DoL)
RM	Regional Manager
RSS	Registration Services Supervisor
SACE	South African Council for Educators
SADC	Southern African Development Community
SAIRR	South African Institute of Race Relations
SAMDI	South African Management Development Institute (now PALAMA)
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SASCO	South African Standard Classification of Occupations
SCM	Supply Chain Management
SDA	Skills Development Act
SEDA	Small Enterprise Development Agency
SETA	Sectoral Education and Training Authority
SIC	Standard Industrial Classification (of all Economic Activities)
SITA	State Information Technology Agency
SMME	Small, Medium and Micro Enterprise
SPEEX	(short for) JPI/PIB SpEEEx - combined Job Profiling Index, Potential Index Battery, Situation Specific Evaluation Expert system.
StatsSA	Statistics South Africa
TSA	Transport Security Administration
UI	Unemployment Insurance
UIF	Unemployment Insurance Fund
UK	United Kingdom
VET	Vocational Education and Training
WAPES	World Association of Public Employment Services

¹ When reference is made to public employment services in general, for instance as a worldwide phenomenon, it is always written out in full and in lowercase type without providing an acronym for it.

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EXECUTIVE SUMMARY

INTRODUCTION: RESEARCH AIMS AND METHODOLOGY

The Employment Services of South Africa (ESSA) registers unemployed work seekers and placement opportunities to enable the Department of Labour (DoL) to place as many of these work seekers as possible in work. ESSA is a national system which operates through 125 labour centres in the nine provinces of South Africa. ESSA's large information technology- (IT)-based infrastructure operates through its information services and databases, or registers, of job seekers, employers, vacancies, and training and apprenticeship opportunities. This IT-based infrastructure is consistently referred to in this report as the ESSA databases. This part of DoL's work (ESSA) is just one of its labour market interventions aimed at ensuring that supply and demand are coordinated in order to create a more efficient labour market and to address imbalances in that market.

The aim of the present study is to identify challenges in the implementation of ESSA, and to identify and make recommendations on areas for improvement and strengthening. The study is restricted to two of the six² main ESSA service offerings: (a) Registration Services and (b) Recruitment and Selection Services³. The implementation of ESSA began in 2006. Two labour centres (Pretoria and Thohoyandou) served as pilot sites. As these two centres had provided all ESSA service offerings from an early stage, they were deliberately included in the study sample. The remainder of the 125 labour centres across South Africa offer selections of the ESSA service offerings, and selection of another 18 of them is described below.

The client brief (terms of reference) required the evaluation team to focus on the following research problem and objectives:

- Determining the current level of functioning of ESSA.
- Evaluating the impact of ESSA and in particular the successes and shortcomings of its *Registration* and *Recruitment and Selection* service offerings. The specific aim was to understand why the system has large numbers of work seekers but few placement opportunities, and eventual poor matching from these two sets of information. The evaluation thus had to identify the challenges faced by ESSA.
- Making recommendations, based on the findings, for strengthening ESSA to ensure that it operates optimally.

The study was partially a process evaluation and partially an impact evaluation. The process evaluation assessed the quality of ESSA's systems, structures, capacity, management and strategic focus. The purpose of the impact evaluation was to understand the challenges and gaps in delivery and implementation, the reasons behind the low matching success, and the extent of uptake by

² Current documentation regroups the relevant services into nine new sub-programme components (DoL, 2011).

³ These two service offerings now comprise one integrated sub-programme described as "Registration and Placement Services: Public Employment Services" (DoL, 2011). The new classification and key contents are referred to more fully in Section 2.4.3.2. In the rest of this report the classification, terminology and contents that were valid up to the first quarter of 2011 have been retained, as they better reflect the aims and scope of the study.

users. The evaluation therefore had a technical data-evaluation component and a component which assessed the reasons behind statistical and other quantitative data patterns.

By means of a non-experimental design, the study set out to evaluate existing levels of ESSA functioning against fitness-for-purpose standards (in effect, its objectives of establishment), as well as best practice as indicated by the international and national literature.

Drawing the sample took into account two levels: the institutional and the individual. At the institutional level, 20 of the 125 labour centres were selected evenly across provinces to reflect a cross-section of conditions and practises. The purpose of this was to ensure coverage across labour sectors, type and extent of economic activity, unemployment levels, urban and rural location, and poverty indicators; this would guarantee data saturation. Two labour centres were selected per province in addition to the two initial DoL pilot sites. All DoL provincial offices were also included. From the area served by each labour centre, employer organisations already using and not using the ESSA databases, and private employment agencies (PEAs), were also approached. Figure 1.2 shows the location of all 125 labour centres in the country, and the sample of 20 drawn for the evaluation.

At the individual level, key informants were invited to participate in the research. They included the line-function managers responsible for overall supervision as well as senior and other operational or administrative staff responsible for the day-to-day implementation of ESSA at the provincial offices and at the labour centres. At each labour centre, interviews were also conducted with some work seekers. In the areas served by each labour centre, key officials from the selected employer organisations and PEAs were also involved.

The instruments developed and used to collect the data on the sampled sites consisted mainly of interview and observation schedules and capacity checklists to supplement the statistics and data contents of the ESSA databases and related figures from recent provincial quarterly reports and annual Labour Bulletins. The instruments were designed to collect information about the capacity of the various offices and officials to administer the ESSA system. The details of each instrument appear in other chapters of this report. They included:

- Interview schedule for officials at labour centres, conducted, as relevant, in either focus-groups or individually, with those office managers, registration services supervisors (RSSs), career counsellors, employment services practitioners (ESPs) or client services officers (CSOs) best informed about the contents of each section concerned, to gain a broad insight about labour centre functioning.
- Observation sheet to get an overview of work flows, dynamics, facilities and infrastructure at labour centres.
- General capacity checklist for recording the numbers, experience, qualifications and recent staff development history of ESSA staff in each job category at the labour centre.

- Work seeker interview schedule, conducted either in focus groups or individually, depending on practical considerations, for exploring some of the dynamics behind work seekers' visit to the labour centre on the day, and spread across different times of day.
- Semi-structured interview schedule implemented with the provincial (business unit) manager(s) responsible for ESSA, and covering topics related to supervision, support, quality control, statistics, reports, labour market information and regulation.
- Telephonic interview schedule (often completed via e-mail after initial contact) with employer organisations either using or not using the ESSA databases from the areas in which labour centres had been sampled, and across a range of sectors, sizes and related factors, covering issues related to their familiarity with ESSA and its databases, the nature of their industry or sector, vacancy rates and demand trends, the employment of non-South Africans, scarce skills, recruitment channels used, and perceptions about ESSA service levels and its value for them.
- Telephonic interview schedule (dealt with as immediately above) with a senior manager of PEAs active in the area of each sampled labour centre, and covering their understanding of labour supply and demand, active labour sectors in their area, the type of services they render, their own recruitment practices and systems, familiarity with the services offered through ESSA, perceptions about their value, any collaboration with DoL, and regulation of the employment services industry.

The research procedures involved:

- Desk-top review of international and local literature, contextual information and other documents, including those related to relevant legislation and policy.
- Evaluation of volumes and patterns in the figures from the ESSA databases (the IT-based database and matching system) about work seekers, vacancies (or opportunities) and placements made: in effect, the ESSA databases's digitally available quantitative information and related quarterly reports and bulletins.
- Content analysis of the information provided about the ESSA databases through capacity checklists, observation schedules and semi-structured interviews.
- Thematic content analysis of all the remaining information collected through semi-structured individual and focus-group interviews, checklists and observation schedules after engaging with officials at labour centres, provincial offices, employer organisations and PEAs.
- Data triangulation between the modes and sources of information described above as a key strategy to enhance the integrity of the findings.
- Synthesis of the challenges experienced by ESSA. Drawing on this synthesis, the recommendations towards the enhanced functioning of ESSA were made.

All instruments, information sheets and consent forms were given clearance by the Human Sciences Research Council's (HSRC's) Research Ethics Committee (REC), and all engagement with research participants proceeded accordingly. These measures ensured that research participants were treated with respect, suffered no undue risk, knew that they participated in research and what would be expected from them, consented to participation, and were guaranteed confidentiality and anonymity.

The outputs of the study mainly consist of the present client report, but additional presentations and submissions, and at least one article in a peer-reviewed journal, are also envisaged in consultation with the client.

REVIEW OF THE LITERATURE ON AND CONTEXT OF EMPLOYMENT SERVICES

The literature on public employment services is located within both the international and the South African contexts. Public employment services match job seekers with job opportunities. The review of literature makes clear that it is necessary to pay close attention to the potential effect that public employment services systems have on reducing unemployment, addressing socio-economic inequalities, and promoting, preserving and retaining employment. public employment services systems thus have potentially positive and negative effects. International literature surveyed by the German Society for Technical Collaboration (Gesellschaft für Technische Zusammenarbeit (GTZ), 2010) identifies different international economic climates, and the roles and responsibilities of public employment services. Using high-income countries from the Organisation for Economic Co-operation and Development (OECD) as examples of best practice, the international literature shows that there are successes and areas of development in public employment services. These are explored below in Chapter 2 under: public employment services trends, services, levels of resourcing, target groups, the use of technology, partnerships, labour migration and monitoring. Some of these issues are highlighted in South African public employment services literature.

In the literature review, the key characteristics of the South African labour market are examined in order to provide a picture of the imbalances within it and thus the potential importance of ESSA. The employment services sector in South Africa is examined, with a particular focus on PEAs and ESSA. A review of the aims, role and services of ESSA is given. Finally, the implementation of ESSA is examined, looking at its provision of services for the public and the legislation governing employment services in South Africa.

KEY FINDINGS

Current ESSA functioning

Labour market segmentation persists in South Africa despite policy shifts around 1994. This means that employment opportunities and skills availability continue to reflect imbalances created historically. All of these exist within the context of current global and local economic conditions. The labour force is relatively young and has low skills levels. The demand for these skills is also low. Thus, high unemployment exists, in particular among low-skilled member of the labour force. This is aggravated by the fact that they compete for decreasing numbers of jobs in the primary sector, which is mostly located in rural areas (Table 3.6 in Section 3.5.1.2). African and Coloured workers, women, young people and those with limited skills are the least able to find employment.

Provinces were compared in terms of their percentage contribution to the gross domestic product (GDP), employment levels and distribution of skills levels. Labour force participation rates are

highest in the Western Cape and Gauteng, historically the most economically active provinces in the country.

Analysis of the job-vacancy advertisement data captured for calculating the Job Opportunity Index (JOI) enables the DoL and researchers to get a sense of skills shortages and labour demand, as well as trends over time. The availability of posts increased up to 2007/8, but has been declining ever since, apparently in line with the global economic slowdown. Labour centres in areas where unemployment is high and vacancies are few have the greatest difficulty in placing work seekers. This is particularly the case in the Free State, North-West, KwaZulu-Natal and Mpumalanga. In Limpopo and the Western Cape the inverse applies, as these provinces' share of vacancies is relatively high in comparison with their share of unemployment (Figure 3.2). Most vacancies are available in the community, social and personal services sectors, while there are relatively few vacancies in transport, mining, electricity, construction and agriculture. The public sector, rather than private sector companies, contributed more than half of the opportunities recorded in 2009/2010. Occupational opportunities were found in all provinces. The following chapters provide detail on the numbers of vacancies by industry, sector, province and occupation.

Fewer than 20% of the unemployed are registered as work seekers on the ESSA databases, while fewer than 15% are claimants/recipients of the Unemployment Insurance Fund (UIF) (Table 3.3). Relatively high levels of use of the UIF are found particularly in the Western Cape, KwaZulu-Natal and Gauteng. In the remaining six provinces, the unemployed would have to rely heavily on other forms of social provision.

Between 2007 and 2010, there was an increase in the number of work seekers registered on the ESSA databases, suggesting some measure of success for ESSA. Care has to be taken, though, in interpreting some ESSA databases-related statistics as there are data reliability problems because of capturing backlogs and other quality issues. Analysing the ESSA databases and unemployment data together confirmed that those work seekers offering intermediate and higher skills in areas where the secondary and tertiary sectors functioned more strongly had better chances of finding work. There are also indications that older unemployed people make use of labour centre services to access UIF and not predominantly to find work. Incomplete capturing of information such as qualifications hampered proper analysis of the ESSA databases. The same factor also compromises service rendering to such applicants.

The skills levels of most (83,2%) work seekers registered on the ESSA databases were not captured. Of the remainder, 90,2% had intermediate and 8,7% high skills levels. As confirmed during the visits to labour centres, most work seekers were unskilled or had low skills and/or qualification levels. The ESSA databases' capturing outcome is therefore considered to reflect the extent to which either labour centre officials or work seekers or both found it not meaningful to indicate low skills levels on curricula vitae (CVs) or in the ESSA databases. The reason would be their insignificance towards employment. This makes such work seekers vulnerable to becoming discouraged work seekers, without hope of finding work.

Information gained during labour centre visits indicated that most work seekers were young (below 35, or even 25). The ESSA databases revealed that 27,9% of the unemployed who were 35 years and older were registered, compared to the 13,2% of the unemployed younger than 35. Their gender distribution was related to the predominance of male-biased (e.g., mines) or female-biased (i.e., clothing factories) industries in a labour centre's area. The ESSA databases revealed that slightly more of the unemployed males (19,6%) registered as work seekers, compared to 15,0% of unemployed females. Work seekers' population group closely reflected the demographics of the country, according to observations at labour centres. The ESSA databases showed that slightly higher percentages of unemployed White (19,2%) and Coloured (16,6%) people registered in comparison with African (13,7%) and Asian (10,3%) people. Access to labour centres varied, depending on their location. A significant number of people using the centres travelled considerable distances to them, travelling mainly by taxi and in some cases having to make repeated visits.

Between 2007 and 2010, the number of job opportunities registered on the ESSA databases increased. A few large organisations (25 of the 2 714 making use of the ESSA databases) offered almost 60% of the opportunities available on the system. Over a quarter of the opportunities were available in Gauteng, as were the number of employer firms making use of the ESSA databases. The province was followed in terms of job opportunities by KwaZulu-Natal, the Free State and the Eastern Cape. North-West, Limpopo and the Northern Cape recorded the fewest opportunities. Employer participation rates were similar. Analysing the ESSA databases' job opportunity statistics by sector confirmed that most of the jobs available were in the tertiary and secondary sectors. Positions in social sciences fields, for example, sales, marketing, human resources management (HRM), social work and public relations, dominated the occupations in which these vacancies occurred, followed by general work and jobs for artisans. Information collected at the sample of labour centres largely aligned with statistical figures, but provided much more nuanced understandings of the occurrence of scarce skills, local variations in placement dynamics, and how labour centres operate on a day-to-day level in rendering their services across a range of service types. In this regard, the under-utilisation of career counselling and skills development was noted, as were the difficulties experienced by the officials responsible for those tasks.

ESSA has made substantive achievements (also see 5.1) over the relatively short duration of its existence, especially given that work seekers significantly outnumber opportunities.

Challenges experienced during day-to-day ESSA implementation

The challenges identified were organised into four themes:

- staff capacity within DoL, in particular at labour centres (“Specialist Placement Officers”)
- infra-structural and IT-system capacity
- inter-relationships and interactions with and between role players
- specific matching difficulties in placing work seekers in work opportunities.

A range of issues prevent ESSA from rendering a more effective service. Removing or addressing these should help the DoL to improve its employment services implementation. Two contextual matters (the difficult economic conditions, and the regulatory frameworks being debated at present) were identified as fundamental to the future implementation of ESSA. These require urgent discussion and resolution.

In assessing staff capacity at labour centres, the study examined the allocation of officials to well-demarcated jobs according to their qualifications, expertise, experience and commitment. The main cause of insecurity and staff concerns is the recent restructuring of the governmental education function into the Department of Basic Education (DBE) and the Department of Higher Education and Training (DHET). Skills development, formerly part of DoL's work, was transferred to the DHET. Many practitioners remained in DoL, but now do ESSA databases work. They feel abandoned and under-utilised, with limited career prospects. In addition, staff do not share a sufficient common conceptual understanding of the nature of ESSA's role and tasks within a skills development framework and an extended network of role players that have to communicate about this and coordinate their relevant responsibilities. Managing and supervising the rendering of employment services at labour centres under these conditions raise some additional challenges.

Officials at labour centres generally have intermediate-level to high-level qualifications which are largely appropriate to their work. Almost a quarter of the officials have obtained relevant post-school qualifications in appropriate social sciences fields. Core staff have an average of seven years work experience at labour centres, and 12 years overall working experience. This experience increases with seniority. Career counsellors were the exception, with relatively short periods of tenure at the labour centres, signalling either that there is high staff turnover in this category or that they are recent additions to their staff composition.

Staff underwent a reasonable amount of training within the last decade, and across all staff, training in computer skills, followed by UIF, the ESSA databases, client/customer service and labour legislation was undertaken most often. As would be expected, training content varied according to the nature of the position, with administrative support staff and data capturers receiving most of their training in client/customer service and computer skills respectively, for instance. The relatively low levels of training in ESSA databases across all categories of staff are noteworthy. It is clearly necessary that there should be adequate ESSA databases-linked training for all practitioners and categories of officials, as that system is the central tool of ESSAs work. Only 5,3% of the training received by administrative support staff and data capturers was on the ESSA databases. For other staff categories, the percentages were 13,6% for career counsellors and assessors, 12,2 % for supervisors, 10,3% for CSOs, and 33,3% for ESPs. ESPs were required to train CSOs on the latest versions and materials related to the ESSA databases.

Staff members at the sampled labour centres received on average seven days of training between 2004 and 2010, although a quarter of the staff did not receive any training during this period. Two-thirds received one to seven days of training, 3,9% received 10 to 60 days of training and 3,6% about 120 to 123 days of training. A challenge is therefore to provide more people with more training, relevant to their work. Many officials blamed a lack of training for poor knowledge of the

ESSA databases forms and Organising Framework of Occupations (OFO) categories and the resulting data-quality problems. Data capturing and analysis, and the lack of specialist data analysts at provincial offices, over and above Labour Market Information and Statistics (LMIS) officials, were regarded as hampering the work of the labour centres.

Analysis of the second main theme, that of facilities and infrastructure including IT capacity and systems, indicated a number of challenges. Staff at the majority of labour centres felt the number of computers to be adequate and in most cases all staff had access to computers. However, IT hardware, and particularly computers, was considered out-of-date and slow, and to be unsuitable for use with sophisticated software programmes such as the ESSA databases and those used for Unemployment Insurance (UI). A few labour centres reported having insufficient numbers of computers; this led to conflict over resources. Other concerns were the lack of printers, and problems with IT support and service providers. The shortage of personnel to assist with ESSA databases registration was regarded as a major future challenge by many labour centres. Security at certain labour centres was regarded as problematic. The location of labour centres exacerbated security issues, resulting in the theft of computers. Alarm systems did not always function. Limited space severely restricted the ability of labour centres to provide the required services to the public. There is a widely-felt need for resource centres, separate counselling rooms and training venues.

Work flows and facilities at labour centres differed from site to site, and ranged from being overstretched and hampered by limitations of space and equipment, to pleasant, ample, organised and under control. Most labour centres did not have resource centres, but indicated plans to establish, or the urgent need for, them. In general, labour centres succeed well, within the means and capacity at their disposal, in providing a reasonable level of information service and of relevant materials. However, a perpetual challenge remains to access better, more and recent information, and to organise its distribution as effectively as possible.

The central theme at many labour centres was that of data quality. Data challenges are multiple, and the following chapters provide details of system problems (connectivity, speed, etc.); human resources capacity (training, staff turnover); unreliable matching of work seekers to work; incomplete and incorrect forms; difficulties of producing internal reports and statistics; and online access. Few officials have achieved full mastery of and competence in all the transactions and program screens in the ESSA databases, and in particular the OFO job categories. This has a negative impact on both data quality and completeness at the time of capturing, and also hampers valid searching and matching.

The third main set of challenges studied for this report was relations and communications. Uncertainty exists about the advocacy and canvassing role of labour centre officials. Staff tend not to feel competent and proficient when engaging senior corporate managers to persuade them to register as employer firms and to register vacancies on the ESSA databases. There is also the anomaly that over-marketing will expose the inability of ESSA to place work seekers in vacancies. This cannot be blamed only on limitations of competency among labour centre staff but also on

economic realities and on the mismatch between work seeker skills levels and the requirements of the jobs advertised.

Labour centre officials perceived the support they received from provincial offices as deficient in many respects, particularly in relation to technical ESSA training and assistance towards a uniform marketing role. Skills development, information and communication technology (ICT) resourcing, connectivity and support, and insufficient training need to be addressed.

Engaging employer firms was evaluated as sub-optimal. One reason for this is employers' fears that making too much of their information available to the DoL exposes them to uncomfortable situations, inspections and compliance problems. The other challenge was for labour centres to add real value to employer firms in terms of speedy, appropriate, online matching and work placements.

Collaboration with PEAs in a mutually beneficial way has not materialised yet to any great extent, although some informal and early interactions were observed. The current regulatory debate needs to be resolved in order for suspicions and fears to be allayed; this could increase the prospects of advancing collaboration.

The last main issue examined was that of achieving improved matching and placement success and impact. The major challenge is to overcome, not only in ESSA, but in the economy as a whole, the situation of having large numbers of work seekers who compete for limited opportunities, resulting in low placement levels. This problem appears to be increasing. The relationship between registrations (73,7%), opportunities (24,9%) and placements (1,5%) is very unequal. Placements are stagnating, while registrations and job opportunities grew, respectively, by 119,3% and 96,2% between 2007 and 2010. Opportunities are becoming available, but most work seekers are not appropriately skilled or experienced to be placed in these positions.

KEY CHALLENGES AND RECOMMENDATIONS FOR IMPROVING ESSA

Key challenges

Focusing on identifying challenges easily becomes deficit thinking, and it must be acknowledged that ESSA has a number of substantial achievements to its credit. These include establishing the backbone of an extended IT system (ESSA databases) driving ESSA implementation countrywide; appointing, placing and training core teams of officials at the labour centres; piloting and establishing integrated ESSA delivery through multi-purpose resource centres at selected sites; increasing work seeker and job opportunity registrations; starting to expand relationships with employers; soliciting some cooperation from PEAs; setting performance targets; monitoring accountability through reporting; monitoring trends in the supply of and demand for labour; rendering services free of charge; increasing access to users; and grappling with the relevance and renewal of legislation and regulations.

Historical, regulatory and conceptual issues fall outside the direct influence of labour centres, or precede service rendering there. Nevertheless, they affect ESSA implementation and have to be

recognised, although they fell outside the scope of this evaluation. Such factors typically operate at the macro-level of ESSA implementation, but also influence the challenges experienced at the meso- and micro-levels of its registration and placement services. Meso-level challenges relate to how ESSA, in particular the ESSA databases, is designed, resourced and positioned systemically among role players and stakeholders. Micro-level challenges refer to direct service rendering at labour centres to work seekers and employers. There is, of course, no absolute dividing line between the macro-, meso- and micro-levels. However, the distinction is useful for prioritising the key challenges and recommendations.

Macro-level challenges

Three main challenges affect ESSA implementation. The first is the global and local economic climate, characterised by very high unemployment. Second is the need to conclude current regulatory and legislative renewal in an inclusive and mutually beneficial way across a diverse range of stakeholders and role players. This includes the draft bill on employment services. Thirdly, attention is required to overcome the lack of shared conceptual understandings about the nature of ESSA's role and tasks, especially in terms of joint responsibilities within a common skills development network, and career counselling.

Meso-level challenges

Two main clusters of concern exist at systemic level. First is the question of how DoL should better resource ESSA with regard to staff and technical systems capacity and infrastructure. This in particular includes having the appropriate staff, in terms of numbers, seniority and qualification levels, at provincial offices and labour centres. Their sense of their job description and career development vision require attention. Sufficient and appropriate further and ongoing training forms part of this challenge. Infrastructure improvement resulting in well-functioning, always connected, fast, widely-accessible IT-based ESSA databases is also essential. Limitations in data management make it impossible to achieve optimal data quality; rectifying these problems is of key importance. Related to this is the need for appropriate work space and buildings with suitable work-flow arrangements and required furniture, space, hardware and software; and for multi-purpose resource centres.

A second set of challenges relate to the interactions between ESSA and user and stakeholder institutions such as employer firms and PEAs. Also from a systemic perspective, attention should be given to relations among DoL officials, in terms of increased provincial support to labour centres and between DoL and external stakeholders. The latter include employer firms; partners in rendering employment services, particularly PEAs; and, potentially, temporary employment agencies or labour brokers.

The challenge of achieving optimal arrangements and outcomes in relation to managing and supervising the rendering of employment services is situated at the interface between meso-level human resources provision and micro-level operational activity. It deserves deliberate attention as well.

Micro-level challenges

These challenges are operational, and exist mainly at labour centre level. There are limitations to the optimal daily functioning of the centres in terms of infrastructure, equipment and facilities. There is also a need to expand and streamline the number and functioning of appropriately equipped resource centres, satellite offices, mobile centres, and related facilities. Locating services so that they can be easily accessed requires attention. The bulk of the remaining challenges related to technical aspects of the ESSA databases themselves. Data reliability issues need to be resolved. This requires a better knowledge of the system among more staff, sorting out issues of job identities and roles especially in terms of the relationship between the ESSA databases and UIF work, and streamlining how software screens and sub-systems are set up to allow officials more efficient movement between them. IT connectivity, speed and support are also challenges, as is the need to expand staff capacity. Overall, there is a need to improve the number and quality of matches between work seekers and job opportunities.

Key recommendations

As with the key challenges above, the main body of this report discusses and lists recommendations in terms of macro-, meso- and micro-level operations. What follows here are the main points under these headings.

Macro-level recommendations

Recommendation 1: The DoL should actively support, and participate in, all efforts at the level of national government to create more jobs.

Recommendation 2: The DoL should stimulate, and allow more time for, debate on the potential impact of pending amendments to and introduction of new legislation that will determine the rendering of employment services in the country.

Recommendation 3: The DoL, in collaboration with other stakeholders, should build conceptual and systemic alignment and coordination for education, training and skills development with employment services.

Recommendation 4: The DoL should ensure, through training and related activities, that ESSA managers and officials at national, provincial and labour centre level have the same conceptual understanding of their employment services rendering task.

Meso-level recommendations

Recommendation 5: Through appropriate placements and ongoing training, the DoL should build its human resources capacity at all levels and should ensure clear and appealing career identities and paths for every official.

Recommendation 6: The DoL should ensure that its infrastructure, equipment and systems are in optimal alignment with the services they are required to deliver.

Recommendation 7: The DoL should address the content and nature of internal liaison between officials and external liaison with parties so that its services are widely known about.

Recommendation 8: It is recommended that the functioning of the ESSA databases should be enhanced in terms of connectivity, user-friendliness, computer capacity (hardware and software) and overall improvement of system design.

Micro-level recommendations

Recommendation 9: The DoL should address issues of data quality in the ESSA databases by improving data management and data capturing at labour centres.

Recommendation 10: There should be a strong training and orientation drive to improve the abilities of front-line officials, career counsellors, RSSs, ESPs and labour centre (regional) managers so that, individually and as a team, they can carry out their canvassing, counselling and other roles confidently and knowledgeably.

CHAPTER 1

INTRODUCTION TO THE STUDY AND ITS METHODOLOGY

1.1 Introduction

There are widespread expectations that government will play a leading role in solving the unemployment crisis. In addition to the strategic role of national government and its Department of Labour (DoL) in achieving this, the DoL also has at its disposal specific operational interventions and instruments. One of these is the Employment Services of South Africa (ESSA). The DoL recognised that a range of challenges limit the efficient and effective implementation of ESSA. The present evaluation was therefore undertaken in order to identify these challenges and to make recommendations for overcoming them. This study was limited by its terms of reference to two of the original six main ESSA service offerings: *Registration*, and *Recruitment and Selection*.

The DoL aims to create a more efficient labour market through ESSA, among its other programmes. It pursues this objective by attempting to match labour supply and demand. It also considers rendering its public employment services to be essential in South Africa because of imbalances in the labour market. These relate not only to different levels of unemployment, and access to employment, across population group, sex, geographic area, and other related characteristics, but also to large skills mismatches. There is a shortage of skilled labour in many sectors, an over-supply in some other, and a surplus of labour overall. There are also considerable regional inequalities.

The DoL, through its Public Employment Services (PES) branch in the national office and PES units in the provincial offices and labour centres, by means of the ESSA system, registers unemployed work¹ seekers, placement opportunities and employers to enable the DoL to place as many of these work seekers as possible in work. More formally, the functions of labour centres are to provide employment services for workers, employers and training providers, including improvement of such services to rural communities; to register work-seekers; to register vacancies and work opportunities; to assist prescribed categories of persons to enter special education and training programmes, to find employment, start income-generating projects and participate in special employment programmes; and to perform any other prescribed function as provided for in the legislation (information taken from the Skills Development Act (SDA) No. 97 of 1998). ESSA is a national system which operates through 125 labour centres in the nine provinces of South Africa. The information-management backbone of ESSA is the ESSA databases. ESSA operates through its databases, or registers, of job seekers, employers and vacancies (up to early-2010 also training and apprenticeship opportunities), and computer-based matching procedures.

ESSA was established in 2006 with two labour centres (Pretoria and Thohoyandou) serving as pilot sites for the initial period. These two pilot centres provide all ESSA service offerings and were deliberately included in the sample for this study. The remainder of the 125 Labour Centres across South Africa offer selections of the ESSA service offerings. The predecessor arrangement to labour centres were general offices of the DoL, which operated from a much lower number of sites than the current labour centres, but also throughout the country, primarily to distribute Unemployment

¹ “Work” (including unpaid labour) and “job” (waged labour) are both used in this report to signify the second meaning.

Insurance Fund (UIF) benefits, and provide information about and opportunities for skills training. Specific officials were responsible for psychometric assessment and career counselling to enable school leavers to decide on studies and/or careers. Since late in the 1990s, and the early 2000s, labour centres, as we know them today, developed gradually. Labour centres remain responsible for the distribution of UIF benefits, but no longer provides training as this function was transferred in 2010 to the Department of Higher Education and Training (DHET). This, as will be seen throughout this document, has posed some problems for maximising the potential benefits of ESSA, which is not able to offer skills-training as part of its work to bring together job seekers and employers. Inspection and Enforcement Services (IES) continue to function as a separate branch.

In carrying out their present day-to-day activities, labour centres are mainly involved with the management and distribution of UIF moneys, and with receiving and placing on their databases information from job seekers about their skills and qualifications and from potential employers looking for employees. The majority of people using labour centres do so in order to collect their UIF benefits, and do not necessarily register on the job-seeking databases. At present, these databases are not linked to those of the UIF, which raises issues referred to in this report. The Siyaya system is the information-management basis underpinning the processing of Unemployment Insurance (UI) information and payments, and is also linked to some Home Affairs databases. However, the ESSA databases are not formally or directly linked to Siyaya. As this report makes clear, an obstacle to optimal operation of the ESSA system at present is what appears to be a degree of suspicion felt by some employers about the role of Siyaya. Improving the system will require this kind of issue to be addressed. Not only does this seem to represent a waste of opportunity and a duplication of activity, but it appears to be the case that a considerable number of people entering labour centres to collect their UIF benefits are not aware of, or are not convinced of the benefits of, the job-seeking services offered by the centres. Another large function of labour centres is to accommodate IES. Their officials (inspectors) are responsible for ensuring that labour legislation pertaining to aspects such as industrial relations, employment equity and industrial safety, are adhered to. There are suggestions that IES inspectors should in future provide information on whether or not firms and private employment agencies (PEAs) registered on the ESSA databases comply with regulatory requirements.

Labour centres are distributed evenly across all major cities and regional towns, and a number of remote small towns (See Figure 1.2). They can be found in city centres, suburbs, peri-urban areas, and town centres in rural areas. They consist, depending on the community they serve, of two or three to 20 or more rooms / offices, front-office counters, desks and public space where inquiries are dealt with, back-office functions and, in a few cases, resource centres with computers which job seekers can use to access and enter information. There are normally between about 5 and 25 or more staff (see Appendix A for an indication of post titles and functions). The buildings in which labour centres are located range from stand-alone one- or multi-storey structures to sets of offices in multi-purpose buildings. These may be state- or privately-owned, and, as is mentioned in this report, the variety of ownership of the premises in which labour centres are located can raise issues including security and maintenance.

ESSA offers its services in an environment where PEAs also operate and where other organisations, including municipalities, provide job-seeker services. While there is potential, as the report makes clear, for collaboration between the two sectors, it is also the case that at present ESSA largely

works with the low-skilled, and places about 5 000 work seekers per year as compared with the hundreds of thousands processed by the PEAs.

1.2 Brief for the study

The brief had the following main components:

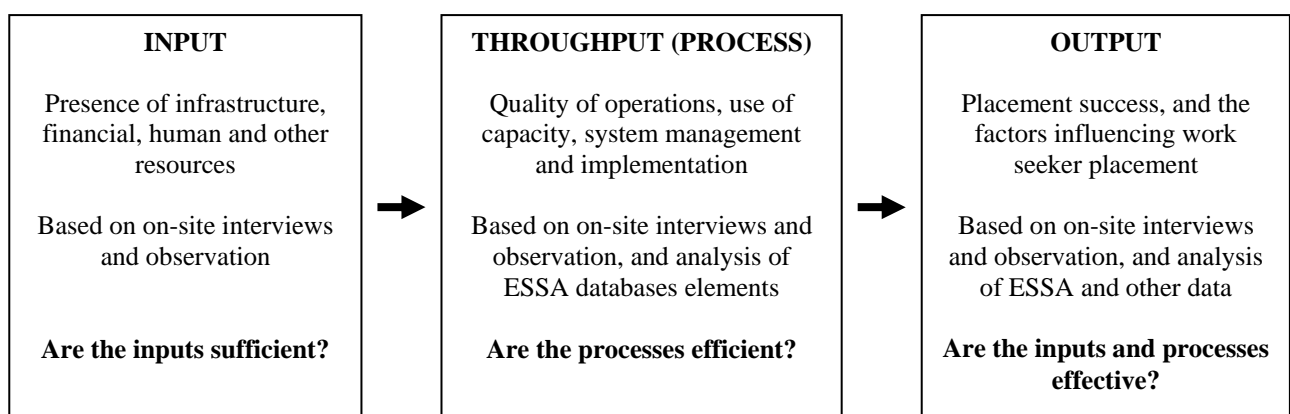
- To determine the current level of functioning of ESSA, with reference to the *Registration* and *Recruitment and Selection* services.
- To evaluate whether the impact of ESSA has been optimal given large work seeker numbers but few placement opportunities, and establish the reasons for low placement rates. The evaluation focused on both the challenges to and successes of ESSA, and included its enabling software-driven ESSA databases.
- To recommend how to strengthen ESSA to ensure optimal operation and implementation.

1.3 The research problem

Because the project brief required conclusions about the current level of functioning of ESSA and about the limited placement success relative to the large number of registered work seekers, both process and impact evaluation were necessary. For process evaluation, the presence and quality of appropriate systems, structures, capacity, management and strategic focus were central. These are shown in the first two blocks in Figure 1.1. For impact evaluation, the focus was on understanding the challenges and gaps in delivery and implementation, and especially the reasons behind the low success in matching work seekers and opportunities, and poor user uptake of services. This is shown in the last two blocks in Figure 1.1.

Two main sources of information were used in the study. In the technical data-evaluation component, the team assessed the scope, nature and quality of the ESSA databases and reviewed operational figures in management reports at labour centre, provincial and national level. The reasons for varying patterns of data-evaluation and other findings were investigated by means of impact evaluation. Figure 1.1 places the nature of the evaluation (process and impact), its key questions and sources of information within a process model. This also identifies key design features discussed in the methodology section below in Section 1.4.

Figure 1.1: Process model of the nature and information sources of the evaluation



1.4 Methodology

The needs of the client, and time and budget limitations, ruled out an experimental comparison of implementation approaches, volumes and outcomes across different conditions. This would have required a randomised trial with control groups, and would have supported more exact causal attribution. The present study compared existing levels of functioning against (i) original objectives of establishment and (ii) best international and national practice, as indicated in the literature.

The study accessed and analysed quantitative data from the ESSA databases of work seekers and opportunities and related available sources such as newspaper advertisement analyses. It also focused on qualitative data collected during site visits by means of observations, semi-structured face-to-face and telephonic interviews, and capacity checklists.

In summary, three main modes of study were followed. First, background material was reviewed. Such materials included the Terms of Reference for the establishment of ESSA; DoL comparisons across 25 countries of the models of provision of public employment services and functioning of PEAs; and relevant international and national literature. Secondly, the research team developed an understanding of the architecture and functioning of existing ESSA databases and registers in order to gauge turnover and success rates, the extent and value of the information in the databases, how the systems work, and the degree of achieving successful matching of work seekers and vacancies. The picture resulting from the foregoing was also compared to other relevant data and statistics. Thirdly, there were direct interactions with officials, users and stakeholders of ESSA, and site observations. The aim was to understand current implementation capacity, facilities and related dynamics. These three modes aligned with the macro-, meso- and micro-levels according to which challenges are identified.

Finally, the study synthesised its findings on the challenges experienced by ESSA into recommendations on strengthening the service. These are presented in Chapter 5.

1.4.1 Sample

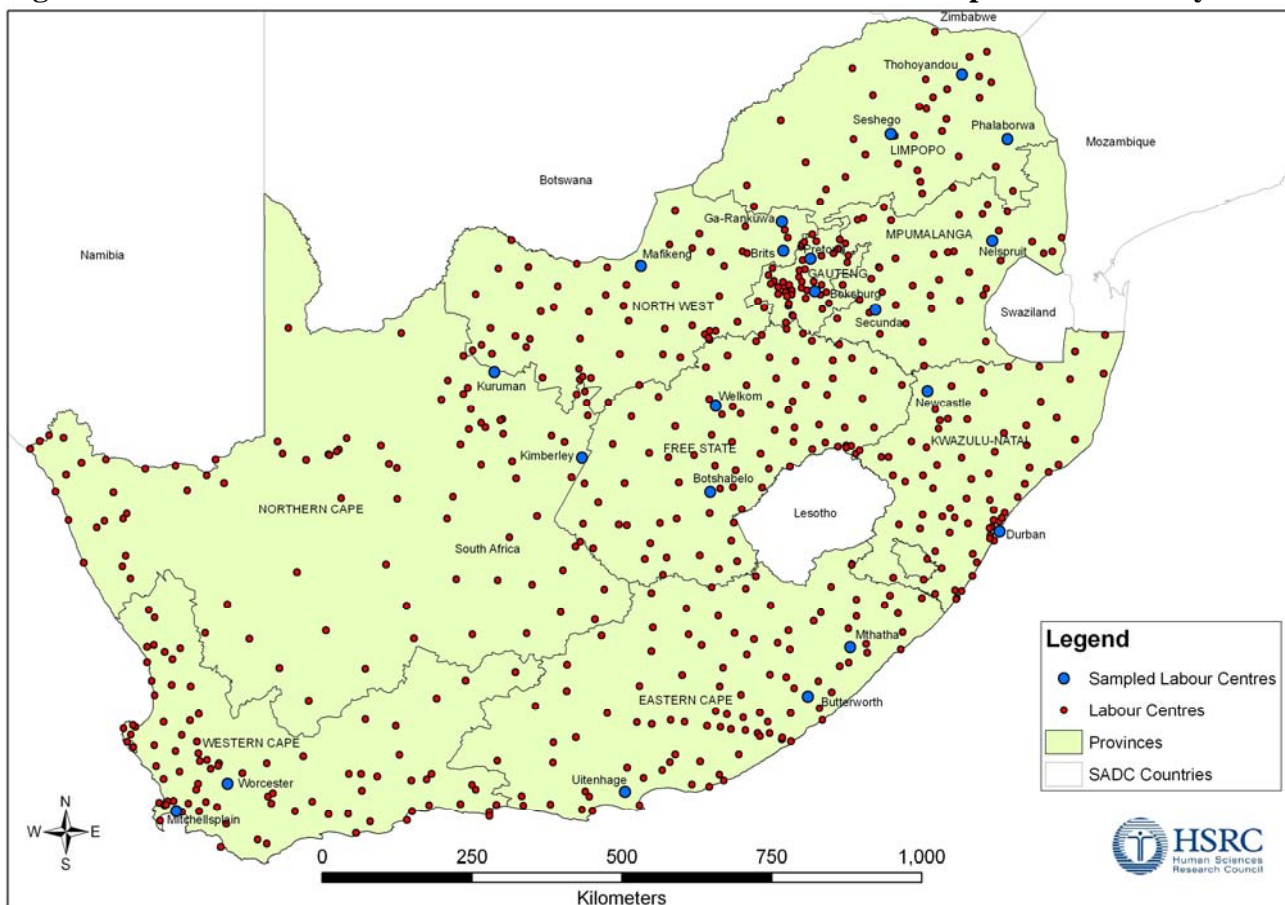
Information was collected from a range of respondents for both the process and impact parts of the evaluation. The final sample selection was done in consultation with the DoL.

At the *institutional level*, a sample of 20 labour centres was drawn across provinces to give a sufficient cross-section of conditions and practises to guarantee data saturation. Two labour centres per province were selected, plus the initial two DoL pilot sites. The sample was drawn to ensure coverage of a wide range of characteristics in communities, as well as of the services rendered by these offices. These characteristics included the most common labour sectors in the areas in which the centres work (such as manufacturing, subsistence farming, the tourist industry), the type and extent of economic activity (to be able to detect if economies of scale influence operations), the availability of opportunity (unemployment levels), urban and rural location, and poverty indicators. Final decisions were based on the most recent Quarterly Labour Force Survey (QLFS) and other available statistics. In as many as possible of the areas served by each of the labour centres, teams arranged interviews with the human resources manager (HRM) or a senior executive from employer firms either already using the ESSA databases or not using the ESSA databases, and from a PEA.

Employer firms and PEAs were not selected randomly for national representation, but purposively for additional contextual information. Employer firms already using the ESSA databases were identified for the research team by labour centre officials. Other employer firms were identified from regional telephone directories. Employer firms were contacted at random while ensuring some coverage across job industries and economic sectors. The Human Sciences Research Council (HSRC) obtained a list of PEAs through the Internet from the website of the Association of Personnel Service Organisations (APSO), and also at random called PEAs who were identified as operating in the areas served by the sampled labour centres. The completion rates for the various instruments appear below in Section 1.4.2.

Figure 1.2 shows the distribution of the sample of 20 labour centres in the context of all 125 labour centres in the country. Satellite offices and visiting points are included.

Figure 1.2: Location of labour centres* in South Africa and the 20 sampled for the study



* Satellite offices and visiting points are included under “Labour Centres”. The HSRC’s Global Information System (GIS) Unit produced a spatial analysis of the socio-economic characteristics surrounding the sample of labour centres for the research team. This is attached at the end as a separate input.

At the *individual level*, the research participants or respondents comprised key informants. They were the line-function managers responsible for overall supervision as well as senior and other operational or administrative staff responsible for the day-to-day implementation of ESSA both at the provincial offices and the labour centres. At each labour centre, interviews were also conducted with work seekers. In the areas served by each labour centre, a key official from each of the selected employer and PEA organisations was also involved. At provincial offices, deliberate attempts were

made at interviewing a senior manager from the Labour Market Information and Statistics (LMIS) unit. They had, however, not been sampled formally and it was not always possible to identify and fit them into the specific visit or broader research schedule.

In research dealing with qualitative data, as soon as new information ceases to be produced interviews are normally terminated. This principle was not, however, followed at the level of labour centres, and none of them was excluded as a consequence. The same applied to key participants within labour centres. Regarding work seekers at labour centres, employer organisations and PEAs, some meetings were foregone. This was partly because of difficulties in making contact with envisaged potential respondents. In some remote labour centre areas, there were no PEAs.

1.4.2 Instruments

As well as analysing the ESSA databases on the numbers of work seekers, opportunities and placements, the study also evaluated the capacity of the various offices and officials to administer the ESSA databases. This mainly consisted of a data-capacity observation and interview schedule for administration at labour centres. Of these, eleven were completed in full. A few relevant items were also included in some of the other interview schedules, as overviewed below.

Table 1.1 gives an overview of the information sources, types of instrument, content covered in each instrument, and their respective completion numbers.

Table 1.1: Information sources and types, contents and completion numbers for each instrument

Information source	Instrument type	Content covered in the instrument	N
Labour centre	Observation sheet	Work flows, the characteristics of work seekers making use of labour centres' services, facilities, work stations, computer infrastructure and equipment, staff utilisation and information materials on offer.	15
	Capacity checklist	Numbers, experience, qualifications, exposure to training and functions of ESSA staff in each job category.	12
Labour centre officials *	Interview schedule **	Types of services rendered by the labour centre, procedures and systems followed in doing so (especially pertaining to ESSA and its databases and the selected two service offerings), collaboration with PEAs, and perceived challenges and proposed solutions to those.	26
Work seekers at labour centre	Interview or focus-group interview schedule	Reasons for their visit, expectations, experience, qualifications, previous usage of ESSA, ease of access, familiarity with DoL's labour centres and ESSA work, and related matters. (Depending on client flows, interviews were conducted with individuals or in focus-groups, in early-, middle-, or late-morning or afternoon time slots, and involved one or more sessions per site.)	24
Representative of employer using ESSA databases	Telephonic interview ****	First and current familiarity with ESSA and its databases, the nature of their industry or sector, vacancy rates and demand trends, the employment of non-nationals, scarce skills, recruitment channels, perceptions about ESSA service levels and its value.	8
Representative of employer not using ESSA databases	Telephonic interview ****	First and current familiarity with ESSA and its databases, the nature of their industry or sector, vacancy rates and demand trends, the employment of non-nationals, scarce skills, recruitment channels, perceptions about ESSA service levels and its value.	10

Information source	Instrument type	Content covered in the instrument	N
PEA representative	Telephonic interview ****	Understanding of labour supply and demand, active labour sectors in the area, the type of services they render, their own recruitment practices and systems, familiarity with the services offered by ESSA, perceptions about their value, any collaboration with DoL, and regulation of the employment services industry.	13
Provincial PES official ***	Semi-structured interview schedule	Supervision and support provided to labour centres, quality control measures, compilation of statistics and reports, collection and distribution of labour market information, and regulation of the employment services sector.	10

* Office manager, registration services supervisor, career counsellor, employment services practitioner or client services officer. In some instances, the responses of different participants were recorded on separate schedules. Hence, the number exceeded 20.

** Or focus-group interview in some cases, depending on what was most effective at each site according to their work dynamics and the availability of respondents.

*** Business unit or other manager responsible for ESSA. Separate instruments were completed in the case of the former Pretoria and Johannesburg offices of the recently merged structures for Gauteng.

**** Often completed an electronic version afterwards. They were selected to cover a wide range of firms in terms of sector, size and related factors. Employer companies who had used ESSA and its databases were identified by labour centre officials, while researchers identified employer firms not using the ESSA databases.

1.4.3 Procedures

The literature review in Chapter 2 was executed as desk-top work. This included examining:

- international experiences, practices and models, especially in developing economies where public employment services and PEAs have been introduced
- general, local and international literature on the nature, role, scope and success of public employment services and PEAs
- the nature and scope of relevant International Labour Organization (ILO) conventions
- the interface between the Organising Framework of Occupations (OFO) and the ESSA databases
- the development of public and private employment services in South Africa and the world, and their respective levels of success
- relevant legislation and the policy framework.

The evaluation of the ESSA databases drew primarily on:

- a review of the contents of the electronic systems, and analyses of the quantitative information therein
- content analysis of the information provided about these through capacity checklists, observation schedules and semi-structured interviews.

Assembling the quantitative information involved investigating the volumes and patterns associated with national data on work seekers, vacancies (or opportunities) and placements made on the basis of ESSA and related databases.

In addition to the largely quantitative and partly qualitative analyses of databases and registers, the bulk of the remaining work consisted of thematic content analysis of the remaining qualitative information collected through semi-structured individual and focus-group interviews, checklists and

observation schedules after engaging with officials at labour centres, provincial offices, employer organisations and PEAs. Data triangulation between the modes and sources of information formed a key strategy for synthesising and for verifying the integrity of the findings.

The main deliverable of the study is the present client report. Additional outputs are also envisaged in consultation with the client. These may include presentations and submissions, and at least one article in a peer-reviewed journal. During the early part of the study, a technical report was envisaged as a separate deliverable relating to the evaluation of the ESSA databases and its various registers and online systems. This, however, is integrated into the present report. The reason for this is that accessing the ESSA databases as early as had been expected proved to be a problem, with final, but critical, parts of these data being accessed only in January 2011. These consisted of key variables that, by serving as common variables, would link data tables from various different parts of the ESSA databases. These linkage variables were only available online on a central server, from which data merging had to be done from the offices of Siemens, with special permission from DoL.

It is a requirement that all research undertaken by the HSRC is granted clearance by its Research Ethics Committee (REC). A duly completed application form, the project proposal, all instruments to be administered, and the relevant participant information sheets and consent forms were submitted to the REC. Clearance was granted, and engagement with research participants proceeded accordingly. These measures particularly ensured that research participants were treated with respect, suffered no undue risk, knew that they participated in research and what would be expected from them, consented to participate, and were guaranteed confidentiality and anonymity. A phased approach to obtaining clearance was followed. Permission was received up-front and in principle to commence with the study, in July 2010, with materials to be used in interaction with research participants being submitted in September 2010, and cleared before the study went to field.

1.5 Structure of the report

The logical path followed in this evaluation report is reflected in its chapter structure. A brief summary is provided here:

- Chapter 1 introduces the origins of the study, its main purpose and focus, and the methodology and design features selected as the best means of achieving its objectives.
- Chapter 2 contextualises the study. It provides a review of the relevant legislation, policies and other regulatory mechanisms, and of the international and national literature. This grounds the study theoretically and conceptually, and benchmarks ESSA against practices elsewhere.
- Chapter 3 addresses the first main requirement of the study: to provide an overview of the current levels of functioning of ESSA. It provides information on the nature and volumes of work seeker profiles, available opportunities, active job sectors and placement data reported; and about the type of services that labour centres render and the human, infrastructural and other resources available to them for doing so.
- In Chapter 4, the empirical evidence is used to address the second main objective of the study: to identify and describe the challenges to more effective implementation of ESSA. The information is organised in four broad areas: human resources capacity; physical, infrastructural and information technology (IT) capacity; communication and relationships between labour

centres and other role players, including PEAs, employers, and provincial offices; and the placement of work seekers in opportunities.

- Chapter 5 synthesises the challenges limiting more effective implementation of ESSA. These are categorised in terms of their macro-, meso- and micro-level characteristics. These respectively relate to legislative, policy and strategic issues; national and provincial system-level capacity, infrastructure and relationships; and labour centre operations through individual staff effort. On the basis of this synthesis, a mirroring structure is used in the second half of the chapter to recommend solutions at macro-, meso- and micro-level and to identify steps towards enhanced ESSA implementation.

CHAPTER 2

REVIEW OF LITERATURE AND CONTEXT

2.1 Introduction

This chapter reviews literature on employment services systems and practices, and provides a framework for assessing how to make job-seeking and placement programmes for South Africa more efficient. It considers international standards, approaches and arrangements and reviews the DoL's ESSA systems and procedures. It enquires into the effect that public employment services can have on reducing unemployment in the long term, addressing socio-economic inequalities, and promoting, preserving and retaining employment, the objectives of the Employment Services Draft Bill 2010.

In order to clarify public employment services functioning, the literature review begins, in Section 2.2, with a survey of theoretical and conceptual frameworks. This is followed, in Section 2.3, by a discussion of key lessons from international trends and processes, and global best practice regarding the provision of employment services. It focuses on how public employment services are organised; provides a rationale for public employment services; examines the general services provided by public employment services and the specific services provided to employers; and reviews resourcing of public employment services, target groups and related issues. Section 2.4 reviews the literature on the national context by providing an overview of key characteristics of the South African labour market, role players in the local employment services industry, and the role, aims, services and placement of ESSA within PES. Finally, Section 2.5 examines the implementation arrangements for ESSA, in terms of its position in government and governing legislation.

2.2 Theoretical and conceptual framework of public employment services

In conceptualising the role of public employment services as part of skills development, it is useful to consider them as part of a funnel, positioned at the interface between labour market supply and demand. From the supply side, public employment services act as a transition from formal and non-formal education and training to the labour market. The service is a centre point for skills integration, where work seekers make known their qualifications and hope to be integrated into the world of work. Public employment services serve to accommodate skills, knowledge, proficiencies and attitudes and to channel work seekers into effective work placements. Employers also use public employment services for formal and informal job placement. The process starts with a formal job analysis, where defined roles and responsibilities are stipulated. The requirements of the job are jointly identified and clarified by the employer and the public employment services. In this way, the service creates a space where labour supply and demand can be matched. Public employment services systems can thus act as an important point in the funnel through which work seekers proceed to the work place.

The neo-classical competitive labour market model that prevailed up to the 1950s (Larsen & Vesan, 2010) sought to explain the functioning and dynamics of the market for labour as similar to those of any other market. It entailed understanding how the supply of labour (workers, their actual work

and their human capital¹ or the skills they have) and the demand for work (employers) resulted in patterns of wage, employment and income outcomes. A critique of the neo-classical competitive labour market model argues that, because of heterogeneities and complexities in the labour market and the lack of transparency of information, disadvantaged individuals can be negatively affected. The critique of this model highlights the point that recruitment, for instance, is best understood and dealt with when new understandings, studies and practices of the “labour market” are made transparent. Applied to ESSA, theory demands that work seekers and employers know enough about each other for reaching placement decisions and outcomes that are good for both parties. (The fact that ESSA is implemented through registering employer, vacancy and work seeker information, and particularly its subsequent matching, invokes the requirement of transparency. Judging the success of ESSA implementation, and identifying any challenges in this regard, can benefit much from applying conceptual tools, and critiques of them, as recorded above.)

Another concept of the nature of the labour market can be found in basic rational choice theory (Larsen & Vesan, 2010). This theory, however, sees public employment services in a negative light in terms of the tasks that are expected to be performed by the system. It is useful, though, to draw on this theory as it helps contextualise how challenges to public employment services may be addressed. The main problem with public employment services, according to Larsen and Vesan, is that employers and employees are not looking for just any information, but are both in pursuit of trustworthy information when intending to enter into a work relationship with the other party. Employers can, however, learn very little about work seekers by means of the information captured in public employment services. Track records, levels of commitment and other important worker characteristics are not well recorded in public employment services. Similarly, the work seeker relies on the public employment services to place them in reputable and ethical work environments and if this cannot occur, trust in the public employment services system is compromised. Public employment services also cannot reveal such information reliably. The situation where both job seeker and employer have a lack of trustworthy information can be labelled the double-sided asymmetric information problem of the labour market (Larsen & Vesan, 2010). The way in which the challenges experienced by ESSA are perceived in this report is aligned with this perspective.

2.3 International public employment services trends

In this section, the experience of high-, middle- and low-income countries relating to public employment services is discussed in terms of the following themes: the rationale for public employment services; the services provided by public employment services; types of resourcing; target groups; the use of technology; the link between public employment services and other service partnerships; labour migration; the monitoring of results; weaknesses of public employment services; and key successes of public employment services.

¹ Macro-economic system theories may consider human capital an impossible term - http://en.wikipedia.org/wiki/Labour_economics

2.3.1 Rationale for public employment services

The public employment services system is designed to assist job seekers and help employers in providing fundamental and comprehensive services without compromising the protection of the interests of labour. This is achieved by:

- providing legal advice to potential employees about their rights and benefits
- acting as a broker for jobs
- providing labour market information and analysis
- administering unemployment benefits
- providing vocational training
- offering special support to disadvantaged populations (Bhorat, 1999).

The fundamental motivation for public employment services in all countries is to reduce unemployment (Thuy, Hansen & Price, 2010).² There has been increased policy focus on unemployment since the 2008 global economic crisis, with its negative impact on the supply of jobs. During the current slow process of global economic recovery, the extent to which labour markets are unstable has become increasingly apparent (ILO, 2009). This outcome has caused a surge in the relevance of public employment services across all economic sectors, according to Thuy *et al.* (2010). This situation even applies to those countries from the Organisation for Economic Co-operation and Development (OECD) in the high-income group. With the exception of the Great Depression (1929), when countries like America started to increasingly rely on employment services, similar levels of pressure to rely on public employment services did not exist until 2008/2009 (Gesellschaft für Technische Zusammenarbeit (GTZ), 2010).

According to Thuy *et al.* (2010), the presence of public employment services facilitates access to labour market information and helps improve economic and social connections within and between various job sectors. Based on this description, the public employment services system is desirable in that it assists with labour market planning (LMP), and more broadly, can be a key element in national employment policy reform. In doing this, it has gradually shifted from its traditional role of acting as a social benefit scheme to positioning itself as a tool for individuals to gain autonomy through finding work. It also thus reduced reliance on unemployment grants and the costs associated with that (Walwei, 1996).

Public employment services are not, however, a ‘provider’ of work but rather a facility for job seekers to find employment (Walwei, 1996). Because these services extend into aspects such as career counselling and the provision of labour market information, for instance, this approach may promote innovation in the public service sector and encourage individuals to move into sectors of the labour market that require higher skills. While one can learn from high-income OECD member countries about how to apply innovative and competitive (i.e., extended) job-creation services, public employment services in upper-middle to low-income countries, like South Africa, are under

² Unemployment reduction is a long-term strategy. Alignment between public employment services and skills categories, accurate public employment services data and statistics, and registration of enough job seekers and employers on its databases will enable detecting skills shortages and surpluses. This would help shape skills development, which could result in increased employment and a more balanced labour market. In South Africa this would require intense collaboration between the DoL and DHET.

pressure to accommodate job seekers from diverse educational and skills backgrounds, many of whom are low-skilled. This makes it difficult to apply innovative (i.e., extended) services in an unbalanced labour sector (Autor, 2008).

2.3.2 Public employment services offerings

2.3.2.1 Service offerings provided by public employment services in general and to work seekers

The ILO (2009) summarises the general roles and responsibilities of employment services as follows:

- services for matching offers of and applications for employment, without PEAs becoming a party to the employment relationship which may arise
- services consisting of employing workers with a view to making them available to a third party, who may be a natural or legal person that assigns their tasks and supervises the execution of the tasks.

At the core of any employment agency business is the match between the candidate, the client and the job itself. The role of public employment services and the extent of their involvement in the labour market have varied considerably between countries over time (Dockery, 2001). In terms of global labour market employment services, the one-size-fits-all approach is not applicable (Dockery, 2001).

In order to aspire towards the competitive edge that many high-income OECD countries achieve, public employment services should pursue the following (Dockery, 2001):

- match work seekers with available work opportunities
- facilitate the placement of work seekers with employers or in other placement opportunities
- advise workers on access to social security benefits
- provide specialised services to assist specific categories of work seekers, including youth, new entrants to the labour market, disabled persons and members of rural communities
- facilitate the exchange of information among labour market participants, including employers, work seekers, and career counsellors
- assess work seekers to determine suitability and other related life skills necessary to secure employment.

2.3.2.2 Services provided to employers

The key indicator of a successful employment system is the frequency of employer and work seeker interface. If employers have had consistent quality experiences with the systems' capacity to match the right candidate, they will continue to use the system for recruitment. Internationally, the trend is to think about how the public employment services can assist employers. Emerging from this, the following benefits are identified (GTZ Executive Summary, 2010):

- opportunities to provide job placements

- referrals to employers
- physical space to interview candidates.

There is much international literature (see Thuy *et al.*, 2010) which describes the challenge to the service offerings of public employment services in industrialised countries. The public employment services system has been faced with numerous changes relating to the labour market and its institutions, particularly with the move from manufacturing economies to economies with a preponderance of service jobs (ILO, 2009). This has led to the public employment services losing the significant role it used to play relative to job placement.

2.3.3 Types of resourcing

There are two primary ways in which to fund a public employment services system. One is by means of government grants. This funding approach is followed to varying degrees across all countries, though lower-income countries tend to solely rely on this method. The second manner of funding includes contributions by employers and employees, through mechanisms such as UI funds (World Association of Public Employment Services (WAPES), 2009).

In many OECD countries classified into the middle-to-high and high-income categories, there are enough resources to provide a variety of funding for public employment services. The Czech Republic (middle-to-high) and Germany (high), for example, have public employment services systems which allow registered job seekers to access a range of social benefits linked to unemployment, such as state-financed health insurance (WAPES, 2009). However, these public employment services policies apply strict criteria for accessing such benefits. Countries such as the United Kingdom (UK) and Australia (both high) merge employment services departments with social services; this appears to have had a positive impact on the security of job seekers, to the extent that it is considered ‘the’ model for public service reform (WAPES, 2009).

2.3.4 Target groups

In all countries an important aim of public employment services is to target (mainly) vulnerable populations of job seekers. Many high- and medium-income countries have put in place measures to ensure the effectiveness of their public employment services, and the trend in some instances has been for industry moving towards a self-service option for individuals who can find their own jobs. This can free resources, leaving the public employment services to focus mainly on the long-term unemployed and target priority groups or historically vulnerable individuals (Berman & Phillips, 1997).

Most OECD countries use their public employment services systems to target migrants, people with disabilities, single parents and job seekers who are nearing formal retirement age but are still healthy enough to contribute to the labour market. Countries such as Finland and Ireland take an innovative approach to targets and use the public employment services to support the development of small businesses or new venture capitalists. The infrastructure and availability of resources make it possible for a range of target groups to be included in virtually all OECD country public employment services systems. Supporting small business development is also targeted in the low-

income countries, but the nature of the enterprises is typically characterised by so-called “informal labour” practices, such as subsistence farming or street vending (Wunsch & Lechner, 2007).

2.3.5 Use of technology

The role of technology in the labour sector has had an impact on effective job seeking, job matching and long-term employment creation (Kroft & Pope, 2007). The architecture of a data system in public employment services can affect the extent to which job seekers, facilitators and employers establish a symbiotic relationship. If the design of a public employment services system can enhance synergy with stakeholders in the job seeking and recruitment process, a considerable part of the employment process is achieved. Thus, an effective public employment services system should enable job seekers, facilitators and employers to clarify their goals, objectives, alternatives and criteria (Kroft & Pope, 2007).

From international best practice, high-income OECD countries emphasise this approach by ensuring job seekers and employers are privy to regular updates (as frequent as every 30 minutes; GTZ, 2010) of job opportunities in their IT systems so as to continually facilitate matching between labour supply and demand (Kroft & Pope, 2007). Forms of technology utilised in these public employment services systems include call centres, plasma screens, touch-screens in kiosks and interactive websites. Cellular phone short-message services help to inform work seekers about updates concerning their applications (Kroft & Pope, 2007).

Unlike high-income OECD countries, some low-middle income countries, such as Cuba, Namibia and Algeria, do not draw on IT when managing job vacancies to the extent that might be expected (GTZ, 2010). This may be because these countries have extremes of wealth and resource distribution, and thus that some parts of the country have IT-related public employment services policies while in poorer, less-developed areas the information system facilities are still supported by postal mail and paper filing. In order to accommodate such infrastructure disparities, it is necessary to make use both of advanced IT systems and less technologically-based processes of information storage and distribution (GTZ, 2010). A greater focus on IT development could, however, link public employment services systems to more opportunities for job-creation networks (GTZ, 2010).

2.3.6 The link between public employment services and other service partnerships

In order to establish a variety of job-creation networks, public employment services can form service agreements with different sectors. With a high global unemployment rate comes rapid social and economic changes and these can lead to forms of social exclusion and to an increase in social deviance (Autor, 2003). Thus, many upper-middle income countries make unemployment benefits available to work seekers. In the Slovakian Republic, the public employment services system receives job seekers’ applications and supporting documentation for UI benefits, but subsequent administration is handled by the Social Insurance agency (Autor, 2003). In middle-to-low income countries there appears to be a greater focus on community-based projects, which allow work seekers access to the non-profit organisation (NPO) sector.

Job opportunities in the non-profit and the ‘informal’ sector can be a substantial source of job creation. NPOs are considered “the voluntary sector” for job creation and social policy purposes.

The relationship between public employment services and NPOs has attracted increased interest in international labour markets because of the perception of a stagnating public sector unable to provide the resources to achieve more effective placement of the unemployed (Slokailis, 2010). In some countries, the costs arising from government failures to deliver on the job-placement issue have outweighed the benefits of government intervention. This is because of government deficits which have induced significant withdrawal by the state from direct social service provision, in an attempt to privatise certain sectors (Slokailis, 2010).

Despite the apparent insignificance of public employment services links with NPOs, these kinds of partnerships can enhance the efficacy of employment services. In Mexico, the New Deal partnership programme includes representatives from different business groups, education and training institutions, labour unions and state government agencies in executive committees (International Confederation of Private Employment Agencies (CIETT), 2007). This makes for a public employment services system, perceived as reliable, for work seekers and which gives them access to a range of job sector opportunities. In parts of Europe, partnerships with PEAs are one of the most important trends in the employment services sector. Different types of relationships with the private sector increase the possibility of sharing information, co-operation on placements, and a complementary approach in terms of employment services, offered by both the public and private domain (CIETT, 2007).

2.3.7 Labour migration

Legislation regulating public employment services often addresses issues about migration. A number of public employment services systems have to deal with work permits for foreign job seekers with highly qualified training backgrounds (GTZ, 2010). In order for public employment services systems to be successful with this, they require efficient systems with streamlined procedures as well as close working relationship with their national home affairs department (Autor & Houseman, 2002).

Internationally there are some very effective management systems that deal with labour migration (GTZ, 2010). This is particularly the case where there is an appreciation of the economic benefits of immigrants' contributing to a country's labour market (GTZ, 2010). The reason for successful job creation processes through labour migration, in addition to being dependent on each country's foreign policy, resides in the fact that some systems, such as those in high-income OECD countries, have human-resource structures that encourage high-skilled labourers to develop the economy (Clasen & Clegg, 2006). This also enables such countries to promote high-skilled labour mobility.

Members of the European Union, for instance, have policies which enable job-seekers to move between member countries. The European Employment Services (EURES) network is a partnership between all the public employment services systems in the European Economic Area (EEA). There are over 700 specially trained advisors, who focus on the practical issues surrounding unemployment in the member states and help to promote mobility across Europe (Clasen & Clegg, 2006). The migrant labour policy is designed to enable the employment of 'quality' employees, making the public employment services systems very regulated and restricted to specific types of skills. This system is highly effective, though it is conditioned to the availability of adequate infrastructure and resources (Clasen & Clegg, 2006).

In low-to-middle income countries, such as Cameroon, where there is a poor employment infrastructure, systems to support labour migration are not well established in the public employment services (World Bank, 2003). China, by contrast, although not pursuing labour practices that many countries would prefer to model their own on, recognises migrant labour as a population-management problem, with high numbers of workers having migrated from rural to urban areas over the years (World Bank, 2003).

2.3.8 Monitoring of results

In terms of monitoring and evaluating public employment services systems, there is a global need to improve mechanisms. Internationally, public employment services systems in high-income OECD countries are increasingly giving attention to the monitoring of results. Australia, for example, has mechanisms to measure their impact, especially in terms of their outsourcing models of systems (Benner, Leete & Pastor, 2007). Some countries undertake regular, evaluative and cost-benefit studies. The UK, for example, put in place measures to assess the provision of services and determine how effective the involvement of the private sector has been in terms of cost (Vassiliev, Lucci, Fluckinger & Ramirez, 2006). The Netherlands has attempted to develop systems for measuring performance management, but this has proved difficult because of the division between national and local organisations (Vassiliev *et al.*, 2006).

Most medium-to-low income countries have mechanisms to measure the benefits of their public employment services systems, but, according to the GTZ (2010) there is not enough information about how these measures have been established and how effectively they are monitored. Monitoring of results generally needs attention across public employment services systems (Vassiliev *et al.*, 2006). An awareness of this may help identify successes within public employment services systems and improve on their weaknesses (Benner *et al.*, 2007).

2.3.9 Weaknesses of public employment services

Larsen and Vesan (2010) argue that public employment services always tend to fail. They support their position by claiming that very few matches are facilitated by the public employment services across Western countries, despite the effort and resources that governments contribute to the system. Larsen and Vesan (2010) explain that there is a “double-sided asymmetric information problem” in the labour market (Larsen & Vesan, 2010, 1). This means that neither the potential employers nor job seekers are obtaining enough access to the information that they need.

Although the public employment services is meant to reduce search costs for employers and employees, they have strong incentives not to use the public employment services. This is because employers try to avoid the ‘worst’ employees and employees try to avoid the ‘worst’ employers (Larsen & Vesan, p.1). For this reason public employment services are caught in a low-end equilibrium and it is difficult to break out of it. Public employment services are required to help all sorts of job seekers, particularly those having problems finding a job. Thus, the employer cannot be sure that the public employment services will provide the best quality labour because being unemployed may suggest unemployability. It is much easier for a person to find a job when they already have one. Furthermore, employers tend not to trust the public employment services as they

know that public employment services have a special obligation to help the worst-off (Kamiat, 1996). Thus, public employment services often become a last resort for obtaining labour.

Job seekers also recognise that public employment services are often considered a last resort for recruitment because they have many bad jobs in their databases. Moreover, job seekers know that public employment services tend to offer whatever job vacancies they have (Theunissen, 1999). Using public employment services thus becomes a sub-optimal solution for job seekers. The low take-up of public employment services is another reason why they fail. The channels of communication for employment in the private sector are tighter and more streamlined, making the employment selection process efficient for both parties (Theunissen, 1999). Workers, companies and job seekers may know each other; this reduces the “double-sided asymmetric information problem” (Larsen & Vesan, 2010). Internationally, most employers are suspicious about persons sent by the public employment services, especially in countries where employers believe that the labour market works effectively.

However, while this may be true in countries with low unemployment rates, Podivinsky and McVicar (2007) challenge this notion somewhat in their study of the impact of labour-market programmes. The paper examines the case of the UK’s New Deal for Young People (NDYP). One of its findings highlights the negative relationship between the state of a particular labour market and the effect that active labour-market programmes will tend to have on employment. They found that in low unemployment areas the likelihood of ‘exiting into inactivity’ increases. Thus, in a country with high unemployment, an individual moves from being labelled a registered work seeker through public employment services, and ultimately becomes discouraged because work is not found quickly. Public employment services can therefore be seen as increasing the number of discouraged work seekers who have given up on actively pursuing work.

Such issues increase the importance of screening procedures. However, employers may not have confidence in the ability of the public employment services to distinguish between motivated and non-motivated workers. Even if the public employment services could pre-screen applicants, employers may doubt that the public employment services will tell the truth about the quality of potential employees (Larsen & Vesan, 2010).

2.3.10 Key successes of public employment services

Some countries have had some success in outsourcing aspects of their public employment services (Heinrich, Mueser & Troske, 2005). In Finland, an estimated 20% to 30% of unemployed people with disabilities benefitted from employment schemes (Heinrich *et al.*, 2005). In the UK, the public employment services system is now considered one of the most cost-effective in OECD countries. It has sustained a high level of performance by building capacity through streamlining processes, bringing new people into the organisation and increasing productivity (Bunt, McAndrew & Keuchel, 2005).

Within a year, 90% of registered unemployed persons on the system have been employed in one form or another in the 30 countries reviewed in the GTZ (2010) study. Some low-middle and low-income countries report successes in relation to the distribution of services and increased accessibility. Countries like Cameroon, China, Cuba and Namibia have increased the number of

public employment services offices, access to the Internet and call centres (GTZ, 2010). The following section looks at literature relating to public employment services in South Africa.

2.4 National context

In this section, the following themes are addressed:

- general characteristics of the South African labour market in terms of unemployment, the skills mismatch, regional disparities, growth in temporary/casual/part-time work, and the debate about a flexible vis-à-vis rigid labour market
- the South African employment services industry
- general background information about the aims and importance of, as well as services rendered in, the ESSA system and its databases as located in and implemented by the PES branch / units
- implementation issues related to ESSA's positioning in government policy, legislation and regulations including the SDA, Employment Services Bill and ILO guidelines.

2.4.1 The South African labour market

The South African labour market is characterised by problems including poverty, inequality, unemployment and dynamic inefficiencies. These problems demand a strong response from ESSA. If ESSA succeeds in identifying those challenges that impede its effective service rendering, it may also succeed in reducing the extent and depth of these labour market imbalances.

A brief overview of the key characteristics of South African labour market follows.

2.4.1.1 Unemployment

The DoL considers high unemployment levels to be one of its biggest challenges (Parliamentary Monitoring Group (PMG), 2010). Currently, unemployment in South Africa stands at 25,2%, and is highest amongst youth and women (Statistics South Africa (StatsSA), 2010a). There are different types of unemployment, which Roux (2005, 55) categorises as frictional, seasonal, cyclical and structural.

South Africa's unemployment is to a large extent structural, defined as 'a gap between, on the one hand, the education skills, expertise, etc., required for a job and, on the other hand, availability of appropriately qualified workers to fill these posts' (Roux, 2005:4). In other words, jobs may be available in South Africa but not enough skilled people to fill them.

Low demand also affects unemployment levels (Standing, Sender & Weeks, 1996); there are not enough jobs for the pool of unemployed people in South Africa, regardless of their skill levels. While those with skills tend to find employment faster than those without them, because employers opt for those who are relatively more skilled, it does not necessarily mean that if everyone in South Africa were provided with skills, there would be enough jobs for everyone. This suggests that increasing employment requires a two-tier strategy of job creation alongside coordinated skilling of the unemployed.

2.4.1.2 Skills mismatch

It is generally acknowledged that there is a skills mismatch in the South African labour market. There is a shortage of skills in some sectors (usually high-skill sectors) while there is an oversupply in others. In this context it is important to identify ‘scarce skills’ for skills-development interventions.

2.4.1.3 Regional disparities

Although unemployment is high in all parts of South Africa, it is far more widespread in rural areas (Standing *et al.*, 1996). This is because economic development tends to take place in urban rather than rural areas.

2.4.1.4 Growth in temporary / casual / part-time work

The past decade has seen considerable growth in temporary / casual / part-time work (Standing *et al.*, 2006:11). According to them, this ‘reflects an international trend to greater employment flexibility, in which the extent of regular protected employment has been declining relative to temporary and casual employment’. This type of employment is considered to be vulnerable because of employment, job and income insecurity and is therefore considered to be ‘informal employment’ (Chen, 2005).

2.4.1.5 Flexible / rigid labour market debate

There is an ongoing debate in South Africa about how rigid or flexible our labour market is. Labour market flexibility, specifically employment flexibility, ‘conveys the idea that employers would like to be able to change employment quickly and easily, and in particular be able to lay off workers without problems’ (Standing *et al.*, 1996:16). Companies often argue that fewer regulations and more flexibility are needed in order to compete successfully in the global marketplace, while the DoL argues that we need more enforcement of regulation in order to protect vulnerable workers from exploitation.

2.4.2 The South African employment services industry

The players in the South African employment services industry include private and government (public) employment agencies, online recruitment centres and non-governmental organisations (NGOs). Online recruitment services are websites, such as jobs.co.za, which provide cheap or free channels through which work seekers and employers can make contact. NGOs in the sector, such as the Youth Development Trust, often play a role in training first-time work seekers to enter the job market and tend to operate in the informal sector (Du Toit & Koopman, 2002).

The focus of this research is the PEAs and ESSA. According to the draft bill on Employment Services (2010), a PEA is ‘any natural or juristic person, independent of the public authorities, which provides the services for matching offers of applications for employment, without the private employment agency becoming party to the employment relationships which may arise there-from’.

This includes labour broking/contracting, permanent employment services and temporary staffing services. Employment services refer to an integrated system that will allow for the delivery of free public employment services in South Africa that is accessible to all.

Table 2.1 shows the differences and similarities between PEAs, on the one hand, and ESSA, on the other.

A study commissioned by the DoL and carried out by GTZ (2010) indicated that the best option for South Africa in terms of the relationship between PEAs and ESSA would be to ensure that the public sector plays a key role in employment services and partners with PEAs in a range of ways.

This public-private model for providing employment services in South Africa would offer the possibility of complementing existing DoL staffing capacity and expanding its services using an extended PEA network. GTZ (2010:55) argues that this ‘will allow for the maximisation of current resources and ensure that the existing capacity across the public and private sector can be utilised so that additional budget secured can be spent effectively and efficiently in a manner that ensures that the unemployed are placed in sustainable employment’.

Table 2.1: Differences and similarities between PEAs and ESSA

Differences	PEAs	ESSA
Profit vs. free social service	Strategic business goal that has a for-profit financial objective	Objective of social and economic development through the provision of free employment services to work seekers and employers
Client profile	More highly-skilled work seekers	Mostly lower-skilled unemployed people
Types of challenges	Non-compliance, which gives the industry a bad reputation Vague employment services legislation	Internal issues at labour centres: inadequate IT infrastructure, shortage of resources, no clear job descriptions, a lack of employment opportunities to match with registered work seekers, regular crashing of the ESSA databases system, lack of employment services councillors
Similarities	PEAs	ESSA
Services	Both PEAs and ESSA offer similar services in terms of registration of work seekers and vacancies, matching vacancies and training opportunities	
Training of recruitment personnel	The level of training of recruitment personnel in labour centres and PEAs is approximately the same.	
Potential competition	Both systems offer similar services, so there is potential for competition, especially since ESSA is a free service while PEAs charge for their services.	
Potential for collaboration	PEAs can assist ESSA in terms of providing labour market information, sharing databases and sector trends, identifying training/job creation projects and holding information sessions on labour legislation and best practice. In this context, it is important that the domains of private and public agencies are clearly defined.	

Information taken from Du Toit and Koopman (2002) and PMG (2010).

This scenario would require agreement on standards for these services and for the regulation of PEAs. These standards would also need to be monitored as part of broader monitoring and evaluation processes. Stemming from this research, the DoL has announced that its ESSA will partner with PEAs with the strict exclusion of labour brokers (Rasool, 2010). This has gained support from the Congress of South African Trade Unions (COSATU) who argue that there is ‘a clear line between labour brokers who employ workers and then farm them off and employment agencies that put the employer and the employee in touch with one another’ (COSATU in Rasool, 2010:2). (See also Section 2.5 for brief reporting on aspects of the latest debate on this matter.)

2.4.3 Functioning of public employment services in South Africa

2.4.3.1 Aims and importance

The aim of ESSA is to develop and implement an integrated system that will allow for the delivery of free public employment services in South Africa that are accessible to all (DoL, 2006, 2007).

The aim of DoL’s intervention in the labour market through ESSA is to help smooth out the imbalances in the market by redirecting skills and labour where they are needed. Continuous monitoring and analysis of the labour market and job patterns is also essential for understanding which areas need to be targeted for skills development and labour supply as the labour market shifts. It is anticipated that, through this process, it will be possible to offer advice to learners about training programmes to undertake in order to access job opportunities (Philip & Hassen, 2008).

In addition, ESSA aims to provide more effective and comprehensive labour market statistics to assist with predicting labour market trends in order to target areas for policy intervention. ESSA may also be able to assist with targeting informal employment and workers in the informal economy, which is critical for effective labour market intervention (Smith, 2006).

2.4.3.2 Services offered by PES

At the time of the study, the services offered by PES were grouped into six.³ These services included both the IT system (databases) of ESSA and linked to this system, the social services offered by ESSA. The six service offerings were:

- **Registration Services**

Registration Services includes the registration of individuals, employers, opportunities and training providers. The registration of individuals includes the development of a skills profile where the person’s qualifications and experience are recorded according to the OFO.

³ The latest Strategic Plan (for 2011 to 2016), groups the current services into nine sub-programmes: Management and Support Services: PES; Employer Services; Registration and Placement Services: PES; Designated Groups Special Services; Sheltered Employment Factories and Subsidies to Designated Workshops; Productivity South Africa; UIF; Compensation Fund; and Training of Staff: PES (technically not a sub-programme) (DoL, 2011).

- **Career Guidance and Counselling Services**

Career Guidance and Counselling includes guiding individuals to career fields based on their interest profile, and providing career and labour market information on skill requirements for specific jobs and the level of demand for certain skills, and counselling.

- **Recruitment and Selection Services**

Recruitment and Selection services include the proactive identification of opportunities through networking with stakeholders, matching individuals to opportunities, recruitment and selection for a particular opportunity, and placement.

- **Skills Development Services**

Skills Development Services include developing Provincial Implementation Plans, identifying scarce and critical skills, registering training courses with the National Skills Fund, allocating funding for skills development, selecting training providers, contracting training providers, monitoring training, processing training provider claims and scheduling assessments at the Institute for the National Development of Learnerships Employment Skills and Labour Assessments (INDLELA).

- **Information Services**

Information services include producing information brochures and pamphlets, and advocacy.

- **Special Services**

Special Services include services provided for special interest groups, including for people with disabilities, retrenched employees and ex-offenders (DoL, 2006/7).

The two core service offerings are Registration Services and Recruitment and Selection Services, while the other services are considered to be support services.

ESSA has a wide range of intended beneficiaries. They include the unemployed, learners who are ready to leave school and require further training, the underemployed and employers in both the public and the private sectors. Research on the impact of ESSA must take service provision to these different beneficiaries into account.

2.4.4 Implementation/positioning in government

The DoL executes its core functions through the following four branches: Administration (Corporate Services), IES, PES, and Labour Policy and Labour Market Programmes (LP&LMP) (DoL: 2011). ESSA is located within the PES branch of the DoL's national office, and further implemented through its PES units at provincial offices and labour centres. The public accesses ESSA through 125 labour centres, as well as visiting points and mobile labour centres (DoL: 2007).

2.5 Governing legislation

The legislation governing employment services includes the SDA of 1998 and its 1999 and 2003 amendments, the pending Employment Services Bill and the ILO guidelines.

SDA (Skills Development Act of 1998 and its 1999 and 2003 amendments)

The legislative basis for the provision of employment services and the regulation of PEAs in South Africa is located in provisions in the SDA, now administered by the DHET since its recent establishment, although this role belonged to DoL before that. Chapter 6 of the SDA, 'Institutions in Department of Labour and Regulation of Private Employment Services Agencies' identifies the legislation and regulations for the employment services industry and registration of persons providing employment services, and provides for the cancellation of registration of PEAs. The SDA has been criticised for having vague definitions, no clear guidelines on standard practices, and few penalties for non-compliance. It has been termed an 'act without teeth' (Du Toit & Koopman, 2002).

- **Employment Services Bill**

The pending Employment Services Bill is currently under discussion. The Bill builds on the SDA, but unlike it, provides for inspection services to enforce penalties in the case of non-compliance with employment services industry regulations.

Amongst other things, the Bill will provide for the establishment of an Employment Services Board. PEAs will not be able to operate if they are not registered with the DoL. Operating licenses will only be issued if PEAs comply with DoL regulations, including the regulation that PEAs may only charge employers fees for services; they may not charge fees to work seekers. This effectively outlaws the practice by which many labour brokers operate of taking a percentage of a work seeker's salary in exchange for placement in a job (DoL: 2010c). In the future, penalties will include fines for employers who do not notify ESSA of vacancies within 14 days after a vacancy has become available.

Concern has been raised that these measures will hamper job creation by creating a larger administrative burden on employers trying to remain flexible and internationally competitive. Yet, ESSA maintains that employers are primary beneficiaries of their free services (Ollis, 2010).

Latest developments since the Bill entered the public domain

According to the Portfolio Committee on Labour, the Employment Services Bill would be finalised in March 2011, but this has not happened at the time of writing this. Organised labour has raised concerns about how their sector's needs would be affected. The manifesto of COSATU argues that South Africa should aim for every work seeker to be able to find a permanent and well-paid job that offers benefits such as a pension and medical aid. In an environment of low growth and poor skills, one of the critiques of COSATU's proposal is that it is not yet attainable. Thus, many experts feel

that COSATU, along with the DoL, faces a dilemma of job creation and decent work in which temporary, atypical jobs can be created for many, or decent jobs can be created for a few.

The public debate about the role of labour brokers remains a contentious issue. Labour broking occurs where independent employment agencies employ work seekers and then assign them to third-party clients. As the law currently stands, the assignees are employees of the labour brokers and not the company. The contention lies with two main issues. The first issue is that one million people are currently employed by labour brokers, making the role of labour broking seem helpful in job creation. On the other hand, employee exploitation under the labour broker system is rife due to loopholes in the law regarding the hiring of employees for a third party. Thus, the employment services sector requires increased regulation under the Employment Services Bill in order to cover these loopholes while at the same time acknowledging the role that compliant PEAs play in facilitating employment. Jeffery (2011) and Hastie (2011) participated in two of the most recent contributions to this debate.

- **International Labour Organisation guidelines**

The ILO provides guidelines and support for the implementation of public employment services and best practices to member countries. Much of ESSA is structured around these ILO guidelines. According to the ILO (2009), 'public employment services help enterprises and workers adjust to changing labour markets... public employment services implement new active labour-market programmes to mitigate redundancies and speed up re-employment of those who have lost their jobs'. The ILO emphasises the importance of tripartism and social dialogue in the administration of public employment services.

The ILO perspective on public employment services is aligned with ILO Conventions 88 and 181, WAPES, Decent Work Country Programmes, the Global Employment Agenda and the United Nation's recognition of public employment services (ILO, 2009). The ILO also emphasises the role of public employment services in supporting the unemployed during the global economic crisis and thus 'the necessity of locating public employment services within the context of a range of labour market interventions which focus on placement and on the imperative of keeping vulnerable individuals such as youth out of long-term unemployment' (GTZ, 2010).

The DoL commissioned the ILO to conduct a labour administration audit for them during October / November 2009 (ILO, 2010). The aim of the audit was to make a rapid assessment to assist the country to improve the efficiency and effectiveness of its labour administration and inspection services. Although the ILO's conclusions and recommendations mainly relate to organisational structure, it is noteworthy that creating a new legal basis, improved linkages between policy making and service delivery, extended human and financial capacity for its employment services, expansion of online availability and integrated skills development all featured prominently, as in this report.

2.6 Conclusion

This chapter explored the literature on the principles and practices of public employment services from a local and international perspective. It presented the tenets of the neo-classical competitive

labour market model and rational choice theory, with its useful explanation of the double-sided asymmetric information problem of the labour market; and criticisms of these (Larsen & Vesan, 2010).

Public employment services systems assist employers and work seekers through legal advice about their rights and benefits, job broking, labour market information, unemployment benefits, vocational training, and special support to disadvantaged populations (Bhorat, 1999). All countries use public employment services to assist vulnerable populations of work seekers. Many countries in the high- and medium-income bracket have adopted measures to ensure the effectiveness of their public employment services. The industry in such situations may offer self-service options to work seekers, focus on the long-term unemployed and prioritise historically vulnerable individuals.

In terms of monitoring and evaluating public employment services systems, there is a global need to improve mechanisms related to resourcing, labour migration, technology and overall recruitment and selection systems. Furthermore public employment services systems internationally have the reputation of not matching the 'right' work seeker to the 'right' employer. This explains why in some contexts they are seen as a last resort for stakeholders. This challenge is encountered in South Africa.

The South African DoL's ESSA intervention aims to address labour-market imbalances by redirecting skills and labour to where they are needed. Continuous monitoring and analysis is needed into labour patterns, needs, targets and skills development, especially as conditions change. This process should improve the quality of advice offered to learners about training programmes and access to work opportunities (Philip & Hassen, 2008).

ESSA has a wide range of intended beneficiaries. These include the unemployed, learners who are ready to leave school and require further training, the underemployed and employers in both the public and the private sectors. Further research on the impact of ESSA and the ESSA databases is required to gauge how to improve service provision to the intended beneficiaries.

The following chapter provides an overview of current ESSA implementation.

CHAPTER 3

OVERVIEW OF ESSA WITHIN THE LOCAL LABOUR MARKET

In the previous chapter, literature on employment services systems and practices was reviewed to provide a framework for determining how to implement job seeking and placement programmes more effectively. An overarching aim of public employment services is to reduce unemployment, one of South Africa's biggest challenges. The ESSA databases (ESSA's IT-based information management system) facilitate the registration of work seekers and placement opportunities and provide job-matching services for matching potential employers to suitable work seekers. The DoL aims to create a more efficient labour market by influencing and matching labour supply with demand.

This chapter provides an overview of ESSA within the South African labour market. The labour market perspective is introduced as a backdrop against which the current levels of functioning of ESSA are discussed. Several sources of information are used, including StatsSA's QLFS data, reports submitted by provincial offices to the national DoL¹, vacancy data captured by the DoL, and data contained in the ESSA databases system. As well as information on the nature and volumes of work-seeker profiles, available opportunities, active job sectors and placement data, the chapter describes the type of services that labour centres render and their human, infrastructural and other means for doing so. This draws on empirical data collected by the researchers during site visits.

3.1 Introduction

Employment services are implemented at local level (OECD, 2005). The structure of local industry clusters, along with the social and educational characteristics of the workforce, local production relations, social networks, and political institutions, play a key role in shaping the economy in a region (Benner, 2000:5). South Africa is categorised as an upper-middle income country (World Bank, 2011), but the location and distribution of employment opportunities and the availability of skills differ significantly from province to province (Erasmus, 2002). This segmented nature of the South African labour market is attributed to the socio-economic system that prevailed during the apartheid era and which was characterised by strict job reservation, residential segregation, labour coercion and discrimination in the education system (Kraak, 2003; Badroodien, 2003).

An analysis of the different sources confirms that labour market segmentation persists in spite of policy changes in the post-1994 period. Key issues include:

- The location and distribution of employment opportunities and the availability of skills differ from province to province.
- The majority of workers in the labour force are relatively young and low- and semi-skilled.
- The demand for low- and semi-skilled workers is low.
- Most job losses are in low-, semi-skilled and operative occupations.
- There are high unemployment rates and increasing unemployment among low-skilled workers.
- Three-quarters of the unemployed are young people between 15 and 34 years old.
- The number of discouraged workers is increasing.

¹ The Labour Market Bulletins cover service delivery achievements for three strategic priorities and five key performance areas. They are published quarterly to enable trend comparisons over the four quarters of a financial reporting year, i.e., April 2009 to March 2010 in this case.

In their research, Podivinsky and Mcvicar (2007) found evidence that active labour-market programmes may be least effective where and when they are most needed. The authors of 'Job Opportunities and Unemployment in the South African Labour Market 2010' (DoL, 2010a: 5) pinpoint the challenge faced by labour centres: the nature of labour demand not only increases unemployment levels for unskilled workers but also ensures that new entrants in the labour market without basic skills and qualifications find it increasingly difficult to secure sustainable employment.

The policy implication for labour centres may be to move away from placement in employment to placement into education and training or skills-development programmes. This would be in line with the priorities of the Human Resource Development Strategy for South Africa (HRD-SA) 2010-2030 (DHET, 2009:18-19), that indicates the need to ensure that:

- people remain in education and training until the age of 18 years (Strategic Priority Three)
- all new entrants into the labour market have access to employment-focused education and training opportunities (Strategic Priority Four)
- all adults in the labour market (unemployed and employed) have access to education and training opportunities that will enable them to acquire a minimum qualification at Level 4 of the National Qualifications Framework (NQF) (Strategic Priority Nine).

3.2 Overview of official labour market figures based on QLFS

According to StatsSA (2010a:9), the ranking of the contribution of the nine provinces to the South African economy did not change between 1995 and 2009. Collectively, the three dominant provinces (Gauteng, KwaZulu-Natal and Western Cape) contribute nearly two-thirds to the South African economy.

Table 3.1² shows that Gauteng is the leading contributor to the wealth of the country (33,9% of South Africa's gross domestic product (GDP)). The province has 22,7% of the country's working-age population, but employs nearly a third (29%) of all workers in the country and has the highest proportion of highly skilled workers (those with higher education degrees and postgraduate qualifications). Although a similar percentage (20,4%) of the national working-age population is located in KwaZulu-Natal, it provides jobs for 18,9% of all the workers in the country and contributes 16,1% to GDP.

Gauteng and the Western Cape have the highest labour force participation and labour absorption rates. By contrast, only a third of Limpopo's working-age population participates in the labour market (employed or unemployed). Only a quarter of Limpopo's working-age population is employed.

Given the dominance of Gauteng in the national economy, high concentrations of all industry groups are found there, except for the agriculture, forestry and fishing industry and the mining industry (StatsSA, 2010a:11). The bulk of the value added by the agriculture, forestry and fishing industry in South Africa stems from KwaZulu-Natal (26,7%) and the Western Cape (21,9%). The mining industry is located predominantly in North-West (23,9%), Limpopo (22,8%) and Mpumalanga (19,6%).

² Efforts were made to achieve as much time-range overlap as possible in reported data and figures. However, issues of access and the nature of data sources limited that. Direct comparisons may therefore not be accurate, although trends may be robust.

Table 3.1: Provincial disparities in South Africa in terms of selected employment dynamics

Province	Share of GDP ¹	Share of working-age population ²	Share of employed ²	Share of un-employed ²	Share of discouraged work seekers ²	Labour force participation rate ²	Labour absorption rate ²	Unemployment rate ²	High skills ²	Intermediate skills ²	Low skills ²
Eastern Cape	7,6%	13,1%	9,8%	12,2%	19,3%	40,5%	28,6%	29,5%	2,8%	22,7%	74,5%
Free State	5,5%	6,0%	6,0%	6,7%	5,5%	52,7%	38,4%	27,1%	2,7%	30,0%	67,2%
Gauteng	33,9%	22,7%	29,0%	31,9%	12,8%	67,0%	49,0%	26,8%	5,9%	42,9%	51,2%
KwaZulu-Natal	16,1%	20,4%	18,9%	13,5%	26,3%	44,0%	35,6%	19,2%	2,5%	31,8%	65,6%
Limpopo	7,0%	10,1%	6,7%	7,3%	14,1%	34,7%	25,4%	26,7%	1,6%	20,8%	77,6%
Mpumalanga	7,1%	7,0%	6,7%	8,2%	9,0%	51,2%	36,3%	29,1%	1,6%	29,5%	68,9%
North-West	6,5%	7,0%	6,0%	6,4%	7,7%	44,8%	33,1%	26,1%	2,1%	27,2%	70,7%
Northern Cape	2,3%	2,3%	2,1%	2,4%	2,6%	47,8%	34,6%	27,6%	2,5%	24,8%	72,7%
Western Cape	14,0%	11,4%	14,9%	11,3%	2,8%	63,0%	50,2%	20,3%	4,6%	35,3%	60,1%
South Africa	100%	100%	100%	100%	100%	51,2%	38,4%	25,0%	3,4%	31,7%	64,9%

Sources:

¹ Stats SA (2010a:10, Figure 5)

² Own calculations from StatsSA's 'interactive data' using Nesstar function on Dataset: QLFS (1st Quarter 2010). Definitions (StatsSA, 2010c, xvii):

Discouraged work-seeker is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work.

Employed persons are those aged 15-64 years who, during the reference week: did any work for at least one hour; or had a job or business but were not at work (temporarily absent).

Employment-to-population ratio (**labour absorption rate**) is the proportion of the working-age population that is employed.

The **labour force** comprises all persons who are employed plus all persons who are unemployed.

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.

Not economically active (NEA): Persons aged 15-64 years who are neither employed nor unemployed in the reference week.

Unemployed persons are those (aged 15-64 years) who: a) Were not employed in the reference week and; b) Actively looked for work or tried to start a business in the four weeks preceding the survey interview and; c) Were available for work, i.e. would have been able to start work or a business in the reference week or; d) Had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and were available.

Unemployment rate is the proportion of the labour force that is unemployed.

The **working-age** population comprises all persons aged 15–64 years.

Employers in community, social and personal services (including private households), followed by the wholesale and retail trade (repair of motor vehicles, motor cycles, and personal and household goods; hotels and restaurants) create the largest number of jobs in all provinces in South Africa. National and provincial departments and municipalities (local government) are grouped under community, social and personal services. The public service is South Africa's largest single employer (Owen, 2010; Centre for Policy Studies, 2011). One in eight people employed in South Africa works in the public sector (Vollgraaff, 2011). Manufacturing, the third largest creator of jobs in South Africa, is also the third largest employer in Eastern Cape, KwaZulu-Natal and Western Cape and the fourth largest employer in Free State, Gauteng, Limpopo and Mpumalanga.

3.2.1 Profile of the unemployed

Unemployment is highest among African and Coloured workers, women, the youth and those with lower levels of skill. Two-thirds of the unemployed and three-quarters of the discouraged work seekers in South Africa can be classified as low-skilled (having only pre-matric qualifications). Economist Mike Schüssler (cited by Vollgraaff, 2011) has stated that the number of discouraged work seekers in South Africa rose by 25,7% in 2010.

In terms of work experience, an analysis of QLFS (StatsSA, 2010c) data shows that the South African labour market is losing jobs mainly among low- and intermediate-skilled workers who have worked in elementary occupations; crafts and related trades; services and shop and market sales; and as clerks, plant and machine operators and assemblers, and domestic workers.

Age

According to Shepherd and Cloete (cited by the Development Bank of Southern Africa (DBSA), 2010:21), there were 2,8 million people in 2007 in South Africa between the ages of 18 and 24 who were not in education, employment or training (the so-called NEETs). QLFS results show that, in South Africa, the younger the economically active person, the higher his or her probability of being unemployed:

- A quarter (25% or 4,3 million) of the economically active³ in South Africa are unemployed.
- Almost a third (29% or 1,8 million) of those in the age group 25-34 years are unemployed.
- Half (50% or 1,3 million) of the economically active youth aged 15-24 years cannot find a job.

The unemployment rate of the economically active youth aged 15-24 years is, at 59,8%, highest in the Northern Cape, followed by Mpumalanga (58,2%).

Furthermore, the probability of being unemployed increases for low-skilled economically active people:

³ Careful interpretation of terminology is advised. The "economically active" population (or "labour force") is taken to include all persons aged 15 to 65 who are "in paid employment" as well as "out of paid employment and looking for a job". Adding to the labour force (i.e. all of the foregoing) those who are "not economically active" (i.e., "not in and not looking for paid employment"), would give one the "working-age population".

- 1,2% of the unemployed youth, or 38 288, obtained higher education degrees and post-graduate qualifications. The unemployment rate for this group is at 13,1%, below the national average unemployment rate of 25,2%;
- 41,7% of the unemployed youth, or 1,3 million, completed a matric-equivalent qualification. The unemployment rate for this group is at 31,1%, higher than the national average rate; and
- 57,1% of the unemployed youth, or 1,8 million, had pre-matric qualifications. The unemployment rate for this group is at 41,6%, nearly double the national average.

Gender

In South Africa as a whole, unemployment (at 23,2%) among males in the labour force is somewhat lower than unemployment (at 27,1%) among females in the labour force. However, the unemployment rate for females in the labour force is much higher than that of males in the Free State (30,2% compared to 24,5%), Gauteng (31,4% compared to 23,3%), Mpumalanga (32,3% compared to 26,3%) and North-West (32,2% compared to 22,1%).⁴

Race

The majority of unemployed people in the South African labour force are African (85,9%), followed by Coloured members (9,9%). Exceptions are the Western Cape, where Coloured members account for over half (55,1%) of the unemployed, and Gauteng where over a quarter (27,6%) of the unemployed are Coloured.

The unemployment rate is highest, at 29,5%, among African members of the labour force, followed by Coloured workers at 21,8%. Nearly a tenth (9,2%) of Asian members of the labour force are unemployed, while 5,9% of White members are unemployed.

3.3 Overview of employment demand from Job Opportunity Index vacancy data

The collection and analysis of vacancy information is widely used as a means of providing insight into skills shortages and as a barometer of employment demand (University of Wisconsin-Milwaukee Employment and Training Institute, 1998; Clark & Phillips, 2002; New Zealand DoL, 2003). Job-vacancy monitoring entails the capturing of vacancies from job advertisements published in selected editions of daily/weekly newspapers and other sources such as websites. The vacancies are coded at a detailed occupational level and on a regional basis. Other variables can be included, such as the sector (private or public); industrial sector (e.g. mining, manufacturing, wholesale and retail); type of qualifications and experience required; and salary offered. Analysis of vacancy information can be used to identify vacancy trends, as an indicator of change in labour market tightness or of change in the degree of difficulty of recruiting staff.

In 2003, the DoL identified the collection and analysis of information on job vacancies as an area of research that can provide information on skills needs (DoL, 2006). Since the 2003/04 financial year, the DoL has been collecting, processing and analysing job vacancies from the *Careers Supplement* of the *Sunday Times* newspaper. Details of the vacancies were captured and classified using the

⁴ Calculations in Section 3.2.1 were made using StatsSA's interactive data (QLFS Q1, 2010) using the Nesstar function.

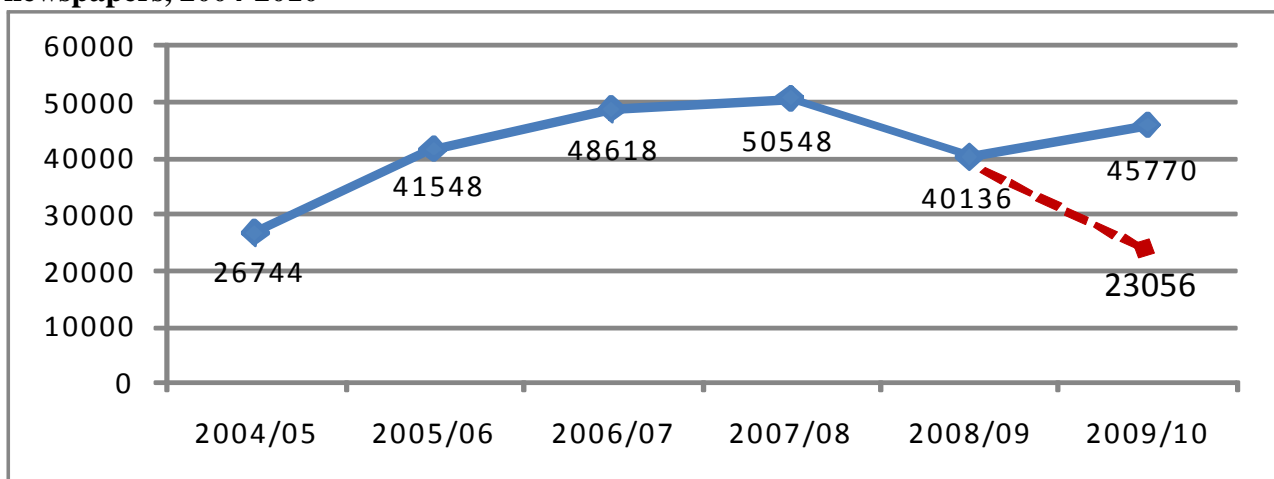
South African Standard Classification of Occupations (SASCO). The economic sector was classified using the Standard Industrial Classification of all Economic Activities (SIC). Job Opportunity Index (JOI) reports were developed providing a comparative analysis of advertised vacancies on a quarterly basis. The OFO⁵, which builds on the strength of SASCO, was used for the first time in the *Job Opportunities and Unemployment in the South African Labour Market 2009* report (DoL, 2009:13).

Figure 3.1 shows that on an annual basis the total number of vacancies increased from 2004/05 to 2007/08 and then decreased in 2008/09 (DoL, 2009:13), corroborating the slowdown in economic activity due to the worldwide crisis.

In order to improve on coverage, from 2009/10 onwards job-vacancy data from the *Sunday Times* have been complemented with data from various selected provincial newspapers (DoL, 2010a:13). The newspapers covered in the *Job Opportunities and Unemployment in the South African Labour Market 2010* report are *Sunday Tribune* (KwaZulu-Natal), *Daily Dispatch* (Eastern Cape), *Diamond Fields Advertiser* (Northern Cape), *Workplace Supplement of The Star* (Gauteng), *Pretoria News* (Gauteng), *Cape Times* (Western Cape), *Express* (Free State), *The Mail* (North-West), *Witbank News* (Mpumalanga) and *Northern Review* (Limpopo).

Of the total of 45 770 job vacancies advertised in 2009/10, 23 056 (50,4%) were processed at Head Office (*Sunday Times*). The remaining 22 715 (49,6%) were processed at provincial level (DoL, 2010a:14). Even though provincial papers are used to improve coverage, the increase in the overall number of advertisements is small (Figure 3.1). *Sunday Times* advertisements decreased from 40 136 in 2008/09 year to 23 056 in 2009/10.

Figure 3.1: Number of job vacancies captured from the *Sunday Times* and provincial newspapers, 2004-2010



Source: JOI data (DoL, 2009. 2010a).

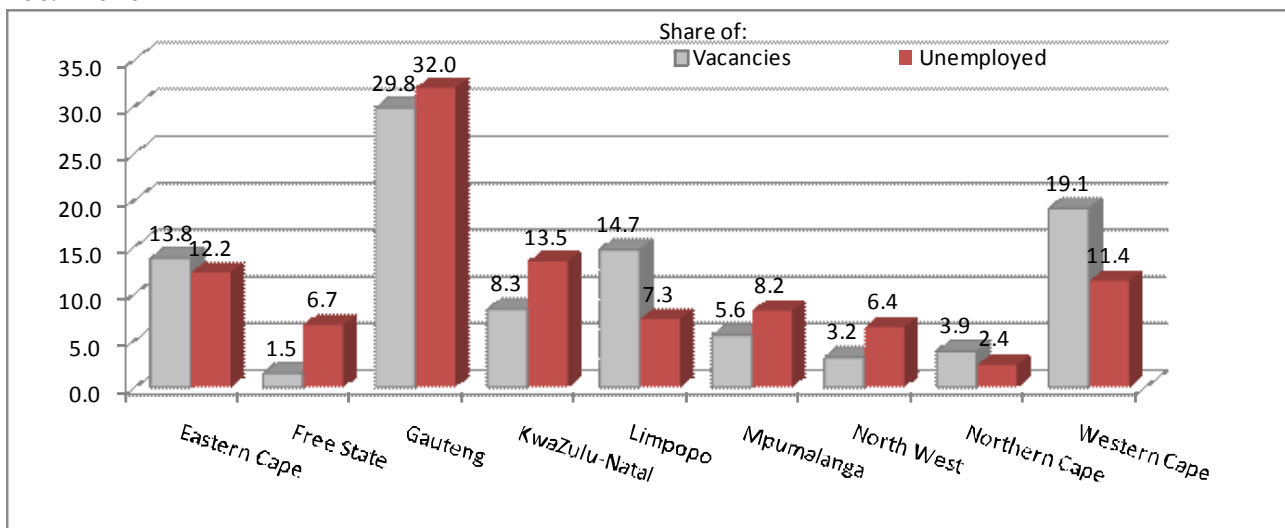
3.3.1 Provincial distribution of vacancies

Sub-sections 3.3.1 to 3.3.3 provide an analysis of the vacancy dataset for April 2009 to March 2010, provided by DoL.

⁵ See separate section (4.2.4) on the OFO.

A comparison of the share of all vacancies, captured by the Head Office and provincial offices (April 2009 to March 2010), with the share of unemployment across provinces confirms the disparities and challenges referred to in Section 3.2. Labour centres in the areas where unemployment is highest have the greatest level of difficulty in placing registered work seekers due to the unequal distribution of employment opportunities (Figure 3.2). Free State, North-West, KwaZulu-Natal and Mpumalanga recorded a low number of vacancies compared with the share of unemployment in these provinces. In contrast, Limpopo and Western Cape recorded double their share of vacancies compared with their share of unemployment.

Figure 3.2: Share of recorded vacancies vis-à-vis share of unemployment across provinces, 2009-2010



	6102	664	13177	3684	6489	2470	1423	1708	8436
	527943	287230	1377698	580099	315021	353078	277206	102594	489428

Sources:

¹ JOI data (DoL, 2009, 2010a) for share of vacancies.

² Own calculations from StatsSA's 'interactive data' using Nesstar function on Dataset: QLFS (1st Quarter 2010). Definitions (StatsSA, 2010c, xvii) for share of unemployed.

3.3.2 Distribution of vacancies across industries

Most vacancies were recorded in community, social and personal services (61,3%), followed by financial intermediation, insurance, real estate and business services (20,5%), wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and restaurants (6,9%) and manufacturing (3,2%). The remaining industry groups (transport, mining, electricity, construction, agriculture) recorded fewer than 3,0% vacancies each.

Most vacancies were recorded in community, social and personal services for all provinces, except Mpumalanga and Western Cape where financial intermediation, insurance, real estate and business services had the most vacancies (Figure 3.3). Manufacturing is an important source of opportunities in Eastern Cape, Free State, Gauteng and KwaZulu-Natal, while mining and quarrying are important in Mpumalanga, North-West and Northern Cape.

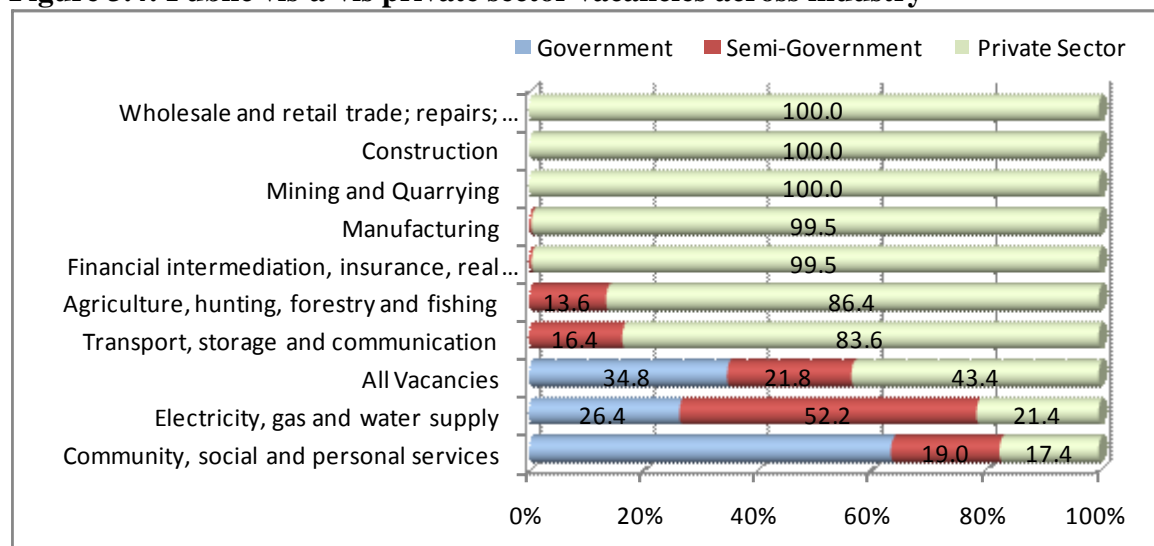
Figure 3.3: Distribution of vacancies across industry and province

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	North West	Northern Cape	Western Cape	All Vacancies
highest	Community services	Community services	Community services	Community services	Community services	Financial services	Community services	Community services	Financial services	Community services
	Financial services	Financial services	Financial services	Manufacturing	Trade	Community services	Financial services	Mining and Quarrying	Community services	Financial services
number of vacancies	Manufacturing	Manufacturing	Manufacturing	Financial services	Financial services	Mining and Quarrying	Mining and Quarrying	Financial services	Trade	Trade
	Transport, storage and communication	Electricity, gas and water supply	Transport, storage and communication	Transport, storage and communication	Manufacturing	Trade	Trade	Trade	Transport, storage and communication	Manufacturing
	Construction	Mining and Quarrying	Trade	Agriculture, hunting, forestry and fishing	Electricity, gas and water supply	Manufacturing	Electricity, gas and water supply	Transport, storage and communication	Manufacturing	Transport, storage and communication
	Trade	Agriculture, hunting, forestry and fishing	Electricity, gas and water supply	Trade	Construction	Electricity, gas and water supply	Transport, storage and communication	Electricity, gas and water supply	Construction	Mining and Quarrying
	Electricity, gas and water supply	Trade	Mining and Quarrying	Electricity, gas and water supply	Mining and Quarrying	Transport, storage and communication	Manufacturing	Construction	Electricity, gas and water supply	Electricity, gas and water supply
lowest	Agriculture, hunting, forestry and fishing	Transport, storage and communication	Construction	Construction	Transport, storage and communication	Construction	Agriculture, hunting, forestry and fishing	Manufacturing	Agriculture, hunting, forestry and fishing	Construction
	Mining and Quarrying	Construction	Agriculture, hunting, forestry and fishing	Mining and Quarrying	Agriculture, hunting, forestry and fishing	Agriculture, hunting, forestry and fishing	Construction	Agriculture, hunting, forestry and fishing	Mining and Quarrying	Agriculture, hunting, forestry and fishing

Source: JOI data (DoL, 2009, 2010a).

Public-sector (government and semi-government) organisations contributed more than half (56,6%) of the vacancies recorded in 2009-2010. The majority of opportunities in community, social and personal services (82,6%) and in electricity, gas and water supply (78,6%) were from vacancies in the public sector (Figure 3.4).

Figure 3.4: Public vis-à-vis private sector vacancies across industry



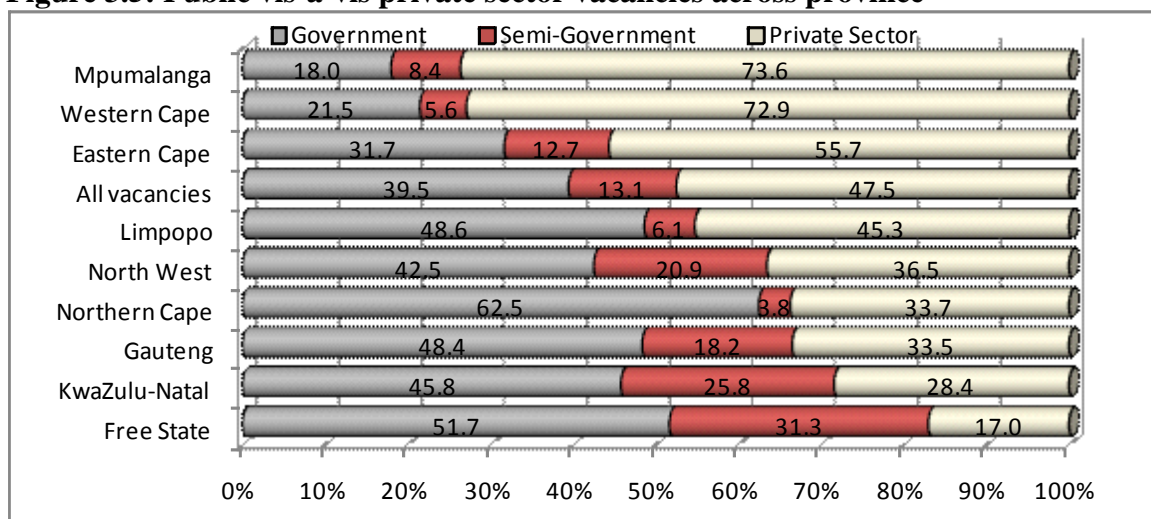
Government: All national and provincial departments and municipalities (local government).

Semi-government: State-owned enterprises, regulatory and statutory bodies, universities, colleges and schools.

Source: JOI data (DoL, 2009, 2010a).

Most of the vacancies recorded for the Free State (83,0%), three quarters of the vacancies in KwaZulu-Natal (71,6%), and two-thirds of the vacancies in Gauteng (66,5%), Northern Cape (66,3%) and North-West (63,5%) were for public sector jobs (Figure 3.5). Between approximately half and three-quarters of vacancies in the Eastern Cape, Western Cape and Mpumalanga were in the private sector.

Figure 3.5: Public vis-à-vis private sector vacancies across province



Source: JOI data (DoL, 2009, 2010a).

3.3.3 Distribution of opportunities across occupations

Opportunities for people with low-level skills (pre-matriculation) are scarce in vacancies captured from newspapers. Nearly two-thirds of opportunities recorded were for jobs requiring high-level skills such as professionals (35,1%) and managers (26,2%). Clerical and administrative workers had the third-most vacancies (15,3%), followed by technicians and trades workers (8,2%), sales workers (6,1%) and community and personal service workers (5,3%). Few opportunities were recorded for machinery operators and drivers (2,2%) and elementary workers (1,7%).

Most of the opportunities in the Free State, Gauteng, KwaZulu-Natal and North-West were for professionals, followed by managers and clerical and administrative workers. These three occupational groups prevailed for Northern Cape and Western Cape, albeit in a different order. In Limpopo, sales workers and community and personal service workers had more vacancies than managers and clerical and administrative workers. In Mpumalanga, managers had the highest number of vacancies, followed by professionals and then by technicians and trades workers (Figure 3.6).

Figure 3.6: Distribution of opportunities across occupation and province

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	North West	Northern Cape	Western Cape	All Vacancies
highest	Professionals	Professionals	Professionals	Professionals	Professionals	Managers	Professionals	Clerical and Administrative	Professionals	Professionals
	Managers	Managers	Managers	Managers	Sales Workers	Professionals	Managers	Professionals	Clerical and Administrative	Managers
number of vacancies	Technicians and Trades	Clerical and Administrative	Clerical and Administrative	Clerical and Administrative	Community and Personal	Technicians and Trades	Clerical and Administrative	Managers	Managers	Clerical and Administrative
	Clerical and Administrative	Technicians and Trades	Technicians and Trades	Technicians and Trades	Managers	Clerical and Administrative	Technicians and Trades	Technicians and Trades	Sales Workers	Technicians and Trades
	Sales Workers	Community and Personal	Community and Personal	Community and Personal	Clerical and Administrative	Sales Workers	Community and Personal	Community and Personal	Technicians and Trades	Sales Workers
	Community and Personal	Operators and Drivers	Sales Workers	Operators and Drivers	Technicians and Trades	Operators and Drivers	Elementary Workers	Operators and Drivers	Elementary Workers	Community and Personal
lowest	Operators and Drivers	Sales Workers	Operators and Drivers	Sales Workers	Operators and Drivers	Community and Personal	Sales Workers	Sales Workers	Community and Personal	Operators and Drivers
	Elementary Workers	Elementary Workers	Elementary Workers	Elementary Workers	Elementary Workers	Elementary Workers	Operators and Drivers	Elementary Workers	Operators and Drivers	Elementary Workers

Source: JOI data (DoL, 2009, 2010a).

The majority of job opportunities for community and personal service workers (66,8%), professionals (63,9%) and for managers (57,8%) were in government and semi-government organisations. Most of the opportunities for the other occupational groups were in the private sector: sales workers (99,0%); elementary workers (82,8%); machinery operators and drivers (79,3%); and technicians and trades workers (68,3%).

3.4 Employment services

This section indicates how many of the officially unemployed people in the country and per province are receiving services from labour centres. The number of officially unemployed people as reported in QLFS 1st quarter data is used to indicate the possible clientele of labour centres. UIF data from provincial Labour Market Bulletins (April 2009 to March 2010) and ESSA databases' work-seeker registration data were analysed to obtain an indication of the impact made by labour centres.

It has to be noted that the Bulletins report on the number of registrations during the period April 2009 to March 2010, while the ESSA databases statistics show the total number of registrations from when labour centre officials started to register work seekers in 2007 until November 2010. There are considerable differences between what is reported in the Labour Market Bulletins and what is captured in the ESSA databases (see Table 3.2). The anomalies highlighted below need to be investigated by the custodians of the data (the DoL and Siemens) so that the reason for these differences can be understood.

- It appears that data from the Eastern Cape were reported in the Western Cape's Bulletin (and *vice versa*): double the number of work seekers registered in the Western Cape compared with what is in the ESSA databases, and half the number of work seekers registered in the Eastern Cape compared with what is in the ESSA databases.
- According to the Bulletin, North-West started to register work seekers in 2009 and had between 25 000 and 46 000 registrations, but has 82 000 registrations in the ESSA databases. Nearly 40 000 registered between April 2010 and November 2010.
- Northern Cape also nearly doubled its figure between April 2010 and November 2010.
- Limpopo and KwaZulu-Natal also seem to have registered a considerable number of work seekers since April 2010.
- Fewer people are registered on the ESSA databases than the numbers reported in Labour Market Bulletins for Free State and Gauteng. This could imply that there were no registrations since April 2010 in these provinces, or that the data was cleaned up.

Table 3.2: Number of work seekers registered – Labour Market Bulletins vis-à-vis ESSA databases

Province	Provincial Bulletins (2009-2010)	Table 14 (p.30) in National Bulletin '09-'10	ESSA (from 2007 till end Nov'10)
Eastern Cape	44 720	44 720	96 257
Free State	40 336	40 336	38 729
Gauteng (S)	187 028	187 028	162 217
Gauteng (N)	65 493	65 493	
KwaZulu-Natal	49 245	49 245	58 904
Limpopo	52 215	52 215	88 774
Mpumalanga	64 518	64 518	107 339
North-West	25 369	46 235	82 232
Northern Cape	15 891	15 891	28 280
Western Cape	95 344	95 344	49 887
Sub Total	640 159	661 025	712 619
Not specified in ESSA			32 838
South Africa			745 457

Source: ESSA databases and UIF data from Labour Market Bulletins (April 2009 to March 2010).

There were 4,3 million people officially unemployed at the time of the QLFS (1st quarter 2010). According to the data captured in the ESSA databases, 745 457 people were registered as work seekers at DoL by end-November 2010. This means that nearly a fifth (17,3%) of all unemployed people in the country turned to labour centres for help in search for work (Table 3.3). This figure increases to around a quarter in Limpopo and Northern Cape and to a third in Mpumalanga and the North-West. Around a tenth of the unemployed in the Free State, Gauteng, KwaZulu-Natal and the Western Cape registered at labour centres as work seekers. UIF claimant reporting also seems to be unreliable. For example, twice the number of UIF claims were created in KwaZulu-Natal and in the Western Cape, compared to the number of people registered as work seekers (Table 3.3).

Table 3.3: Number of unemployed helped through UIF and work-seeker registration

Province	Official Unemployed ¹	UIF Ordinary Claims Created ²	UIF Claimants as % of Unemployed	Work Seekers Registered at DoL ³	Registered Work Seekers as % of Unemployed
Eastern Cape	527 943	58 485	11,1	96 257	18,2
Free State	288 453	29 408	10,2	38 729	13,5
Gauteng	1 378 421	175 127	12,7	162 217	11,8
KwaZulu-Natal	580 841	115 782	19,9	58 904	10,2
Limpopo	315 541	39 864	12,6	88 774	28,2
Mpumalanga	353 708	51 717	14,6	107 339	30,4
North West	277 206	30 658	11,1	82 232	29,7
Northern Cape	102 594	17 212	16,8	28 280	27,6
Western Cape	489 603	107 913	22,0	49 887	10,2
South Africa	4 314 309	626 166	14,5	745 457	17,3

¹ Own calculations from StatsSA's "interactive data" using Nesstar function on Dataset: QLFS (1st quarter 2010)

² DoL (2010a:7, Table 3)

³ ESSA databases (Note: Many registrations result from clients initially visiting the labour centre to claim UI.)

Information provided by respondents at the time of the QLFS (1st quarter 2010) was also analysed. Although data from the QLFS may provide an incomplete picture due to sample size, and taking into account that disaggregation to figures below 10 000 must be treated with caution, Gauteng figures seem to be confirmed (Table 3.4). The number of people who indicated they were registered in Gauteng as work seekers at the time of the first QLFS for 2010 correlates with the number of work seekers registered as reported in Gauteng's Labour Market Bulletin.

Table 3.4: Comparison of QLFS (StatsSA) with DoL reports of unemployed helped

Province	Official Unemployed ¹	Registered according to QLFS Q1 2010 ¹	Registered Work Seekers as % of Unemployed	Work Seekers Registered at DoL ²	Registered Work Seekers as % of Unemployed
Eastern Cape	527 943	30 025	5,7	96 257	18,2
Free State	288 453	16 117	5,6	38 729	13,5
Gauteng	1 378 421	164 494	11,9	162 217	11,8
KwaZulu-Natal	580 841	34 166	5,9	58 904	10,2
Limpopo	315 541	¹ 0	0,0	88 774	28,2
Mpumalanga	353 708	24 489	6,9	107 339	30,4
North West	277 206	16 263	5,9	82 232	29,7
Northern Cape	102 594	2 128	2,1	28 280	27,6
Western Cape	489 603	74 111	15,1	49 887	10,2
South Africa	4 314 310	361 791	8,4	745 457	17,3

¹ Own calculations from StatsSA's "interactive data" using Nesstar function on Dataset: QLFS (1st Quarter 2010). Reason for missing data for Limpopo is unknown.

² ESSA databases.

The QLFS figures for Western Cape and Eastern Cape (Table 3.4) are closer to what was reported in the Labour Market Bulletins (Table 3.2) than what is in the ESSA databases.

3.4.1 Unequal distribution of achievements

The challenges facing labour centres are stark. There are many unemployed, and few are registered as work seekers at DoL. Opportunities are negligible, as hardly any opportunities exist for low- and semi-skilled work seekers.

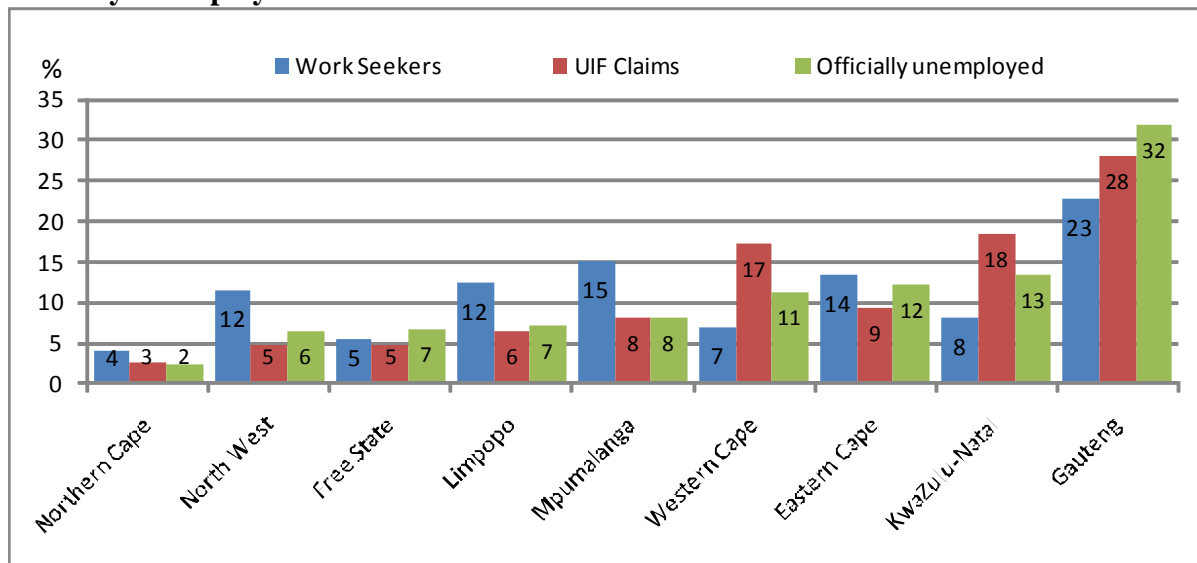
A comparison of the share of all work seekers, captured by the provincial offices on the ESSA databases from the time when labour centres started to register work seekers in 2007 until November 2010, with the share of unemployment across provinces may be used as an indication of achievement or level of service delivery. Figure 3.7 shows that with regard to the number of work seekers registered:

- Northern Cape, North-West, Limpopo and Mpumalanga percentages of registrations are substantively higher than their percentages of unemployed
- Western Cape, KwaZulu-Natal and Gauteng's percentages of registrations are substantively lower than their percentages of unemployed.

Further investigation, which fell outside the scope of this study, is warranted into the relative contribution of work seekers' familiarity with ESSA registration services vis-à-vis becoming discouraged within the patterns observed in Figure 3.7 and noted above. The fact that Western Cape, KwaZulu-Natal and Gauteng show lower work-seeker registration than their share of unemployment does not necessarily imply inefficiency on the part of labour centre officials. Lower labour centre use may also point to higher availability of other services such as PEAs, or different methods of job searching including newspapers, direct employer contact, friends and relatives.

With regard to UIF, the Western Cape and KwaZulu-Natal created a higher percentage of ordinary claims than their percentages of the unemployed (Figure 3.7).

Figure 3.7: Provincial distribution (percentage share) of work seekers, UIF claims and officially unemployed



Sources: ESSA databases (work-seeker registrations), UIF data from provincial Labour Market Bulletins (April 2009 to March 2010), and own calculations from StatsSA’s “interactive data” using Nesstar function on Dataset: QLFS (1st Quarter 2010).

The above analysis, albeit somewhat crude, shows that the rate of submission of UIF claims relative to the percentages of work seekers is adequate in six provinces, namely Northern Cape, North-West, Free State, Limpopo, Mpumalanga and Eastern Cape.

3.5 Overview of registration services rendered by the DoL

In this section, statistics on and narrative descriptions of the current functioning of ESSA are provided. The former are based on analysis of the ESSA databases, while the latter reflects analysis of the information collected by the researchers while visiting labour centres and provincial offices, and interviewing employers and PEA representatives. In the process, important dimensions and dynamics relevant to the nature, categories and volumes pertaining to work seekers⁶, job opportunities and employer participation are covered.

3.5.1 Number of work seekers registered on the ESSA databases

3.5.1.1 Registrations on the ESSA databases

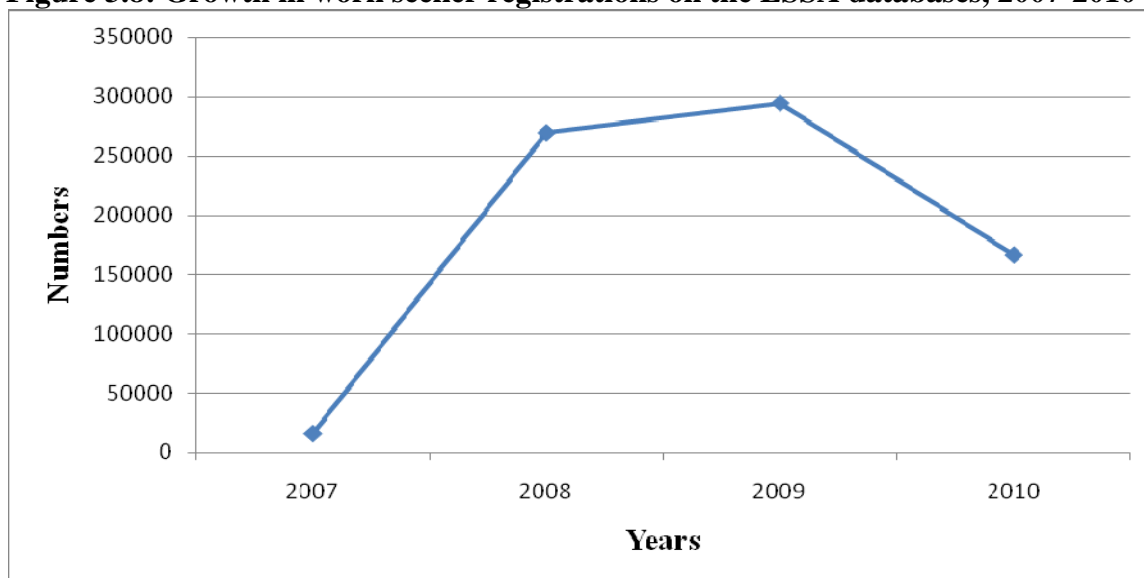
Over the period 1 April 2007 to 15 November 2010, the ESSA databases system indicated that it had 745 457 work-seeker registrations. However, another source (*News24*, 18 August 2010) reported that between 2007 and 2010 the system registered 1 226 885 work-seekers (169 059 in 2007/08, 421 686 in 2008/09 and 636 140 in 2009/10). This indicates a difference of 481 428 between the number of registrations as reported and the number of registrations captured on the system over the 2007-2010 period. The question arises as to why this difference exists, and which information is correct.

⁶ ESSA database work seekers were assumed to be unemployed, and if not, exceptions were assumed to be negligible. In addition, a certain degree of “double counting” is likely to be inevitable because of employment dynamics and the resulting nature of ESSA data. This could result from an individual work seeker registering for a second time after a previous job, obtained through ESSA registration or even otherwise, came to an end. Although this may influence absolute numbers, trends and patterns may assumedly not vary much.

There was considerable growth (119,3% average annual rate) in the number of registrations over the 2007 to 2010 period (Figure 3.8). However, the 2007 data only covered the period from April onwards, while the 2010 data only went up to November. The data for 2008 and 2009 included all months of the year.

In 2007, 0,4% (15 760) of all the unemployed people in the country (3 954 765) were registered on the ESSA databases; in 2008 it was 7,3% (284 968 of 3 881 812); in 2009 it was 13,9% (579 223 of 4 175 502), and in 2010 17,3% (745 547 of 4 314 310) of the unemployed were registered.

Figure 3.8: Growth in work seeker registrations on the ESSA databases, 2007-2010



Source: ESSA databases system (2007-2010). (Figures for each “Years” category are based on calendar years.)

3.5.1.2 Spatial distribution of work seekers

Provincial distribution of work seekers

One measure of the success of the ESSA databases can be calculated from the proportion of the unemployed in the country who approached the system for assistance. Some provinces captured greater percentages of the unemployed than other provinces over the 2007 to 2010 period.⁷

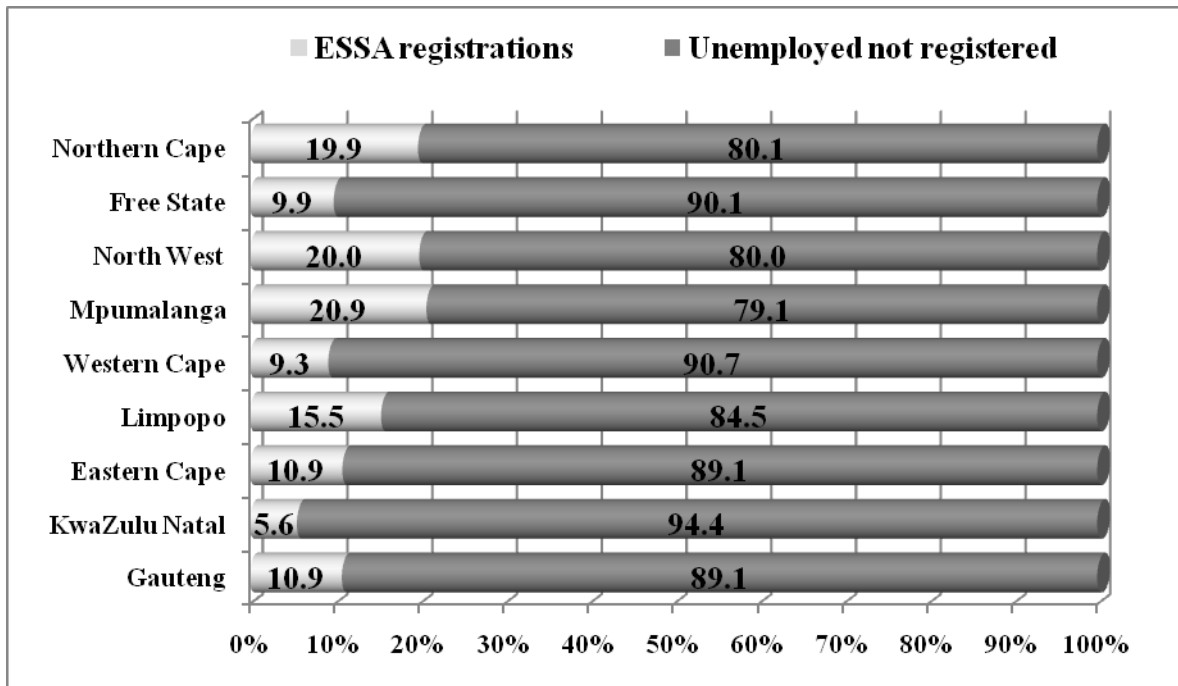
Gauteng, as the province with the largest amount of economic activity, highest Gross Value Added (GVA) of all the provinces and the highest concentration of people (22,4% of the country’s population), registered the largest single percentage of work seekers (21,8%) among the provinces. However, this represents only 10,9% of the unemployed in Gauteng (Figure 3.9).

Over the same period, Mpumalanga had the second most registrations (14,4%) on the system, or about 20,9% of the unemployed in the province (QLFS Q1, 2010). The Eastern Cape registered 12,9% of all the work seekers on the system, or 10,9% of the unemployed in the province. Limpopo registered 11,9% of the work seekers on the system, or 15,5% of the unemployed in the province; North-West registered 11,0% of work seekers on the system, or 20,0% of the unemployed in the province; KwaZulu-Natal registered 7,0% of the work seekers, or 5,6% of the unemployed in province; the Western Cape registered 6,7% of work seekers, or 9,3% of the unemployed in the

⁷ By implication assuming that those who registered initially on ESSA are still unemployed. Not receiving placement confirmations left no other option than accepting these figures. Placements would be few, and trends not affected much.

province); the Free State registered 5,2% of the work seekers, or approximately 9,9% of the unemployed in the province; and the Northern Cape registered 3,8% of all the work seekers on the system, or 19,9% of the unemployed in the province. Flaws in the data capturing means that for 4,4% of the work seekers on the system, no provincial data was indicated.

Figure 3.9: Proportion of all the unemployed registered and not registered on the ESSA databases by province, 2007-2010



Source: ESSA databases system (2007-2010) and QLFS (Q1 2010)

Distribution of work seekers by province and labour centre, 2007 to 2010

The numbers of unemployed people registered on the ESSA databases by labour centres varied greatly. Lower numbers could be the result of backlogs, or of insufficient staff to capture high volumes of work seekers, or of fewer unemployed people in a specific area. For 25 773 (3,5%) of the work seekers, no labour centre was recorded on the system over the 2007 to 2010 period.

The 14 labour centres included in Table 3.5 registered most (almost half) of the unemployed on the ESSA databases over the 2007 to 2010 period. Lephalale (Ellisras) registered most (6,9%) unemployed people, Taung 4,6%, Springs 4,4%, Brits 3,6%, Piet Retief 3,4%, Mthatha 3,3%, Sandton 2,6%, Graaff-Reinet 2,6%, Mitchell's Plain 2,3%, Mossel Bay 2,1%, East London 1,9%, Randburg 1,8%, Roodepoort 1,7% and Polokwane 1,5%. The rest of the labour centres each registered fewer than 2% of all the unemployed registered on the ESSA databases over the 2007 to 2010 period.

There was a higher percentage (49,0%) not economically active (NEA) people (too old or sick to work) in rural locations (Lephalale, Taung, Brits, Piet Retief and Graaff-Reinet), compared to cities (33,1%). There was also a higher percentage (15,1%) of discouraged work seekers (people of working age, but who cannot find work) in urban areas (Springs, Mthatha, Mitchell's Plain, East

London, Randburg and Roodepoort), compared to rural towns (8,7%). The reason is that more people seek work in the urban areas where opportunities are available. Employment was higher in urban areas (36,7% employment rate) as opposed to employment in rural areas (31,1% employment rate), as shown in Table 3.5.

Table 3.5: Proportion of employed and unemployed people in urban and rural municipalities where labour centres registered most of the unemployed people, 2007-2010

Labour centres with highest registration on ESSA databases	Portion of unemployed registered on ESSA databases by labour centres, 2007-2010	Number of employed	Number of unemployed	Discouraged work seekers	Not economically active (NEA) people	Total workforce
Rural						
Brits	3,6%	89 956	30 955	12 011	121 753	254 675
Graaff-Reinet	2,6%	26 074	6 582	9 229	35 521	77 406
Lephalale	6,9%	22 870	9 382	0	29 262	61 515
Piet Retief	3,4%	42 067	21 391	6 919	53 080	123 457
Taung	4,6%	17 529	4 062	27 163	73 397	122 150
Total rural	-	198 496	72 373	55 322	313 013	639 203
% rural	-	31,1	11,3	8,7	49,0	100
Urban						
East London	1,9%	278 989	100 539	28 923	257 959	666 409
Mitchell's Plain	2,3%	208 915	149 627	177 745	247 144	783 431
Mossel Bay	2,1%	44 144	6 754	0	36 736	87 634
Mthatha	3,3%	45 855	10 785	23 221	157 900	237 761
Polokwane	1,5%	167 431	54 699	25 683	218 717	466 530
Randburg	1,8%	252 368	80 547	91 216	123 996	548 127
Roodepoort	1,7%	127 973	63 904	65 932	96 161	353 970
Springs	4,4%	51 469	36 018	43 029	52 319	182 835
*Sandton	2,6%	384 543	140 370	186 299	219 356	930 568
Total urban	-	1 561 687	643 243	642 049	1 410 288	4 257 266
% urban	-	36,7	15,1	15,1	33,1	100

*Data for greater-Johannesburg, which include Sandton, are provided.

Source: QLFS Q1, 2010 and Census 2001

Intermediate to higher skills are required in the secondary and tertiary sectors and many work seekers do not have these skills. The percentage differences between those who were not working (unemployed, discouraged work seekers and NEA) and employment were slightly larger in the rural areas where the primary sector (agriculture and mining) was more dominant, while percentages between those not working (unemployed, discouraged work seekers and NEA) and employment was smaller in the urban areas where the secondary sector (manufacturing and construction) and especially the tertiary sector (wholesale trade, community services and finance, and transport) were more prominent, as shown in Table 3.6.

Table 3.6: Employment status and economic sector by rural and urban distribution of labour centres, 2007-2010

Location - rural or urban	Sector			Employment status			
	Primary	Secondary	Tertiary	Total %	Employed	Not working (Unemployed plus discouraged and NEA)	Total %
Rural (Total)	14,5	21,5	64,1	100	31,1	68,9	100
Urban (Total)	0,7	22,9	76,4	100	36,7	63,3	100

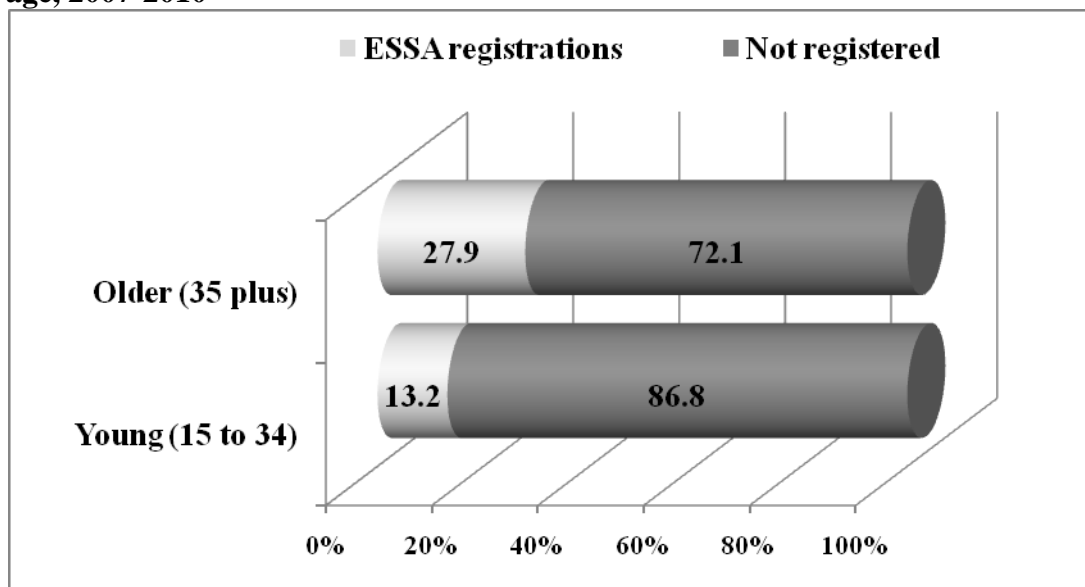
Source: QLFS Q1, 2010 and Census 2001

3.5.1.3 Profile of work seekers on the system

It is important that the systems capture the profile of all work seekers correctly, as employers require this information for proper placements.

For the 2007 to 2010 period, just more than a quarter of unemployed people over 35 and only 13,2% of those from 15 to 34 were registered on the ESSA databases (Figure 3.10). Older people rather accessed UIF without seeking work and this probably is the reason why a higher number of older than younger people come to register as work seekers at labour centres, as was also found during the interviews with unemployed people at the sample of labour centres (see Section 3.5.2).

Figure 3.10: Percentages of the unemployed registered on the ESSA databases according to age, 2007-2010



Source: ESSA databases (2007-2010) and QLFS (Q1 2010)

Over this period slightly more male (56,9%) than female work seekers (43,1%) were registered on the ESSA databases. The system was successful in registering 19,6% of all male and 15,0% of all female unemployed in the country (Table 3.7).

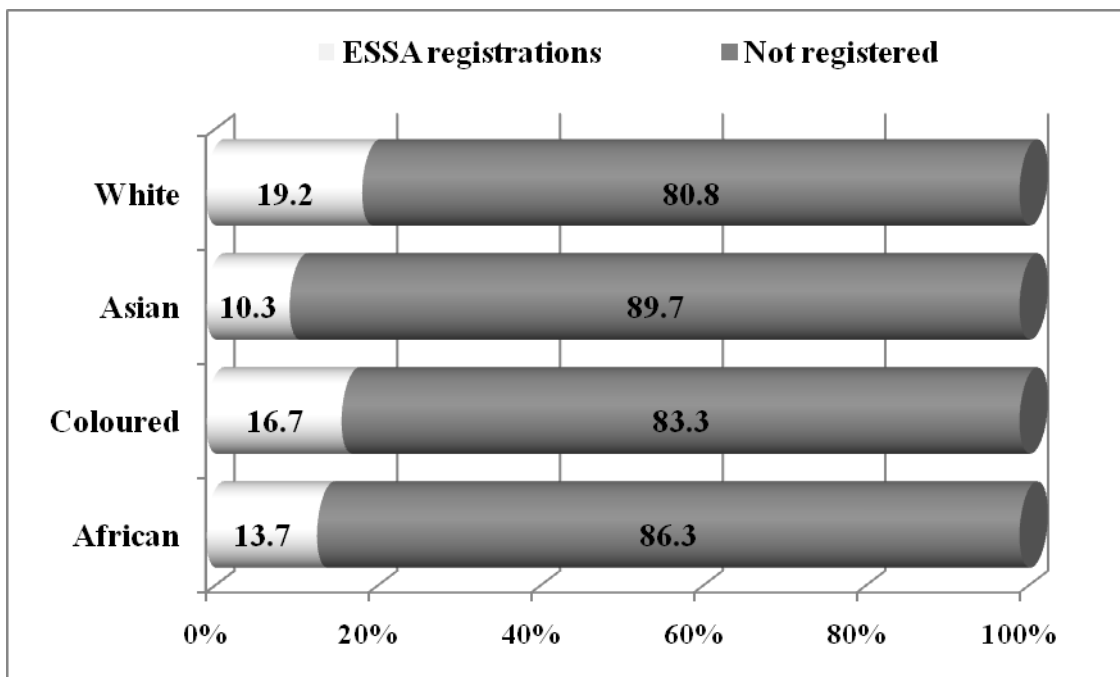
Table 3.7: Percentages of the unemployed registered on the ESSA databases according to gender, 2007-2010

Unemployed	Male	Percentage	Female	Percentage	Total
ESSA registrations	424 159	19,6	321 200	15,0	745 359
Not registered	1 743 062	80,4	1 825 888	85,0	3 568 950
Total unemployed	2 167 221	100	2 147 088	100	4 314 309

Source: ESSA databases (2007-2010) and QLFS (Q1 2010)

Because of incomplete data capturing, 18,2% of the work seekers on the system were not registered according to a population group. Over this period, 19,2% of the White unemployed in the country were registered, 16,2% of the Coloured unemployed, 13,7% of unemployed Africans and 10,3% of unemployed Asians, as shown in Figure 3.11.

Figure 3.11: Percentages of the unemployed registered on the ESSA databases according to population group, 2007-2010



Source: ESSA databases (2007-2010) and QLFS (Q1 2010)

On the matter of criminal status, almost two-thirds of those registered on the ESSA databases (62,1%) indicated that they did not have any criminal record, while fewer than 1% were previous offenders, and also fewer than 1% were rehabilitated offenders. There was no information about their criminal record for 37,6% of those on the ESSA databases over this period, although most employers would require information about the criminal record of potential employees.

Turning to the disability status of work seekers on the ESSA databases, for three-quarters of them (78,6%) it was indicated they did not have any form of disability, while fewer than 1% indicated that they were disabled in some way or another. For 20,2% of the work seekers no indication of disability status was provided.

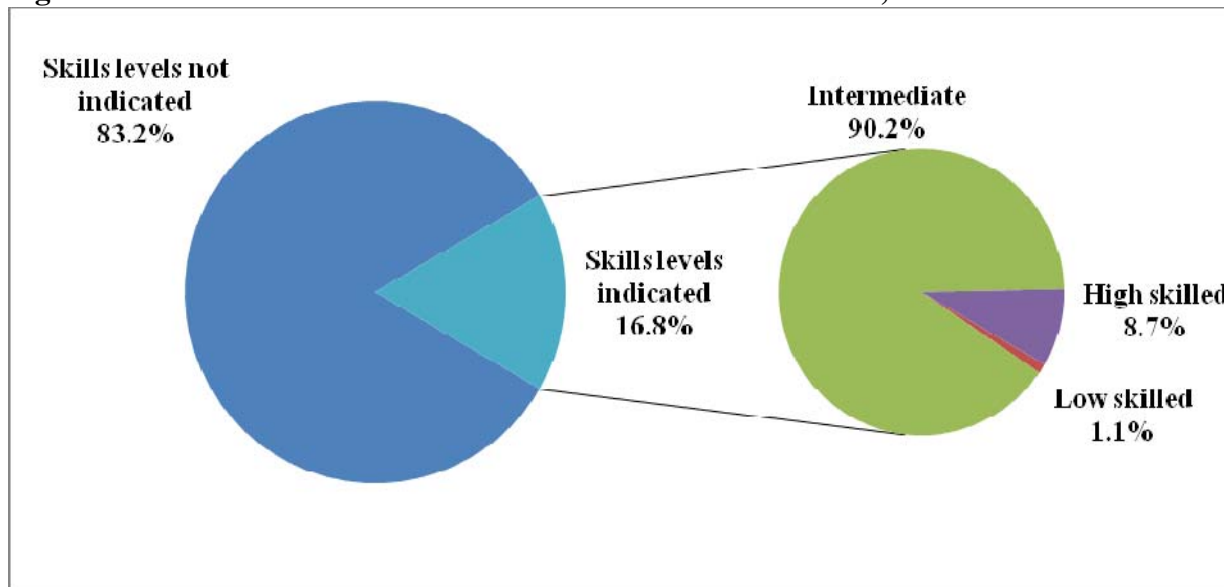
3.5.1.4 Skills levels of work seekers registered on the system

The ESSA databases did not capture the qualification level of every work seeker on the system. However, where work seekers' qualifications were captured, all the qualifications that each work seeker had obtained were captured; each could have up to seven qualifications captured on the system. In carrying out this study, the HSRC cleaned the data and only analysed data according to the highest qualification of each work seeker captured on the system. In Figure 3.12, low-skills levels refer to those with a pre-matriculation qualification. Intermediate-skills refer to matric-equivalent qualifications, while high-skills levels refer to degrees and post-graduate qualifications.

Even if a work seeker has only a primary-school qualification, this should be captured on the system. It is of great concern that the skills levels of 83,2% of the work seekers on the system were not captured over the 2007 to 2010 period (Figure 3.12). It can be assumed that most of these work seekers whose qualifications were not captured were low-skilled, as was indicated by Mr Page Boikanyo, a DoL spokesperson (IT Web, 2010); 57,1% of all unemployed people in the country have low skill levels (QLFS, Q1 2010). Matching efficiency may still be reduced severely, though.

Among the 16,8% of the work seekers whose skills levels were captured, 1,1% were low-skilled, 90,1% had intermediate skills and 8,7% had high-level skills (Figure 3.12). The system thus tended to capture the skills levels of those who may be more likely to find employment, as this is more available in the secondary and tertiary sectors that required intermediate to higher skills. This was indicated in Section 3.5.1.2, which discussed provincial and labour centre distribution of work seekers.

Figure 3.12: Skills levels of work seekers on the ESSA databases, 2007-2010



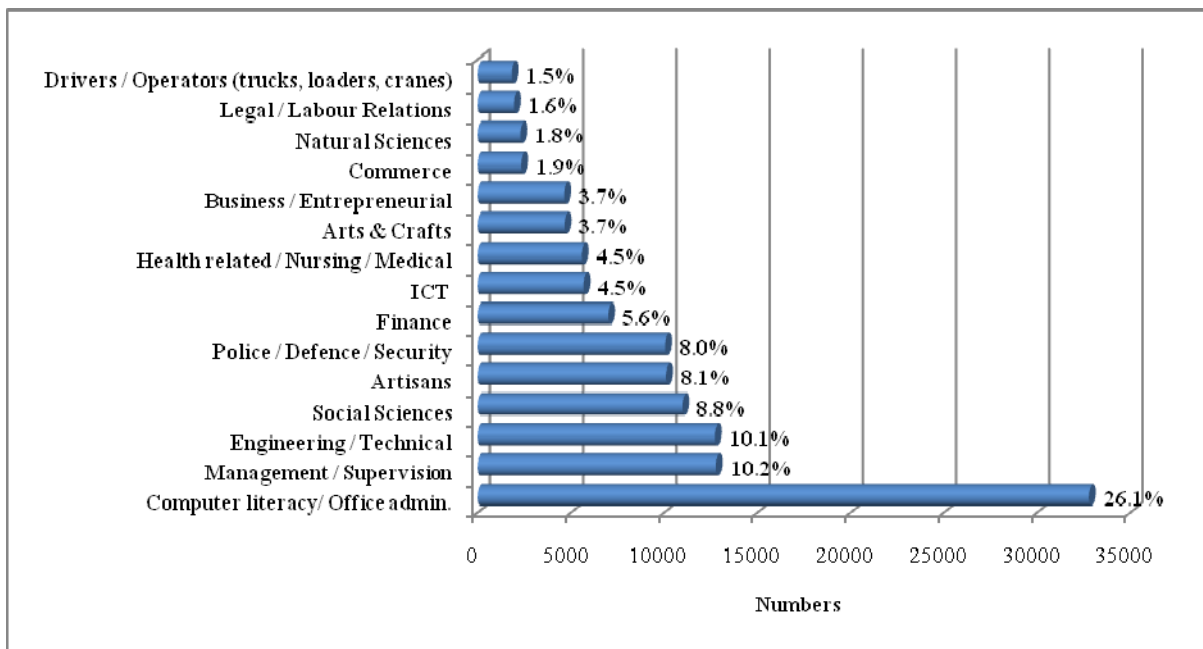
Source: ESSA databases (2007-2010)

Many work seekers whose fields of study were captured on the ESSA databases had generic types of skills (computer, administrative, managerial, financial, business, commercial, labour relations and social sciences) that are required in most economic sectors. The ESSA databases also captured the qualifications and fields of study of those work seekers with more specific career-oriented skills such as engineering, artisans, information and communication technology (ICT), natural sciences, health sciences, commercial vehicle drivers and operators of cranes. There is a demand for these in the labour market.

A quarter of work seekers with post-school qualifications whose data is captured had obtained a qualification in Computer literacy or Office administration in the 2007 to 2010 period. These types of skills are in demand particularly in the tertiary sector where wholesale trade, services and communication skills are required; in fact, these types of skills are required in most economic activities. About 10,2% of the work seekers had managerial or supervisory qualifications, also required in all economic sectors. Just more than a tenth (10,1%) had engineering or technical related qualifications, in demand especially in the secondary sector in manufacturing and construction. Qualifications in the social sciences, needed particularly in the services industry, comprised 8,8%. Next were various artisan qualifications (8,1%), important in manufacturing and construction work. Qualifications in police, defence or security fields of study (8,0%) are especially applicable in community services, and qualifications in finance (5,6%) in the tertiary sector in particular. The remainder were distributed as follows: 4,5% in ICT, needed in any economy moving increasingly towards information management with its need for communication and market networking; 4,5% in health related, nursing or medical-related fields; 3,7% in various arts and crafts; 3,7% in business or

entrepreneurial fields; 1,9% in commercial fields; 1,9% in one of the natural sciences; 1,6% in the legal or labour relations fields; and 1,5% as a driver or operator of trucks, loaders, cranes, etc.

Figure 3.13: Work seekers on the ESSA databases by post-school fields of study, 2007-2010



Source: ESSA databases (2007-2010)

3.5.1.5 Specific challenges experienced in compiling and analysing ESSA work-seeker data

The following list indicates the difficulties experienced, in carrying out this study, in cleaning and analysing the data from the ESSA databases underpinning reporting in this chapter:

- Data were not readily available. The researchers did not have direct access to the Oracle database. Siemens eventually had to extract the data via CSV-files⁸. This proved to be very time consuming. As a result, the data on the various variables were not obtained in a single file.
- The dates of registration of work seekers, their demographical data (gender, race, age), job opportunities, matches and placements did not coincide. The merging of the various files was thus problematic, as the team had to take into account dates in each file from a live database at different stages in order to try and align appropriate records. The data for 2007 were only obtained from the start of April and the data for 2010 extended to November, while the data for 2008 and 2009 were complete over the twelve months.
- The work-seeker data file had many duplicate work seekers captured, as for each qualification a work seeker was captured again in the dataset and one work seeker could have up to seven qualifications. The Oracle system can perhaps overcome these duplications, but the HSRC had to clean the qualification/education file and had to delete 254 567 duplicate entries.
- There were also about 90 entries of people younger than 17 and older than 65 that should not be included among the economically active population, and these were also deleted.
- The original file was thus reduced from 1 000 024 to 745 457 work-seeker entries.
- Even if a work seeker has only a primary-school qualification as the highest qualification level, this should be captured on the system. As shown above (Figure 3.12), the ESSA databases did

⁸ Digital files in “comma-separated values” format.

not capture the qualification level of all work seekers on the system. In fact, the qualifications of 83,2% of them were not indicated on the system.

- Furthermore, the qualifications of 16,8% of work seekers whose qualifications were captured were not captured in a uniform way. For the same qualification, a range of different codes were used because of different spellings or abbreviations used. For Electrical Engineering, for instance, some were captured as ‘elec eng’ and others as ‘electric engineering’, but all referred to the same qualification. The team had to clean the data and recode the qualifications using a unique code for each qualification. A separate variable was created by the team for the qualification name, another variable for the field of study and another variable for the skills level in order to enable analyses according to qualification, field of study and skills level.
- It is important to capture the profile of all work seekers correctly as employers require this information for proper placements. However, for example, the population group of 18,2% of work seekers was not captured; there was no indication of the criminal status of 41,9% of the work seekers, and the disability status of 20,2% was not indicated. If a work seeker does not have a disability or criminal status this should also be indicated; the system provides the option of ‘none’ in the list of disabilities as well as a list for criminal status options.
- For 4,4% of work seekers, provincial data were not included in the provincial breakdown.

3.5.2 Work-seeker dynamics observed at sample of labour centres

When visiting labour centres, researchers profiled the work seekers making use of ESSA. They not only made a demographic portrayal but also explored issues such as work seekers’ expectations and the effort they put into their visits. Information was gained by interviewing officials and work seekers, and by observing who came for registration.

Officials described by far the majority of work seekers as either unskilled or having low skills levels. According to them, only about 30% of the work seekers had passed Grade 12; this was true particularly of those younger than 40. Many work seekers would have received no schooling, or passed at levels as low as Grade 3. Approximately 70% would have left school before Grade 12. Only about 1% would have tertiary qualifications, and tend to be young newly graduated candidates in areas close to universities and further education and training (FET) colleges, often female, in the fields of human resource development or public administration. These figures confirm the assumption made in Section 3.5.1.4 that most of the 83,2% of work seekers for whom no information about their qualification levels appear in the ESSA databases, would be unskilled or have low skills levels. Irrespective of formal qualification or schooling levels, many work seekers were considered by officials to be functionally illiterate. Artisans tended to depend on work sectors active in an area. Partly qualified applicants were typically drivers, security staff or seasonal farm workers, or had acquired short-term non-reputable IT certificates. Work seekers further corroborated the pattern described by officials, as just reported. They indicated that their qualifications, training and experience levels were low; some had no formal schooling; many had Grade 9 or Grade 12 qualifications, and others had limited after-school experience, training or qualifications. In mining areas, there was a greater percentage of machine operators of various kinds. Some work seekers interviewed had post-school vocational certificates or diplomas in service, technical or administrative areas. One each had a Bachelors and Honours degree in Psychology.

Approximately 60% of work seekers were below 35, with a majority of them below 25. The majority of the remainder tended to be over 50 and had often been retrenched. Some variation occurred across labour centres, however, with the 25-to-45 group sometimes the largest single percentage, while at other centres almost 50% of work seekers were over 50. According to some officials, younger work seekers tend actively to pursue employment whereas the older ones are mainly interested in UI benefits and pension grants⁹.

Depending on economic conditions and active labour sectors around labour centres, the majority of work seekers may be either men or women, or a balance between the two. Male domination existed in areas with large coal, oil, fuel or mineral plants and mines with physically demanding work opportunities; this seemed also to be the case in rural areas. Female domination sometimes existed irrespective of an abundance of any particular type of work. However, women were in the majority among those aged 20 to 35, with clothing factories close by or where vegetable and fruit picking is in demand. Many female work seekers had children.

Work seekers' population group reflected country demographics closely. Most were African or Coloured; fewer were Asian or White. From observations at labour centres, work seekers are predominantly African males in a wide range of age groups, as would be expected on the basis of the complete data from the ESSA databases reported in Figure 3.11.

Interviews with those registering as work seekers at the labour centres indicated that most were there to claim UIF as well as making job applications, updating their curricula vitae (CVs) or trying to find training opportunities or internships/learnerships. A few had come to lodge workplace complaints. Those looking for work had been unemployed for between two months and three years, or had in some cases recently finished school, or had recently been retrenched or had had a previous contract expire. Their backgrounds included areas of work such as youth programmes, business management, the computer field, bookkeeping, call centres, agriculture, administrative work and banking. Their expectations were not always positive, as shown below:

“Apparently sometimes you get a job and sometimes you wait forever ... came here last year to fill in the form but we never got a job so we came again ... Some people come four times to refill the form so we are not sure if they are doing their jobs here at DoL because we are still waiting for a job.”

“... there is a (municipal) councillor ... but if jobs come they go to him so we have to come here to look for jobs. The councillor is crooked”.

“There is work ... [in the field] I studied ... but then they don't pay you after the job is complete - they keep all the money for themselves.”

“There are big expectations ... your mom - she paid for you to go to school ... so now you should get a job and help her out. But you can't find one and all the frustration falls on you. You think maybe you are worthless because you can't find a job for a year. Then you see your friends are relaxed - they aren't worrying because they are high (munga is the new thing - tik,

⁹ Without implying that pension grants are administered by DoL or at labour centres.

sugar and heroine for R25 a pop), so you take drugs so you don't have to worry, then you rob people and commit crime under peer pressure."

For a slight majority of the work seekers interviewed, it was their first visit to the labour centre. Almost equal numbers were paying their second or third visits on the day of the research visit. Some were paying at least their fourth visit. The predominant modes of travel were by taxi or by foot. Both taxi fares and the time or distance travelled (up to 45 km, or an hour and a half in one direction) become burdensome if repeatedly required. A majority of work seekers lived within about 15 km or 15 minutes travel time or the vicinity of the labour centre, although walking times of 30 minutes to an hour were not uncommon or considered too far ("... *near - I can walk here in an hour.*").

The following observations about the capturing and quality of work-seeker data were frequently made during interviews with labour centre officials:

- Work seeker information may not be correct or complete because of capturing, filing and other challenges and unacceptable work standards.
- It is difficult to prevent capturing backlogs from developing. These ranged, in about equal proportions, from large ("20% of listings", "45 000", or "24 000 and growing by 2 000 to 3 000 a day"), to relatively small (because of "normal operational lag" or spikes after promotion drives).
- Capturing backlogs can be ascribed to staff shortages (lack of capacity); work overload; staff allocation and workflow decisions (requiring staff to carry out ESSA databases as well as UI functions); insufficient training; the complexity of the OFO classification manual; large volumes of work seekers, with most wanting only to register for UIF; difficult electronic processing paths; too few computer work stations, with some satellite offices, particularly in rural areas, being without resource centres; slow or unpredictable digital connections; unreliable IT service provider support.
- Individual work seekers made little, if any, effort to inform labour centres about training, appointment in a vacancy or updates to CVs. These would allow the ESSA databases to update work-seeker records.
- There was no interface between the ESSA databases and skills development, UI or other databases.
- The ESSA databases are unable to produce regular, routine and user-friendly monthly and other reports, or to support an advanced searching facility.
- Arrangements for organising and keeping files were not ideal for reasons of the burden of keeping full duplicate sets for auditing purposes, and the unavailability of enough filing cabinets or space. Piles of boxes were often in evidence. A failure to organise records according to occupations or industries made searches very problematic.

It was also evident, however, that officials succeeded in implementing good practice, even when faced by challenges. There were strong indications that extra effort was put into measures to eradicate or prevent backlogs, including arranging for staff in a region, across labour centres, to assist each other in capturing on specific days; making temporary internal staff-allocation changes at a labour centre when needed; increasing staff training; having special drives supervised by senior

staff (the Provincial Executive Manager (PEM) and/or the ESSA databases coordinator); working overtime for a fixed period; rotation of Client Services Officers (CSOs) so that each would capture for a whole day; sending forms to the provincial office for capturing; and setting up a special team to complete capturing in a single coordinated effort.

There is also evidence that some work-seeker records and applications, especially CV forms, were processed diligently. The standard procedure for manual completion seems to be that applicants able to deal with the form by themselves do so. These are then captured by labour centre staff. Alternatively, for those work seekers who are illiterate or who write slowly, frontline staff complete the forms on their behalf. Those who struggle with some parts, or ask for assistance, are also helped. Another option is to attach independently completed CVs as a separate document. Assistance often takes the form of clarifying how to describe NQF levels and short-course information, preparing a cover letter that indicated that the CV has been captured on the ESSA databases in the specific area, or printing clients' CVs for them. Mechanisms used to enhance the quality of CVs included information sessions, workshops, or campaigns at outside visiting points.

3.5.3 Numbers of job opportunities registered on the ESSA databases

3.5.3.1 Opportunities that were available in the 2007 to 2010 period

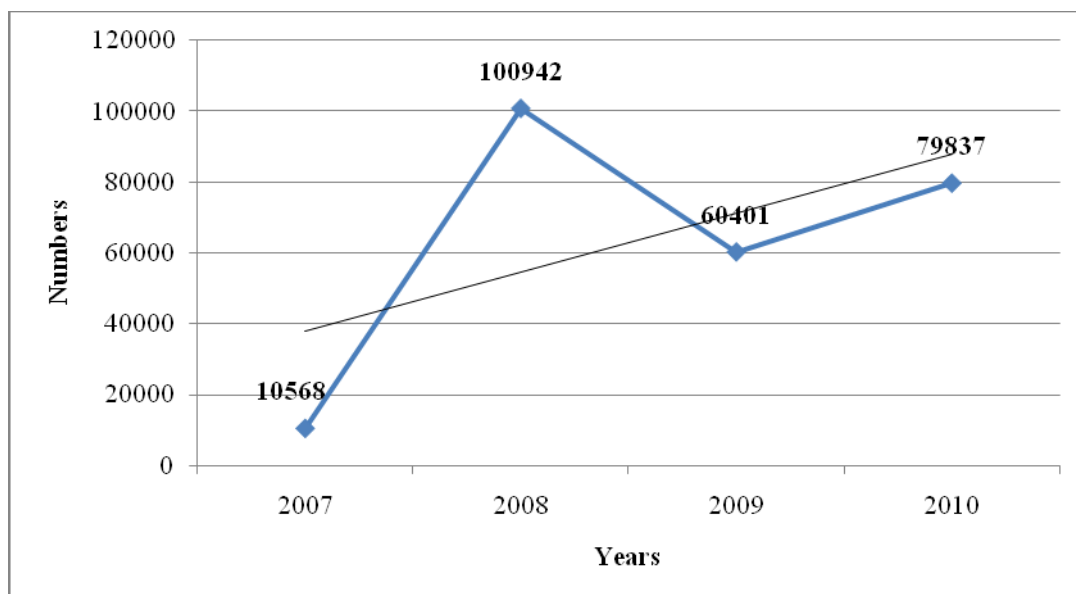
According to ESSA databases data, 251 748 job opportunities were registered on the ESSA databases in the 2007 to 2010 period. There were thus opportunities shown on the system that were not captured in the JOI, which showed 139 302 opportunities in the 2006/07 to 2008/09 period (Figure 3.1). Between 2007 and 2008, 111 510 opportunities were registered on the ESSA databases and between 2009 and 2010 140 238 opportunities were registered. There were therefore 28 728 more registered job opportunities over the later period. According to the DoL's Progress Report relating to 2009 to 2010, 29 101 opportunities were registered on the ESSA databases (6 123 permanent jobs, 21 074 short-term opportunities and 1 904 learning opportunities). According to the data on the ESSA databases, 111 137 more opportunities were registered on the system than were recorded in the progress report. This raises vital questions about which information is the more correct.

There was a 96,2% average annual growth rate, from 10 568 to 79 837, in the number of job-opportunity registrations over the period 2007 to 2010, as shown in Figure 3.14. In the context of the international economic crisis, the number of opportunities decreased from 100 942 in 2008 to 60 401 in 2009, although the number slightly increased, to 79 837, in 2010.

However, only 2 714 organisations offered 251 748 job opportunities (Table 3.8), although there was a total of 2 727 organisations registered on the ESSA databases over the 2007 to 2010 period. There were thus 13 organisations registered on the system without any job opportunities linked to them. Organisations with opportunities were not identified, as only codes for organisations, and not names, were available in the data that were made accessible to the researchers for analysis.¹⁰

¹⁰ One can therefore only speculate about this being a public sector employer.

Figure 3.14: Growth in the number of job opportunities, 2007-2010



Source: ESSA databases (2007-2010)

An organisation could offer more than one job opportunity, as is evident from Table 3.8. As few as 25 organisations offered almost 60% of the job opportunities available on the ESSA databases.

Table 3.8: Volumes of job opportunities offered according to the number of organisations registered on the ESSA databases, 2007-2010

Organisations	Number of positions available	Percentage of total positions
Organisation 1	25 000	9,9
Organisation 2	20 100	8,0
Organisation 3	12 503	5,0
Organisations 4-7 (n=4)	7 000 – 8 010 each	3,0% each
Organisations 8-13 (n=6)	3 700 – 6 000 each	2,0% each
Organisations 14-25 (n=12)	1 200 – 3 200 each	1,0% each
Organisations 26-2 714 (n=2 689)	1 – 1 050 each	Less than 1,0% each
Total of 2 714 organisations that offered opportunities	251 748	100

Note: A total of 2 727 organisations were registered on the system. Thirteen organisations registered without recording any job opportunities.

Source: ESSA databases (2007-2010)

3.5.3.2 Spatial distribution of job opportunities, 2007 to 2010

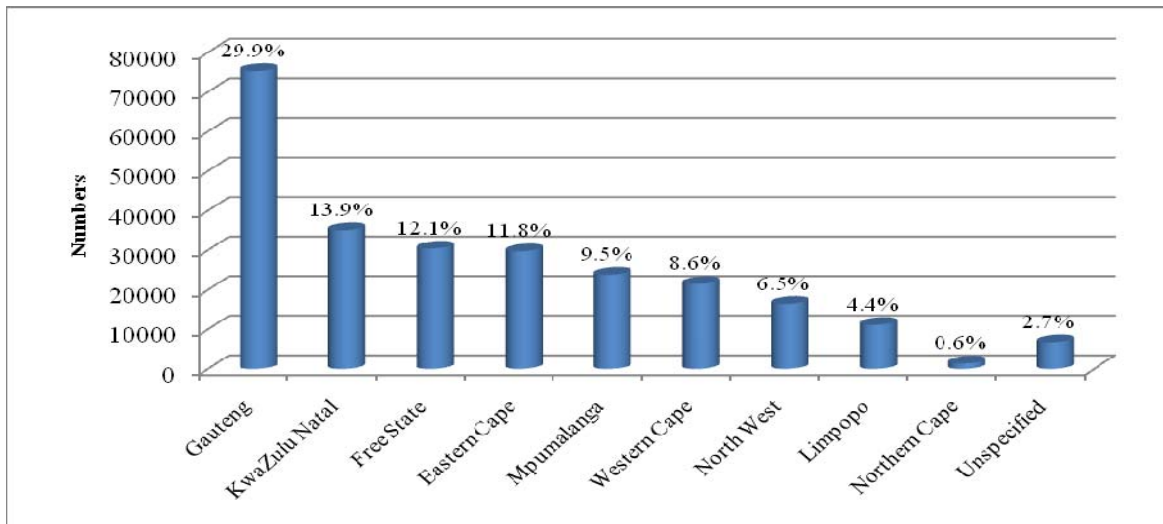
Provincial distribution

A third of the opportunity entries on the system had no provincial indication as a result of poor data capturing; in such cases, the research team had to identify provincial data by telephone and postal codes. Even after this procedure, there remained 2,7% of entries without provincial indicators because their codes were not known or only cellular phone numbers were provided.

As Gauteng has the most economic activity in the country, it is not surprising that over a quarter (29,9%) of the job opportunities and over a quarter (28,4%) of the organisations offering opportunities were in that province in the 2007 to 2010 period (Figures 3.15 and 3.16). KwaZulu-

Natal had the second most (13,9%) positions on offer over this period, the Free State 12,1%, the Eastern Cape 11,8%, Mpumalanga 9,5%, the Western Cape 8,6%, North-West 6,5%, Limpopo 4,4%, and the Northern Cape 0,6%. For 2,7% of the job opportunities, no provincial data were available on the system for the period.

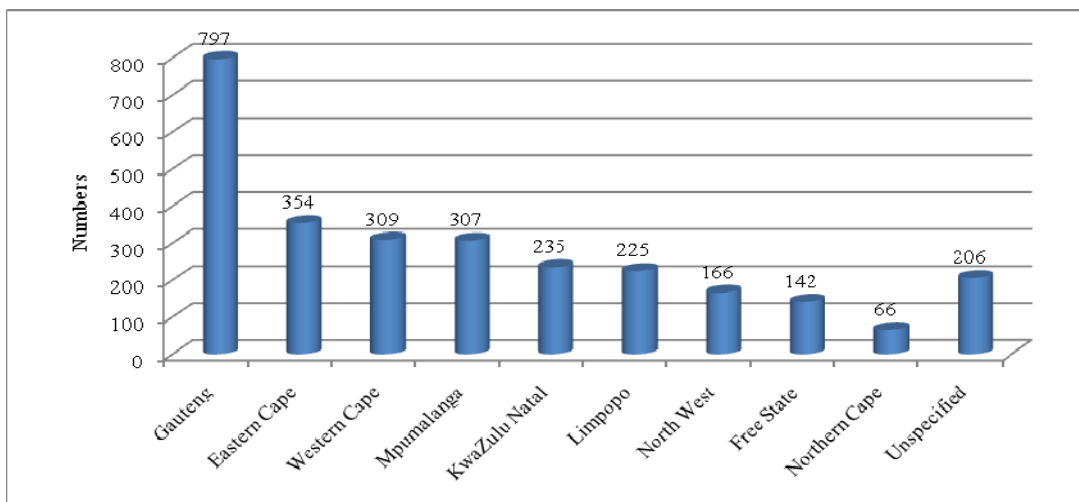
Figure 3.15: Number of job opportunities recorded on the ESSA databases by province, 2007-2010



Source: ESSA databases (2007-2010)

In Gauteng, 797 organisations made opportunities available over the 2007 to 2010 period (Figure 3.16), Eastern Cape 354, Western Cape 309, Mpumalanga 307, KwaZulu-Natal 235, Limpopo 225, North-West 166, Free State 142 and Northern Cape 66. For 206 organisations, no provincial data was available on the system for the 2007 to 2010 period.

Figure 3.16: Number of organisations recording opportunities on the ESSA databases by province, 2007-2010



Source: ESSA databases (2007-2010)

Distribution of job opportunities according to labour centre

In Table 3.6 (Section 3.5.1.2), it was indicated that employment in the labour market was predominantly available in the tertiary sector (especially in wholesale trade, community services and finance), some in the secondary sector (especially manufacturing and construction) and less in the primary sector (agriculture and mining). The greatest number (two-thirds) of job opportunities registered on the ESSA databases was also available in the tertiary sector (e.g., supply chain, marketing, HRM, customer care, youth development, clerical and financial), about a quarter in the secondary sector (e.g., artisans, maintenance, public works, operators and drivers) and fewer than 10% in the primary sector (e.g., farming, mining and labourers). Most of these job opportunities on the ESSA databases, however, were available for those with low-level skills, according to Mr Page Boikanyo, a DoL spokesperson (IT Web, 2010).

Springs had the highest single percentage (14,2%) of job opportunities on the ESSA databases (Table 3.9). In 2010, 24% employment in Springs was in manufacturing, 18% each in wholesale trade and finance, and 16% in community services (QLFS Q1, 2010). Springs registered the third most of the unemployed on the ESSA databases, as indicated in Table 3.5. Welkom had 10,0% of the opportunities. In 2010, 28% of employment in Welkom was in mining, and 20% each in construction and community services (QLFS Q1, 2010).

Mthatha registered 8,4% of opportunities. In 2010, 41% of employment in Mthatha was in community services, 20% in wholesale trade and 16% in finance (QLFS Q1, 2010). Mthatha registered the sixth largest number of the unemployed on the ESSA databases (Table 3.5).

Middelburg registered 6,4% of opportunities. In 2010, 20% of employment in Middelburg was in wholesale trade, 17% in community services, 16% in mining, and 12% each in manufacturing and finance (QLFS Q1, 2010). Port Shepstone registered 3,7% of the opportunities, with 31% in community services, 21% in wholesale trade and 11% in construction in 2010 (QLFS Q1, 2010). Ulundi registered 3,4% of the opportunities, with 30% in wholesale trade, 24% in construction, and 17% in community services in 2010 (QLFS Q1, 2010).

Taung registered 3,2% of the job opportunities; 26% each were in community services and agriculture, and 18% in wholesale trade in 2010 (QLFS Q1, 2010). Taung registered the second most of the unemployed on the ESSA databases (Table 3.5). Paarl had 3,0% of the job opportunities, with 22% in community services, 21% in wholesale trade and 19% in manufacturing in 2010 (QLFS Q1, 2010).

Brits registered 2,5% of the job opportunities and also registered the fourth highest number of the unemployed on the ESSA databases; 20% of employment in Brits was in community services, 19% each in manufacturing and wholesale trade, and 13% in private households in 2010 (QLFS Q1, 2010). Temba registered 2,1% of job opportunities, with 24% in community services, 20% in finance, 19% in wholesale trade and 12% in manufacturing in 2010 (QLFS Q1, 2010).

Sandton registered 1,2% of the job opportunities. It also registered the seventh largest number of the unemployed on the ESSA databases; 24% of employment in Sandton was in wholesale trade, 21% in finance and 18% in community services in 2010 (QLFS Q1, 2010). Queenstown registered 1,0% of the job opportunities, with 29% in community services, 19% in wholesale trade, 15% in construction and 11% in transport in 2010 (QLFS Q1, 2010). Vereeniging registered 0,9% of the job opportunities; 30% of the job opportunities were in wholesale, 22% in manufacturing, 15% in community services and 12% in households in 2010 (QLFS Q1, 2010).

The rest of the labour centres each offered fewer than one percent of the job opportunities over the 2007 to 2010 period. Poor data capturing is again reflected in the fact that a quarter of entries on the system did not have any labour centre indication. (Technical tables are available on request.)

Table 3.9: Distribution of job opportunities on the ESSA databases according to labour centres, 2007-2010

Labour centre	Number of opportunities	Percentage
Unspecified	66 324	26,3
Springs	35 695	14,2
Welkom	25 088	10,0
Mthatha	21 022	8,4
Middelburg	15 859	6,3
Port Shepstone	9 227	3,7
Ulundi	8 680	3,4
Taung	8 144	3,2
Paarl	7 500	3,0
Brits	6 396	2,5
Temba	5 259	2,1
Sandton	2 995	1,2
Queenstown	2 486	1,0
Vereeniging	2 372	0,9

Source: ESSA databases (2007-2010)

3.5.3.3 Opportunities according to occupations

In Table 3.8 it was indicated that 25 few large organisations provide almost 60% of the job opportunities. Table 3.10 indicates that the largest number of job opportunities are available in the social / human sciences, general occupations, for artisans, police and security officers, for operators or drivers, health practitioners, clerical/administrative workers, etc. The question is whether or not those job opportunities, dominant in Table 3.10, are also those in demand in the 25 organisations most active in providing work, as reported in Table 3.8. If it is the case, it still cannot be assumed that the kind of jobs in demand in the prominent 25 organisations also applies to the broader labour market, because these 25 organisations may not be representative of all organisations in the labour market. However, as indicated before, not knowing the identity of organisations from the ESSA databases, the researchers cannot venture a further opinion on this matter.

Almost a quarter of job opportunities were in the social sciences fields in the 2007 to 2010 period. These included sales and marketing, HRM, customer care, youth development, social work, psychology, public relations, and others. Over the same period, 22,0% of the job opportunities were available for general workers, 12,3% for various kinds of artisans, 9,3% for police and security occupations, 7,1% for drivers or operators of trucks, loaders, cranes, etc., 4,1% for health practitioners, 3,5% for clerical or administrative positions, 2,9% for call centre agents, 2,0% in farming, 1,5% for teachers or lecturers, 1,2% for business people or entrepreneurs, 1,0% for cleaners or domestic workers, and 0,9% for various occupations in the engineering field (Table 3.10).

Less than one percent of opportunities were available for each of the other types of occupations. (Technical tables are available on request.)

The challenges arising from the situation described so far in this chapter are discussed in Section 4.4.1.4. In essence, the increasing numbers of work seekers and job opportunities registering on the ESSA databases seem not to have been brought together in the form of work placements because of the low experience and skills levels among those work seekers.

As was done in the case of the ESSA databases' work-seeker data, some observations are given here to indicate the difficulties of the research team in cleaning and analysing the ESSA databases' data on job opportunities. The observations also relate to the fact that DoL officials may find that accurate data cannot be accessed on which to base data-supported operational decisions.

- Opportunities, matches, placements and occupations were not coded properly. Varied descriptions and names for the same job forced the research team to recode job opportunities in order to calculate the number of opportunities according to occupation or job description.
- Only codes for organisations that provided job opportunities were used in the system; organisation names were not available in the data that the team received.
- Thirteen (13) organisations, registered on the system, had no job opportunities linked to them.
- In certain cases, the researchers had to reconstruct provincial data for the job opportunity file on the basis of telephone and postal codes. A third of the entries on the system had no provincial indicators for job opportunities as a result of poor data capturing. After provincial data had been added, there were still 2,7% of the entries without provincial allocation.
- Poor capturing of data is also reflected in the fact that a quarter of entries on the system did not have any labour centre allocation.

Table 3.10: Job opportunities registered on the ESSA databases according to occupations, 2007-2010

Opportunities	Number of positions	Percentage
Social / Human Sciences	60 566	24,1
<i>Salespersons / Marketing</i>	58 345	
<i>Human Resources Management (HRM)</i>	877	
<i>Client Service / Customer Care</i>	570	
<i>Youth Development Officers</i>	248	
<i>Social Workers</i>	154	
<i>Psychologists / Counsellors</i>	149	
<i>Public Relations</i>	129	
<i>Other Social / Human Sciences</i>	92	
<i>Learnership / internship / apprenticeship (Customer care)</i>	2	
General	55 488	22,0
<i>General workers</i>	34 440	
<i>Labourers</i>	12 932	
<i>Special or Public Works Programmes</i>	3 839	
<i>Learnership / internship / apprenticeship (General)</i>	3 722	
<i>Matriculants</i>	555	
Artisans	31 066	12,3
<i>Other Artisans</i>	23 672	
<i>Electricians</i>	2 903	
<i>Builders / Construction Workers</i>	2 756	
<i>Learnership / internship / apprenticeship (Artisans)</i>	665	
<i>Carpenters</i>	538	
<i>Panel Beaters & Spray Painters</i>	398	
<i>Artisan Supervisors</i>	134	
Police & Security	23 401	9,3
<i>Security</i>	20 148	
<i>Police</i>	3 249	
<i>Learnership / internship / apprenticeship (Police/Security)</i>	4	
Operators & drivers (trucks, loaders, cranes, etc.)	17 834	7,1
<i>Operators & Drivers (trucks, loaders, cranes, etc.)</i>	10 804	
<i>Learnership / internship / apprenticeship (Drivers)</i>	7 030	
Health Practitioners	10 346	4,1
<i>Health care / Nursing</i>	10 116	
<i>Other Health Practitioners</i>	230	

Opportunities	Number of positions	Percentage
Clerical / Administrative	8 886	3,5
<i>Data Capturers</i>	5 544	
<i>Clerks / Administrative support</i>	2 870	
<i>Receptionists / Ushers</i>	259	
<i>Learnership / internship / apprenticeship (Computer literacy)</i>	90	
<i>Secretaries / Personal assistants</i>	86	
<i>Learnership / internship / apprenticeship (Admin.)</i>	37	
Call Centre Agents	7 201	2,9
<i>Call Centre Agents</i>	7 181	
<i>Learnership / internship / apprenticeship (Call Centre)</i>	20	
Farming	4 999	2,0
Teachers / Lecturers	3 669	1,5
Entrepreneurs/ Business	2 977	1,2
Cleaners / Domestic workers	2 441	1,0
Engineering	2 303	0,9
<i>Technicians</i>	1 558	
<i>Learnership / internship / apprenticeship (Engineering)</i>	203	
<i>Land Surveyors</i>	182	
<i>Engineering Supervisors</i>	175	
<i>Engineers</i>	173	
<i>Urban & Regional Planners</i>	6	
<i>Quantity Surveyors</i>	6	

Source: ESSA databases (2007-2010)

3.5.4 Job opportunity dynamics observed at sample of labour centres

Employers, labour centre and provincial officials, PEA staff and work seekers were asked for their perceptions of the type of both permanent and temporary vacancies, and the relevant skills and experience levels attached to them, registered by employers on the ESSA databases. They were also asked for their opinions on the likelihood that vacancies would be filled, either through the ESSA databases or manually through other actions by PES staff, and on the nature of posts that are almost impossible to fill.

Employers already using the ESSA databases mainly followed their own processes to fill positions, and such positions generally require higher proficiency levels than those that work seekers in the ESSA databases could offer. Such positions were mostly permanent posts in the following areas:

- managers and professionals not otherwise specified (e.g., lecturers)
- financial sector (financial services advisors; retail banking; business banking; credit assessment; bank tellers; credit collection; accounting)
- medical and health sector (medical doctors; professional nurses; allied health professionals; pharmacists)
- technicians (air conditioning, electronic equipment, agricultural and animal technicians)
- sales related (customer service; sales consultants)
- administrative support personnel and services
- IT.

In addition to commenting on the skills needed in order to get different jobs, labour centre officials and PEA staff were also asked about their own recruitment, matching and placement processes, the ratio between the numbers of work seekers and vacancies in their databases, the percentage of vacancies they fill, and the vacancies they found hard to fill and the reasons for that. Responses

from PEA staff indicated that their clients generally had higher skills levels than those work seekers dealt with through the ESSA databases. Although more opportunities may appear to be available through PEAs, the job market remained very restricted. PEA recruitment mainly takes place through classified advertisements; the Yellow Pages; newspapers; on-line career portals (only applicants without computer access visit the office and register online there); word-of-mouth; headhunting; referrals; walk-ins; other active advertising and marketing; the Internet; telephone calls initiated by work seekers; and contact with professional associations and alliances.

Respondents indicated that matching work seekers to vacancies generally follows a process of identifying the knowledge, skills, abilities and duties required from an incumbent through a formal job analysis; assessing a shortlist of applicants; and matching them with the appropriate employer. The job analysis identifies the inherent requirements of the job as specified or advertised by the clients. Assessment establishes the appropriateness of applicants' competencies and experience. Face-to-face interviews are usually conducted. For high-skill positions, competency-based interviewing, skills analysis and competency testing are often carried out. Qualifications and work experience are verified and analysed. Most PEAs organise data entries by job category to enable file searches and assist with finding relevant candidates. Automated searches are also possible on their databases against the required qualifications, as well as the items derived from job specifications.

Depending on the size and coverage (local/regional or national) of each PEA, the numbers of applications on their databases varies from either 35 000 to 100 000 for large organisations, or around 2 000 for smaller ones. With the exception of one of the larger PEAs that had about 50 000 applications and 25 000 vacancies in their system, the general picture is that PEAs tend not to have more than 40 vacancies on record at any time. PEA staff mainly filled permanent posts. Positions which PEA staff find it hard to fill include:

- senior and middle management, especially within Black Economic Empowerment (BEE) positions, and electricians in management positions
- professionals: engineering; mining; intensive care medical practitioners; (African) chartered accountants and engineers
- IT, in the scarce-skills and critical areas
- artisans and technical positions: boilermakers; plate makers; riggers; rock-drill operators (there is very little interest in this among work seekers because of the extreme working conditions involved); artisans with proper trade tests; chefs
- Code-14 drivers
- posts remunerated on a commission basis
- career-conscious, conscientious, ethical job seekers
- high-skill positions.

Only five out of every 50 applicants met the often-required NQF-4 level Mathematics competency. According to PEAs, in technical positions in mining, very few candidates have the required certificates; many highly-skilled engineers have emigrated, and they and other professionals are also priced out of the market. Some PEAs only work with permanent positions, do not do labour broking and place no contract or seasonal workers.

The current low levels of experience and qualifications among work seekers largely determine the kind of jobs that they seek when approaching a labour centre. The expected or desired areas where they feel they may find work, as indicated by work seekers, were:

- any work, or anything, almost in desperation, even if it meant relocating to another city or province
- “piece” jobs or temporary jobs, although these mostly were part-time or temporary jobs of two to three months in duration, easily lost or given up through unpredictable and expensive taxi or bus arrangements, being robbed on the way or being laid off by employers
- clerks or administrative jobs, frequently in government or municipal offices and including personal assistants, reception and basic computer work
- contracts for building, often with private construction firms
- sales work in wholesale, retail and shops, such as clothing stores and butcheries, including cashiers and dealing with creditors
- work in farming, which could, depending on region, involve fruit, vegetables and wine farming
- taxi drivers
- security services (given as the most available option by many)
- cleaning services in municipal or government office or in private homes and gardens (often noted as the second most available option)
- mining, depending on the economy in an area, although connections were often needed to get entry and bribes and fraudsters were said to be very prevalent
- hospital work or nursing (presumably mainly nursing assistants)
- teaching (only mentioned once).

During interviews with provincial officials about the nature and distribution of posts filled in the provinces through the ESSA databases, the point was made that current economic conditions in the country strongly reduce the number of job opportunities available. This view is strongly supported by figures and statistics in Labour Bulletins and quarterly reports (see Sections 3.2 and 3.4), the ESSA databases’ data (Sections 3.5.1 and 3.5.3), and the JOI (Section 3.3).

3.5.5 Employer dynamics observed at sample of labour centres

Representatives of employer institutions and labour centre officials were asked about the type of employers offering jobs and the kind and numbers of vacancies likely to become available. Also probed were the extent of inter-employer competition, the nature of scarce-skill positions, the ratio of existing and ideal skills levels required from incumbents in an industry, the temporary or permanent nature of available work, the likelihood of having to employ foreigners, and the degree to which the ESSA databases were a point of call for posting vacancies.

The most notable point emerging from responses by employers already making use of the ESSA databases is that many firms would prefer a higher proportion of staff with high-level skills if they had control over it. Without trying to classify these employer institutions, to which research participants were attached, by formal industry¹¹, it can be reported that they mainly comprised community, social and personal services institutions (including the public service) and wholesale, retail and trade firms. An education and a financial institution were also represented. Most firms

¹¹ The interviews from this part of the study involved a small non-random, non-representative sample which does not warrant detailed quantification.

had between 150 and 1 000 employees, with one quite small (eight employees) and another very large (31 300 employees). At the public service and academic institutions, about 50% to 60% of staff was already considered high-skilled, although the ideal was 70% to 80%. This signifies employers' concern that current staff's skills levels are insufficient for the work required, and that employees with higher skills levels are therefore needed. PES staff would not find them from ESSA databases because of the predominance of low-skilled or unskilled work seekers on its register. In the remaining firms, medium-skill workers were normally in the majority. Positions were reported to be difficult to fill in the following areas: artisan and engineering lecturers, educators and academic institution education managers, sales advisors and clerks with experience, financial experts¹², economists, health professionals, agricultural engineers, veterinary doctors, and blasters (explosives experts). No more than one or two foreigners, or 0,4% or 0,5% of staff, were typically employed by these firms. These posts included financial specialist/s, where skills could not be found locally; liquor regulator (the respondent was uncertain about why this had occurred); health professionals, to compensate for the shortage of medical doctors; engineers (only foreign candidates with appropriate qualifications); and shipping managers, a scarce skill.

A similar profile can be derived from the responses of those employers not using the ESSA databases. This suggests that features unique to employer firms are not a likely explanation for why they do or do not recruit through the ESSA databases. It is more likely that the ESSA databases are not known to employer firms or that they know that PES cannot help them. Firms not using the ESSA databases were looking for a larger proportion of staff at high-skills levels. Many of these employer companies were in manufacturing, with a few in retail, the service sector (including individual ones in the public sector), and construction. Most companies or employer firms were small, with fewer than 280 employees, a single exception having 800. Sixty percent (60%) to 80% of their employees were at low-skills level; their preferred level was closer to 50%. Positions reported to be difficult to fill included:

- technical jobs (in the liquor industry; auto electricians; mechanical workers and supervisors in plastics manufacture; jig and tool makers; welders; artisans; technicians; mechanics)
- professionals (engineers; process engineers; process chemists; engineering technicians; surveyors)
- management (project managers; management staff fulfilling employment equity criteria)
- sales (skilled, trained, experienced and trustworthy)
- housing inspectors
- drivers.

Very few foreigners were employed by these institutions; typically one or two, or 0,25 to 1,0% of staff. These posts included wine cellar experts (scarce skill); supervisors (in the view of some PEAs, White South Africans are not prepared to work in remote townships); well-trained tilers; advisors with rubber and machine expertise; and low-skill jobs. Their good working capabilities and their desperation to take any job to survive suggests that some exploitation of those without legal documents such as work or permanent residence permits or visas may take place.

¹² Investment bankers (scarce skill); IT professionals (strong competition; high salaries demanded); accountants (sought after in many industries); corporate bankers (strong competition); project managers (sought after across industries); senior managers (scarce skills and strong competition); and actuaries (a scarce skill, with high salary demands).

Employers outside the ESSA databases also indicated that jobs are scarce. On average, they each fill about 25 posts per year, of which about 80% are permanent positions with the exception of a small number of employers which frequently have temporary positions, in which case the ratio between permanent and temporary positions changed to 50:50. General workers make up the bulk of such appointments.

Employers reported making use of the ESSA databases mainly because they had to register employees for UI. They were, however, not making use of the ESSA databases to the extent that PES officials thought to be the case. Also, corporate national offices were often the registered employers and not local or small-town offices or branches. One respondent indicated that it was fairer to involve the DoL/PES than to look for new employees internally. Employers seldom put vacancies on the ESSA databases, and many had not done so in the three months preceding the interview. Skilled positions rarely become available. Only one respondent reported using the ESSA databases every month. Most employers do not post all of their vacancies on ESSA databases, and respondents were reluctant to indicate the positions that they registered or the reasons behind that. One explanation received was that the firm first checked internally if someone could be promoted into a post before taking it outside. If they did the latter, they would often pursue a contract appointment first.

In summary, the mismatch between low-skilled and unskilled work seekers on the ESSA register and the higher skills levels required by employers was confirmed. This occurred irrespective of the variety in size and sector in which the firms studied were located. Positions typically difficult to fill were in management, for professionals, and specialised technical and artisan posts. Foreigners were employed only in exceptional cases.

3.6 Respondent perspectives on services rendered through ESSA at labour centres

3.6.1 Background and overview of types of service

The DoL's approach to service delivery was expressed in its strategic plan for 2000 to 2004: "The DoL (needs) to rapidly transform itself into an organisation with a compelling customer focus at the heart of its service delivery" (DoL, 2000:34). PES play a crucial role in providing service delivery to the labour market. As a provider of current labour market information, the system ought to be a focal point for shaping policies and programmes. An aim of PES has been to promote equity in the labour market by ensuring that the most disadvantaged or hard-to-place work seekers have access to a guaranteed level of assistance in enhancing their employability. The research carried out for this study indicated that there are a significant number of DoL dedicated service providers who are performing under a great deal of pressure. However, many feel that meeting the needs of work seekers and employers needs to be improved. As well as carrying out advocacy, canvassing, registration services, career support and skills development and front-line support, a requirement for PES to successfully offer its ESSA services appears to be to market and brand itself in such a way that it is enticing to work seekers and employers.

3.6.2 Registration Services

Registration Services focuses on the registration of individuals, employers, opportunities and training providers. The process of registering an individual ought to include the development of a skills profile, where her or his qualifications and experience are recorded according to the OFO. According to the ESSA communication memo, “The Department of Labour has available a computerized system, on which you can register your details and work experience plus skills. After you have registered as a work seeker, officials will do their best to help you find a suitable job.” (ESSA Communication Brief, 2008).

The process of registering at a labour centre starts with its learning about a vacancy or an opportunity. The Client Service Officer then puts the job criteria into the search profile, and runs a search. The labour centre receives the registered work-seeker output after twelve hours. This is subsequently communicated to the employer. The registration of job seekers and vacancies is a well known exercise for the employment officers. However, while the goal of the Department is to compile and file all registration information electronically, it appears that for the most part the manual system of filling out a hard-copy registration form or “ESSA” form is being used. The data is either eventually filed in cupboards or is later captured electronically. The registration process should make it possible to document personal files and eventually, the process ought to reveal statistical data to enable the Department to contribute to an overview of the labour force. One of the advantages to registering through the ESSA databases at the labour centre is receiving a well-presented CV which attaches the DoL logo, potentially adding weight to applications. The process of registering, according to work seekers, is easy and many had no difficulties in filling out the ESSA databases form. The main challenge experienced during the registration process related to the amount of time queueing at the labour centres.

The registration process has been described as difficult, not for job seekers but for the labour centre officials. This relates to negative experiences that officers have had from the ESSA system, some complaining that filling in and capturing one ESSA form on the system takes approximately thirty minutes. For this reason, and to keep the lines moving, the labour centres preferred to capture with a work seeker at the frontline or fill out the manual ESSA forms and capture them electronically later. A number of CSOs explained that they capture manually because some employers are impatient (when present); the system mismatches jobs and work seekers; and the results are produced the following day. The process of capturing data from manual forms negatively affects the efficiency of the registration process. Furthermore, the expectation was that the ESSA databases would function as a streamlined, interconnected system where work seekers could capture their own forms and be registered by the Department. In fact, staff at most labour centres complain that the hardware is not compatible with this vision, and they therefore become frustrated with the registration and capturing process on the ESSA databases. This also presents problems for employers as incomplete drop-down field options can result in mismatching.

Registering starts with an employer asking for a certain number of opportunities to be filled, and briefing the Employment Services Practitioner (ESP). The majority of employers, and labour centre

officials, complained that they were not able to provide sufficient information until an opportunity was registered. For example, if an employer wanted to know how many welders were on the ESSA databases, the ESP could not give that information until a formal opportunity was registered. This is seen by the employer as a measure of inadequacy on the part of the DoL and to further compromise the trust relations between employers and the DoL. The registration policy can thus make it appear that labour centres do not really want to help the employers, although this not the case. The initial expectation for the labour centres was to act as a one-stop registration service for employers and work seekers; this, however, is not happening. Employers still need to go to labour centres to register opportunities; this is time consuming as it can involve queuing. This is one of the reasons given by the employers interviewed for not using the DoL to register opportunities.

Registering at the labour centre is said to leave stakeholders feeling frustrated because not all of their expectations are met. Work seekers frequently do not get feedback on their applications, and employers feel that their need to find candidates is not being met properly. Also, the emphasis on advocacy is not strongly directed to UIF applicants, who are the majority of candidates at the labour centres. Some career counsellors strongly suggested that UI applicants should focus on PES at the labour centre, instead of simply queuing for their unemployment funds. Compelling UIF applicants to be treated as work seekers might assist in managing employer expectations and streamlining the ESSA databases and UI computer registration system, some felt. Given that UIF is not currently linked to the ESSA databases, it is difficult for the system to know if someone has found a job.

3.6.3 Skills Development

Skills Development Services include developing provincial implementation plans, identifying scarce and critical skills, registering training courses with the National Skills Fund, allocating funding for skills development, selecting training providers, contracting training providers, monitoring training, processing training provider claims and scheduling psychometric assessments. According to the DoL, an unemployed person can register on the ESSA databases and request advice on skills-development opportunities. This is an important role that the Department can play, although many officials are not clear about their responsibilities. The skills-development function was moved to DHET in early-2010, when the then Department of Education divided into separate basic and higher education ministries. This left many practitioners confused about their responsibilities. One labour centre manager said that some members of staff were frustrated because they thought that they were moving to DHET, but had to stay behind at DoL.

Since the function was moved from DoL to DHET, the ESPs and CSOs capture data on the ESSA databases because there is no other (skills development) role for them at the labour centre. However, in many cases they are overqualified to act as data capturers. Many ESPs have undergraduate and postgraduate degrees, with many complaining that their main job should not be advocacy and that they were feeling frustrated. This is particularly because they are not allowed to do any work related to skills development, even though this is where their qualifications are, and it was their former area of responsibility. According to one ESP, "*When Skills went, work went*". This exemplifies the feeling at some labour centres about poor communication, especially in relation to

changes affecting roles and responsibilities. The DoL and DHET should as soon as possible clearly develop defined memoranda of agreement, establish cross-departmental working relationships and create a strong skills-development network in order to underpin key performance roles and responsibilities of all concerned staff.

Referral to Skills Development at labour centres is an effective tool for work seekers and career counsellors. There needs to be an emphasis on programmes and courses on offer to develop work seekers and to give UI applicants options relating to improving their skills levels while they are unemployed. Career counsellors at many of the labour centres contribute to skills development by using their responsibilities in career guidance and talent management at the labour centres.

3.6.4 Career development, support and counselling

One of the most potentially effective services offered at labour centres is career counselling. Many individuals are desperate to find any kind of job and career counsellors have the opportunity to help them find the type of work which they can enjoy and be successful in. DoL career counsellors have a number of roles and responsibilities. In at least four labour centres, career counsellors were acting as business unit managers, capturing data on the ESSA databases, visiting outside areas and forming relationships with communities to help alleviate unemployment. Many career counsellors take manual ESSA databases forms to rural areas and fill them out for disadvantaged communities, communicating with chiefs in some areas and advocating communities' professional development.

The career counsellors all have certificates from the Health Professions Council of South Africa (HPCSA) and psychology training and are equipped to provide an important service at the labour centres. Most labour centres have counselling sessions fortnightly, and work seekers make appointments with them. The sessions are free of charge, and they can assist in giving work seekers direction. It was unfortunate to note that most of the work seekers interviewed had not been made aware of the career counselling offered at the labour centre, and when fieldworkers informed them they seemed very eager to participate. This finding may assist the Department, who may want to make it mandatory for new work seekers to register for appointments with the career counsellor. Career counselling may assist in discovering trends about labour market supply and demand where there can be more synergy. Marketing career counselling is a very important issue; however, many career counsellors are expected to perform roles beyond their core job duties. This may be why career counselling is not marketed as a crucial service delivery outcome as much as might be expected. Most UI clients and work seekers could benefit from unemployment counselling, especially in smaller towns and provinces with large industries where there are seasonal factory and farming retrenchments.

It was striking that many career counsellors had problems relating to their resources. They could not use the Internet for job searches to assist clients, and some centres only relied on newspapers to assist work seekers. Of concern was the fact that some labour centres did not have any industrial relations pamphlets. It was noted that a number of resource centres were about to be launched to

enhance the service of labour centres, especially where career counselling was concerned. These resource centres may have a positive effect on processing and providing information.

3.6.5 Processing of information at front-line desks

One of the main issues relating to information processing at front-office client counters, according to the CSOs, is the perception that more work is expected but salaries are not adapted according to the greater work load. The involvement with UIF candidates has become so overwhelming, but the linkage between UIF and the ESSA databases is not effective. Many practitioners suggested merging of the UIF and ESSA databases systems. Resource centres were also proposed and endorsed. These can provide work seekers with the opportunity to capture their biographical information on their own for an official to validate later, thus saving time. When the DoL's E-government model was being shaped from 2000 to 2004, the intention of a resource centre was to enable work seeker access through multiple channels, allowing them to use a full range of technologies available to them at any given time. Thus, cellular phones, information kiosks and direct Internet access would enable the reach of DoL's services to be extended and would provide a range of choices for the various segments of the population with whom labour centres need to interact. While some of these processes have started, they are not always being used to the intended extent. Many work seekers cannot yet use the Internet to register their information on the ESSA databases, instead having to queue at the labour centres. Many work seekers who have access to the Internet said that it would be better if they could capture their information on the ESSA databases forms via the DoL's website. Those not familiar with the Internet felt that having resource centres with Internet connection for registration at the labour centres would be a good idea, provided that they received assistance.

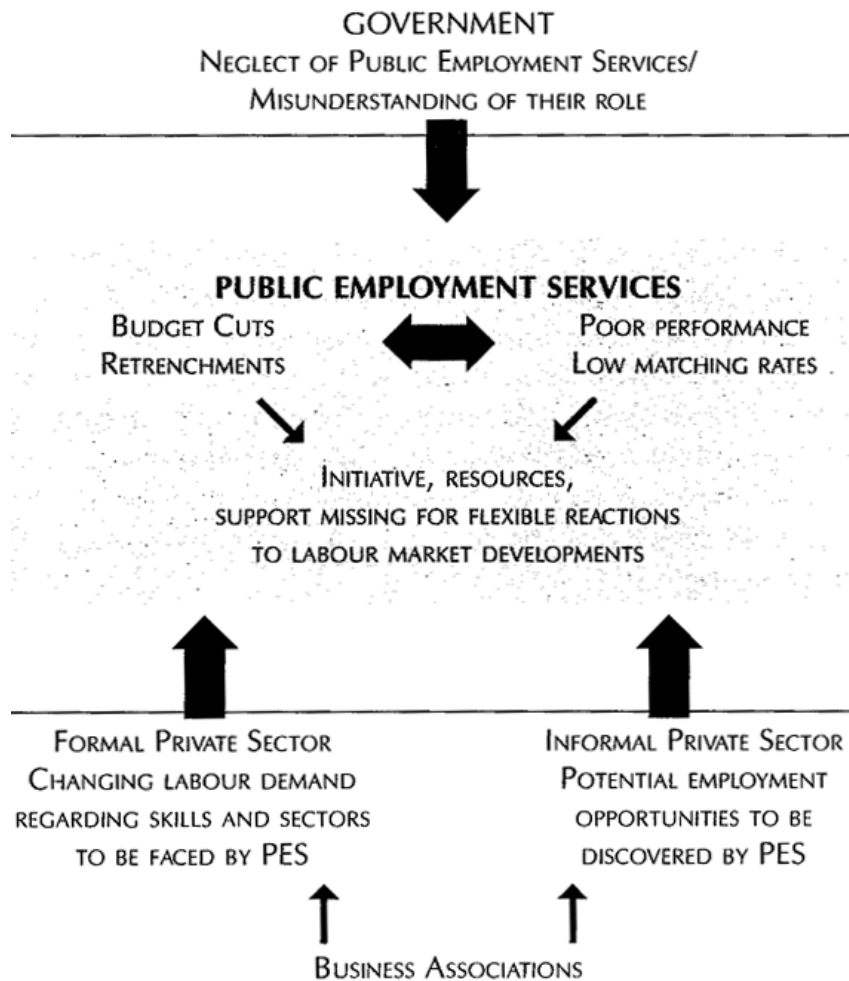
3.6.6 Challenges to the types of services provided

“The Department of Labour has put structure before functionality and functionality should have been the first priority and not the structure.”- Labour Centre Business Unit Manager (BUM)

The diagram below by Schultz and Klemmer (2009) highlights the complex issues of public employment services, which involve all stakeholders. Public employment services cannot be seen or implemented in isolation. If that is the case, they will be ineffective. To foster relationships in order to alleviate pressures on labour centre officials and the DoL in general, there should be more support within the Department to each other and between departments, enabling ESSA to keep pace with developments in the private sector.

One of the main challenges relating to public employment services concerns the poor level of understanding about the positive role that they can play in the labour market. Public employment services often emphasise registration services, and perform poorly in their placement function. It must be taken into account that all governments of the Southern African region face budgetary problems and may be less likely to be responsive to proposals involving human and financial

resources (Schultz & Klemmer, 2009). Public employment services may thus be marginalised in departments of low priority within ministerial hierarchies. This negatively affects the budget and poses constraints which may keep services at a very low level.



Source: Schultz and Klemmer (2009).

3.6.6.1 The threat of budget cuts and retrenchments

“The centre has had capacity problems since 2004 and has lost good staff. The turnover in staff in [the Province] is big” – labour centre manager

The perceived deteriorating quality of public services and the effect on the economy as a whole has made civil service reform a priority for government. However, in many cases budget cuts and retrenchments are the initial effect. PES could be harmed by such action, especially because they are already operating on very scarce staff capacity. Any reductions could be harmful to resources and to staff morale. This issue was pointed to at the majority of labour centres where labour officials indicated that they were overwhelmed by their workload and indicated that they urgently need more people to assist them with capturing on the ESSA databases.¹³

¹³ The subjective nature and potential self-interest in evidence such as this need to be verified more objectively.

3.6.6.2 Poor performance of PES

The PES are operating under stressful conditions. They are mostly understaffed and necessary equipment, such as IT hardware, is scarce. Facilities for communication and transportation are poor and sometimes not operational. The ESSA databases are no exception. For instance, intermittent connectivity, slow data processing for reasons of system design and architecture and low placement outcomes tend to render the ESSA databases' performance ineffectual and uninspiring. This is disappointing to the staff in many of the labour centres, many of whom are well-trained and -qualified but lack the tools to work efficiently.

In the context of the global economic crisis, matching rates have come under even more pressure in recent years. Due to economic hardship and reform processes that have led to high retrenchment numbers, few vacancies are available. In the areas surrounding some of the labour centres visited, there were instances of factories retrenching large numbers of workers, adding to the influx of job seekers coming into the centres and further creating strain on officials. With a fast growing labour force, and large numbers of university, college and school graduates and drop outs (although work seekers at the labour centres are not predominantly graduates), the situation is becoming more difficult. Vacancies are under-recorded with the ESSA databases as recording is neither mandatory nor enforced. Such an outcome may be a symptom of the lack of employer confidence in ESSA.

The organisational arrangements at labour centres often require ESPs to deal with labour inspection, industrial relations and other issues, resulting in ambivalent job identities among them. This matter is addressed more fully in Section 4.1, but potentially compromises their canvassing for job opportunities and offering candidates to employers. ESPs may therefore not always be perceived as honest partners by employers. This overburdens ESPs in terms of working capacity and qualifications, indicating that priorities are not set in order to achieve the best results.

3.7 Concluding comment

One major objective of this chapter was to provide a process evaluation of current ESSA functioning. It therefore gives an overview of capacity, resources, infrastructure, facilities, systems and procedures. Procedural and systemic challenges are identified in more detail in the next chapter in order to assist the DoL further to improve ESSA functioning. There is a general sense that the DoL has put in place the required basic infrastructure and systems for implementing PES. The size of this undertaking, and many other factors such as the present economic climate and ongoing regulatory development, call for continued refinement and expansion of its current operations.

The second objective of the chapter was to provide an impact evaluation. This investigated work placement success. ESSA is constrained by external factors such as high unemployment, to the extent that an increase in the low proportion of unemployed persons registering on the ESSA databases does not bear immediate fruit. This will be true as long as the skills/jobs mismatch continues, and applicants are under- or unqualified for the relatively few opportunities available. Skills development appropriate to the needs of employers and to the differentiation of opportunities according to labour trends in the primary, secondary and tertiary employment sectors is a key challenge which will be further discussed, and solutions proposed, in the following chapters.

CHAPTER 4

CHALLENGES PREVENTING A MORE EFFECTIVE ESSA

An overview of current ESSA functioning was provided in Chapter 3 to inform the task of identifying and describing, in this chapter, the nature of the implementation challenges that ESSA faces. These are organised into four themes:

- staff capacity within DoL (PES), in particular at labour centres, for accomplishing its mandate through “Specialist Placement Officers” (4.1)
- infra-structural and IT system capacity (4.2)
- inter-relationships and interactions between role players (4.3)
- matching activities in placing work seekers in work opportunities (4.4)

The chapter argues that many issues, ranging from general to specific, prevent the rendering of a more effective service and, conversely, that removing or addressing such problems could go a long way towards improving employment service implementation.

Two matters, although important in their own right, are not discussed in detail in the four sub-sections. They fall outside the focus of this evaluation on registration and placement (recruitment and selection) service rendering. However, they are referred to in this introduction to the discussion of challenges. The two matters are: the broader economic climate; and the strategic and regulatory context around ESSA. In terms of the first issue, DoL and PES cannot realistically be expected to provide work placements for all or even a majority of the work seekers on the ESSA databases, as there are not enough jobs. A target set in terms of improving the placement rate, even by a small margin, based on the number of work seekers in the ESSA-register who are given work, may not be achievable. A more realistic target would be whether or not all available work opportunities are registered, and filling as many of those as possible.

The second issue relates to the fact that this report is being produced when a draft bill on employment services is being finalised. Although the current evaluation is about practical implementation efficiencies, these cannot be separated from overarching strategic positions, policy, and managerial action which affect implementation in various ways. More debate among the widest possible range of stakeholders may therefore be required on the issues addressed in the draft bill. A range of positions have to be submitted, weighed and tested. This has to happen to reach considered and mutually acceptable decisions about the future interactions between ESSA, PEAs and even labour brokers. A key matter is the uncertainty about the effect of final decisions on unemployment figures in the country. Proponents on both sides of the spectrum argue that the number of employment opportunities created and filled will increase, or diminish.

Existing regulatory boundaries are commented on next, in addition to some comment on related strategic and conceptual matters.

In the broadest sense, the key challenge is to ensure that there is a shared and integrated understanding of the role of ESSA in the labour market. This would specifically apply to DoL

officials at operational level, as well as role players outside DoL such as employers and those rendering other types of employment services. The purpose would be to reduce or end ineffective service rendering. The teams carrying out this research observed many signs that registration and placement services have become under-valued and shallowly conceptualised. Some respondents argued that this is already evident in resource-allocation decisions within the DoL even. Budget allocations were perceived to be favouring UI, for instance, while work demands at ESSA required more funds to be allocated there. Changing from UI registration and payment for short-term financial gain among work seekers towards a wider capacity development and economic independence perspective is a major part of the challenge¹.

Respondents were ambivalent about the kind of legislation or regulation that could establish the desired mindsets and behaviours. This may signal a policy vacuum, at minimum, but, as argued above, may also imply the need for more careful debate about the content of any final legislation. An instance is how divided respondents at labour centres were on the matter of legislation compelling employers to register all vacancies, and whether or not this would help them render a better service. Some advocated strong regulation. Others considered the absence of efficient marketing and professionally rendering an effective service as the challenge, which cannot be addressed through any such legislation.

On the matter of the current economic climate, many officials were becoming dejected about their work when the only reward they could hope for was achieving a few good placements and helping a few fortunate work seekers. Besides such erosion of officials' commitment, there was the fear that being overly-conscientious and enthusiastic created unrealistic expectations all around. This could only lead to disappointment, not least among work seekers, with the potential for becoming the next instance of service-delivery failure, complete with protest action. Many officials perceive their predicament as one of not knowing how to pitch their canvassing and marketing efforts, and uncertainty about the nature of training that staff may require. The perceived continued unrealistic target-setting from provincial offices also did not make this situation any easier.

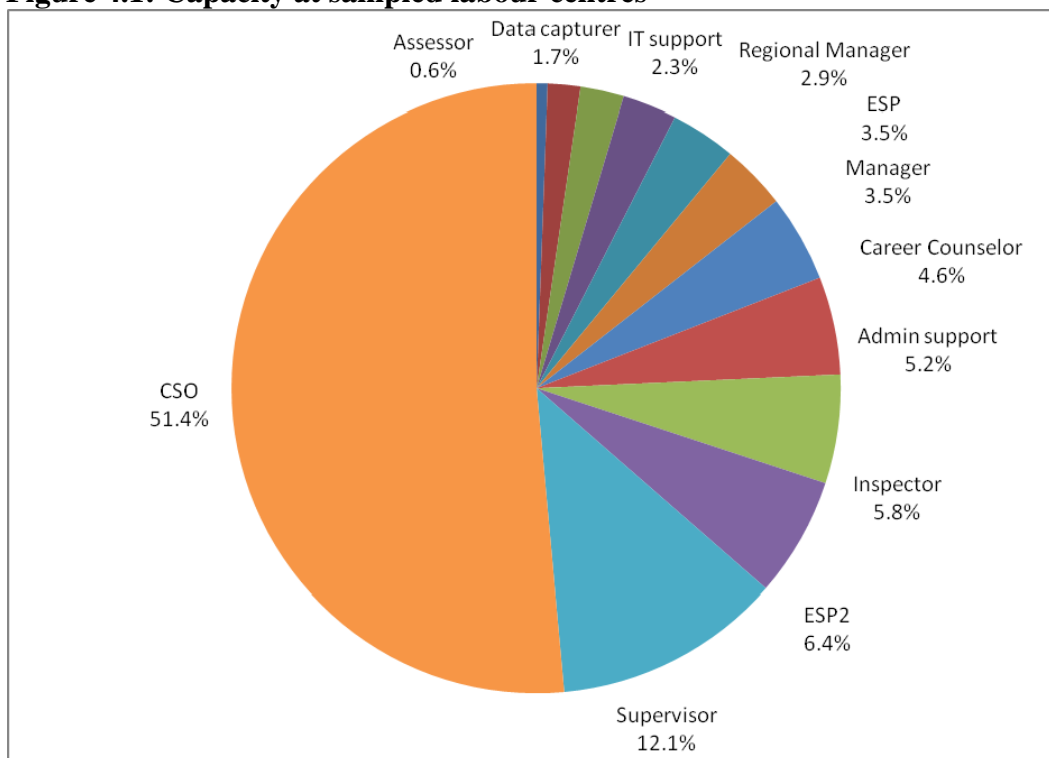
As a result, careful consideration has to be given to the coherence between legislation, policy, economic realities, day-to-day conceptual awareness of labour-market intricacies among officials and other stakeholders, and the professional conduct and understanding of officials in rendering the employment services. In the sub-sections below, these day-to-day challenges are focused on.

4.1 Staff capacity at labour centres in the sample

Labour centres employed between seven and 34 core (working on ESSA) staff, depending on the demand for their services. Figure 4.1 gives a breakdown of the different types of personnel at the selected labour centres. As expected, the majority of staff at the labour centres were CSOs or frontline officers whose responsibilities include the registration of individual work seekers. Although the figures reflect the expected pyramid shape in terms of seniority, it could be a concern that its shape is too flat and broad-based.

¹ The complexity of the matter is acknowledged. Respondent perceptions on improved service delivery are reflected here, not argument on changes to the state's view of its responsibilities to the unemployed and to work seekers.

Figure 4.1: Capacity at sampled labour centres



Source: HSRC field visits to labour centres

4.1.1 Functions of the incumbents in the various posts

Much duplication and overlap in posts exists (Appendix A). In order for staff to be motivated, productive and aware of their responsibilities, there need to be clear job descriptions which are adhered to. This is important for measuring performance, and for understanding the expectations from the labour centre, the roles of the personnel and the associated incentives. Personnel should also be made aware of their responsibilities in dealing with the elimination of backlogs. Performance indicators with targets are also not set out clearly.

Interviews at the selected labour centres revealed that, in the view of some staff, job descriptions were not properly drafted or updated and that new or newly-promoted employees did not always receive proper job descriptions. For example, new duties were created when the ESSA databases system was introduced but staff were not trained on or compensated for the additional responsibilities. The work of CSOs at the front line is not always aligned with their responsibilities and backlogs occur as a result. Officers indicated that they needed intervention from head office in terms of job profiling. One said, *'I don't know what I am doing. I attend meetings with no progress. That's not why I came here. I came here to help people and change people's lives, not for this.'*

4.1.2 Skills levels of staff at labour centres

Two-thirds of the core staff at the sampled labour centres had intermediate-level qualifications, 19,1% had high-level qualifications, 5,8% had low-level qualifications and 9,8% did not indicate their qualifications (Table 4.1). High-level skills refer to degrees and post-graduate qualifications; intermediate skills refer to matric-equivalent qualifications; and low-level skills refer to pre-matric schooling. High proportions of managers and regional managers (RMs), ESPs and all career

counsellors had high-level qualifications, while most of the other staff members had intermediate skills levels.

Table 4.1: Skills levels of staff at sampled labour centres

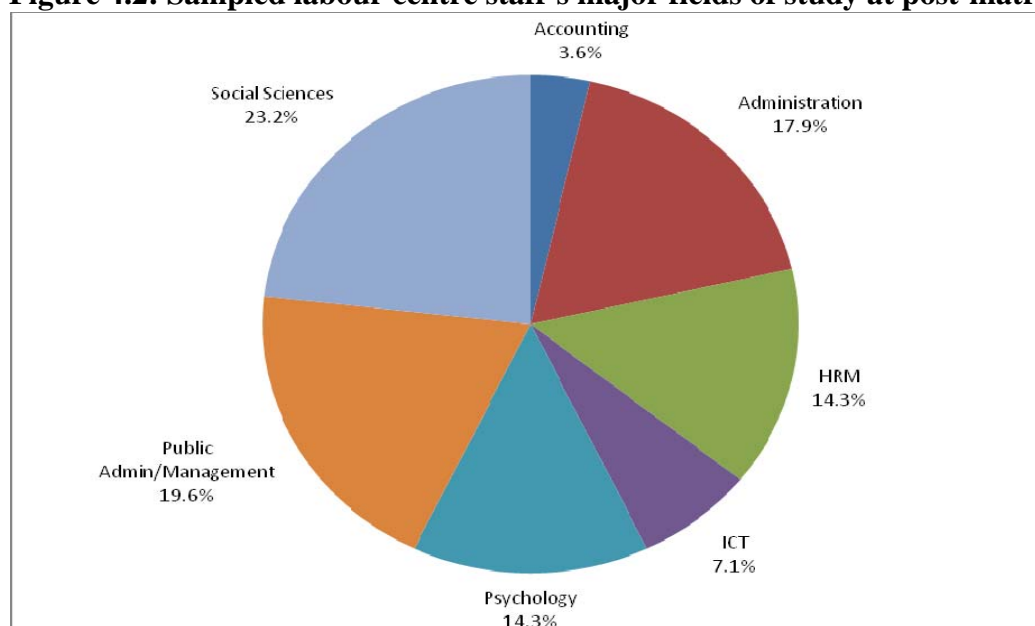
Position	Skill level				Total
	Unknown	Low	Intermediate	High	
Admin & data capturing	33,3	8,3	58,3	0,0	100
Assessor	0,0	0,0	100,0	0,0	100
Supervisor	4,8	4,8	76,2	14,3	100
Career counsellor	0,0	0,0	0,0	100,0	100
CSO	1,1	9,0	83,1	6,7	100
ESP	29,4	0,0	17,6	52,9	100
Inspector	30,0	0,0	70,0	0,0	100
IT support	50,0	0,0	50,0	0,0	100
Managers & RMs	9,1	0,0	27,3	63,6	100
Total	9,8	5,8	65,3	19,1	100

Source: HSRC field visits to labour centres

Skills levels were disaggregated by highest level of qualification to provide a clearer picture of the actual qualifications of personnel; 45,7% of core staff had matric as their highest educational qualification, 13,3% had a post-school certificate or diploma, 10,4% had a first degree, 6,7% had a national diploma, 5,8% had an honours degree, 5,8% had pre-matric level qualifications, 1,7% had a post-graduate certificate or diploma, 1,2% had a master's degree and 9,8% did not indicate their qualification levels.

Figure 4.2 shows the major fields of study for staff with a post-school qualification at the labour centres. Almost a quarter of staff with a post-school qualification obtained their qualification in the Social Sciences.

Figure 4.2: Sampled labour centre staff's major fields of study at post-matric level

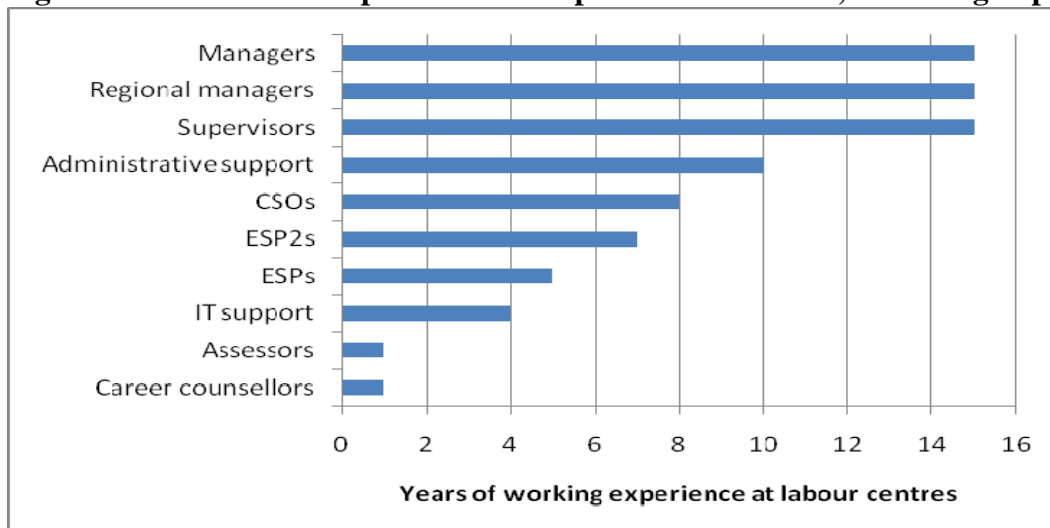


Source: HSRC field visits to labour centres

4.1.3 Work experience of staff at labour centres

The core staff had an average of seven years work experience at their current labour centres. This figure was further disaggregated. The average years of experience for each group of staff are shown in Figure 4.3. Managers at labour centres had the highest average years of work experience, while assessors and career counsellors had the lowest.

Figure 4.3: Years work experience at sampled labour centres, according to position



Source: HSRC field visits to labour centres

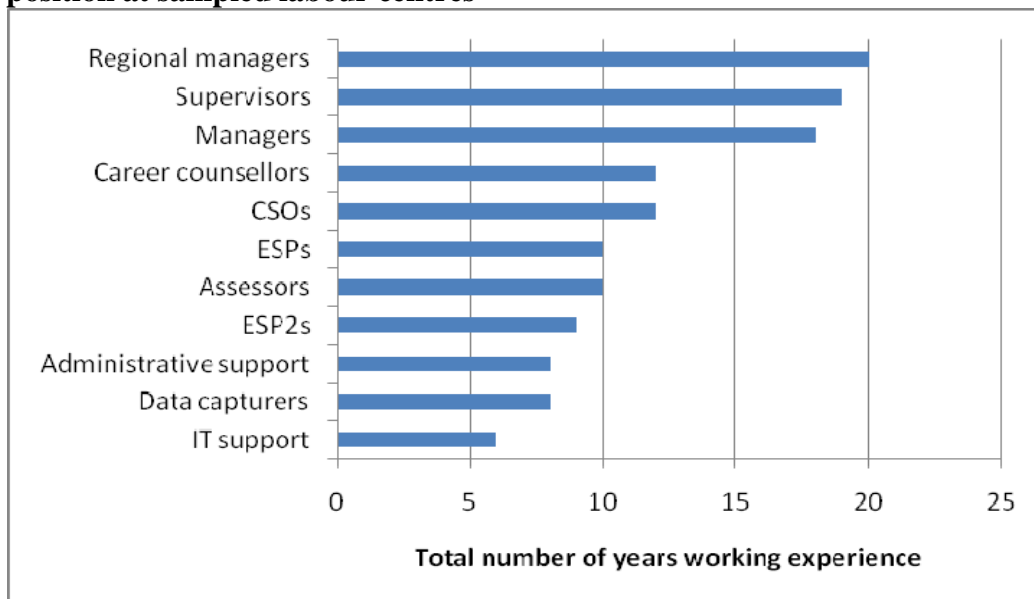
Note: Splitting ESPs into two ranks in this table confirms the greater work experience of staff in the more senior post. Combining all ESPs would give an average work experience of 6 years.

The core staff at the sampled labour centres had an average of 12 years overall working experience in various environments. This figure was further disaggregated, and the average years of experience for each personnel group are given in Figure 4.4.

RMs, supervisors, and managers had more than 15 years working experience respectively. Career counsellors and assessors have been active in the labour market for an average of 10 years and more, and have only recently joined labour centres.

Overall, the number of years' work experience of labour centre staff is quite high, but some are relatively new in employment services. This indicates the need for continued staff development.

Figure 4.4: Number of years work experience in the labour market, according to staff's position at sampled labour centres



Source: HSRC field visits to labour centres

Note: Splitting ESPs into two ranks did not, as in Figure 4.3, reveal a difference in number of years overall experience.

4.1.4 Training of labour centre staff at selected labour centres

The training reported below occurred mainly over the period 2004 to 2010². The patterns indicated below are considered fairly accurate, although the depth of some of the training may not be accurately estimated. The types of training most frequently mentioned by incumbents, grouped into their various positions at labour centres, are indicated in Table 4.2. The first column of data shows the overall position when combining all training opportunities across all staff, irrespective of rank.

The following ranked at the top of the combined list for all staff: computer skills; UIF; the ESSA databases system; client service; conflict resolution; and labour legislation. Approximately 20,0% of all other training (not indicated in Table 4.2) consisted of units or modules of training ranging from conflict management to Transport Security Administration (TSA). (A detailed list of training topics is available in Appendix B.)

Administrative support staff and data capturers received most of their training in client service; computer skills; writing skills; and labour legislation. The relatively small amount of training which they received in the ESSA databases is noteworthy.

The most frequent training elements received by career counsellors and assessors were induction/orientation of staff; counselling/guidance; the ESSA databases; and SPEEX³ psychometric software.

Supervisors received most of their training in: UIF; computer skills; the ESSA databases; labour legislation; and management skills (each above 10%).

² Some officials recorded training dating back to before 2000, while a few others' records ended at 2006 or 2007. Researchers concentrated on training since 2004.

³ JPI/PIB SpEEEx - combined Job Profiling Index, Potential Index Battery, Situation Specific Evaluation Expert system.

Table 4.2: Amounts* of training undergone per content area and per topic by staff from sampled labour centres grouped per job position, 2004-2010

Training contents	All staff	Admin. Staff / data capturers	Career Counsellors / Assessors	Supervisors	CSOs	ESPs	Inspectors	Managers
Computer skills	12,9	21,1	4,5	13,3	13,3	6,7	18,2	14,3
UIF	11,6			14,4	16,9			
ESSA databases / ESSA	11,3	5,3	13,6	12,2	10,8	33,3		
Client service	10,5	21,1	4,5	5,6	14,9	3,3		4,8
Labour legislation	8,5	10,5		12,2	9,2		9,1	4,8
Management	4,4			10,0	2,6	3,3		9,5
Public Finances								
Management Act (PFMA)	3,6			3,3	5,1			4,8
Labour relations	2,3		4,5	4,4	1,0	3,3	9,1	
Writing skill	2,3	15,8		3,3	1,0			4,8
Finances/accounting	2,1	5,3			3,6		4,8	4,8
Interview skills	2,1			4,1				
Risk management	2,1		9,0	4,4	0,5			
Conflict management				1,1	0,5		9,1	
Learnerships / skills development						3,6	9,1	
Counselling/guidance		5,3	13,6		0,5			
Induction/orientation			13,6		0,5			
Project management						10,0		
Sign language		5,3			1,0			
Recruitment/selection						6,7		
Occupational health			4,5			3,3		
Marketing		5,3				3,3		
Monitoring and Evaluation (M&E)						3,3		
Supply Chain Management (SCM)		5,3						
HIV/AIDS			4,5					
Skills development			4,5			6,7		

* Percentages in the table indicate the volume of total training per column that was indicated for the topics in each row. Column totals do not add up to 100%, as a selection was made from the most salient and relevant training instances, leaving out unknown categories, and small categories appearing only once or in very low percentages.

Source: HSRC field visits to labour centres

Training for CSOs was concentrated in the following categories: UIF; client/customer service; computer skills; the ESSA databases; and labour legislation.

ESPs received the largest proportion of their training on ESSA and the ESSA databases; and project management. Approximately 7% each of their training also covered computer skills, recruitment and selection, and skills development.

Inspectors mainly received training in computer skills; conflict management; labour legislation; labour relations; and learnerships.

The highest proportions of training for managers and RMs were in computer skills; management skills; and risk management.

A feature that stands out is the challenge to increase the proportion of ESSA databases-linked training for many practitioners and categories of officials, as that system is the central tool for ESSAs' work. Only 5,3% of the training received by administrative support staff and data capturers was on the ESSA databases, 13,6% for career counsellors and assessors, 12,2 % for supervisors, 10,3% for CSOs, and 33,3% for ESPs. ESPs were required to train CSOs on the latest versions and materials related to the ESSA databases.

4.1.4.1 Length of training

Staff members at the sampled labour centres received on average seven days of training during the 2004 to 2010 period. A quarter of the staff did not receive any training during this period. Two-thirds received one to seven days of training, 3,9% 10 to 60 days of training, and 3,6% around 120 days of training over the period.

4.1.4.2 Training providers

There was no comprehensive database of training service providers. This is likely to be because much training of labour centre officers is done in-house. For almost half of the training received, no service providers were indicated on the system. About 15% of those that indicated a training provider obtained training at the DoL. Just more than 13% indicated that they had received training both internally and externally, but did not indicate the details of the external training providers. Just more than 3% received training from the South African Management Development Institute (SAMDI), the predecessor of the Public Administration Leadership and Management Academy (PALAMA), from which just less than 2% received training. The training received from the various other external training providers (see Appendix C) was less than 2% in each case.

A key challenge is to expose more people to more and relevant training.

4.1.4.3 Effectiveness of training

The lack of training was regarded by respondents themselves as the main reason why many labour centre officials responsible for capturing ESSA databases forms did not know how to apply OFO categories during the registration and matching processes. Provincial offices need to organise proper training to improve the capturing of information. This includes the capturing of skills to improve the statistics on matching and placements; capturing of occupations according to the OFO; capturing of opportunities with opening and closing dates; proper capturing of qualifications; regular saving of captured information, etc. These are all crucial for matching.

Training and assistance are provided by provincial coordinators in certain provinces, and a training manual on OFOs is available. This however does not alleviate the problem for labour centre officials. Improving the marketing skills of ESPs is considered paramount and although this is supposed to be organised by the provincial office, it does not happen regularly.

Training needs to be prioritised and has been neglected because of cost-saving measures. The general challenge seems to be the absence of an integrated training strategy, including prioritisation and its systematic implementation.

4.1.5 Staff resources for IT-based ESSA databases work in particular

This sub-section discusses the human resources responsible for capturing ESSA databases forms in labour centres and for conducting data analysis in the provincial offices.

4.1.5.1 Data capturing and data analysis

CSOs or front-desk officials are responsible for providing all DoL services at front desks, including registration of ESSA databases forms in labour centres, satellite offices and visiting points. A common complaint from RMs is that CSOs are over-worked since they provide all DoL services. This problem is exacerbated by the influx of applicants and the slowness⁴ of the ESSA databases system.

Sixty percent of the labour centres did not regard their staff resources as adequate to properly perform their ESSA functions. In order to ensure the quality and correctness of ESSA services, additional CSOs and ESSA administrative clerks are required for ESSA databases registration, and Recruitment Services Supervisors (RSSs) to oversee the front-desk services.

Not all labour centres considered CSOs to require specific qualifications for their respective responsibilities, while others felt it was necessary that applicants have at least a Grade 12 certificate, with optional experience or computer literacy. Respondents at many labour centres were positive about providing in-house IT training subsequent to the CSO's appointment and thought that this has advantages: *'it works well and the CSOs catch up quick.'* Ninety percent of the labour centres were satisfied with the manner in which CSOs perform their tasks. Eighty percent of the labour centres commented that additional training was required. Where additional training was required, it was/would be provided in-house by the DoL (80%) and included training on the ESSA databases, speed typing, client care and report writing.

4.1.5.2 Data analysts at provincial offices

This sub-section contains a discussion of the data analysis functions within provincial offices and the officials responsible for them. The section first defines data analysis and there is then a discussion of the responsibilities of the data analysis function in provincial offices. The LMIS unit in provincial offices is responsible for compiling provincial ESSA reports which include statistics obtained from the labour centres. For the statistical section of a report to be compiled, the data need to be ordered and organised so that useful information can be extracted from it.

⁴ In this chapter, depending on the context, "slowness" refers to any or all of the following: lengthy processing times for matching job seekers in general, often because of insufficient staff numbers and capacity; the time it takes (overnight) to run searches to match work seekers and job opportunities; and limited processing speed when using old computers.

Data collection is the systematic recording of information; data analysis involves working to uncover patterns and trends in data sets; and data interpretation involves explaining those patterns and trends. Analysis of data is a process of inspecting, cleaning, transforming and modelling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains.

It was initially thought that data analysis could be easily done at provincial level as provinces had access to data from the ESSA databases and have qualified personnel to extract what is needed from the system for conducting analysis by creating frequencies or cross-tabulations. However, it is not possible to access the ESSA databases and to draw down raw data at the provincial level for analysis, interpretation and reporting.⁵ The data analysis at the provincial level is based on aggregating totals from the labour centre reports to populate the provincial reports.

It became clear from the interviews conducted with LMIS managers that the majority of provincial officials do not have data analysis qualifications. Posts are filled on a temporary basis by various incumbents. This staff arrangement mainly comprised making someone at an Assistant Director level, or Assistant Directors with Social Science training, or Siemens officials/consultants responsible for the collection and cleaning of data, preliminary analysis, and compiling of reports. In other cases, no data analysis is done or the data analysis is carried out at the labour centres while verification is done at the provincial level.

Qualifications of data analysts

Judging from the interviews conducted at provincial offices, it is unclear what is meant by a data analyst and what specific qualifications they require for this position. Computer literacy was considered in one province to be sufficient, and where staff received training the respondents could not specify the type of training received. In one of the provincial offices, the respondent confirmed that data analysts required a statistical and/or economics-related formal qualification.

The majority of LMIS managers interviewed felt that the data analysts or officials who conduct data analysis on a temporary basis performed their tasks adequately. Without a proper job description about exactly what data analysts are supposed to do and how their performance against their tasks can be verified, it is difficult to interpret the responses to this question.

The majority of LMIS representatives did not consider it necessary for “data analysts” to receive additional training. As mentioned above, the provincial personnel responsible for data analysis are neither statisticians nor data analysts. Where training was done, it was carried out in-house by Siemens consultants. Fifty percent of the respondents who answered this question mentioned that training was done both in-house and by private service providers.

⁵ An ESSA resource person explained that data are not yet reliable or complete because of ongoing evaluation of the ESSA reporting system, data cleaning and user-acceptance testing on snapshots of ESSA production data.

The next section describes challenges related to facilities, infrastructure, IT systems and capacity at labour centres.

4.2 Facilities, infrastructure and IT capacity and systems

The majority of labour centres considered the number of computers as adequate, and in most cases all staff had access to computers. However, IT hardware, and specifically computers, was considered out-of-date, slow, and did not complement the sophisticated software programmes such as the ESSA databases and those used for UI. A few labour centres reported having insufficient numbers of computers, leading to conflict over resources. Other concerns were the lack of printers, and the problem with IT support and service providers.

The following related matters were raised as challenges regarding computer capacity for performing tasks concerning the ESSA databases:

- There were enough computers or work stations but the labour centre did not have sufficient space.
- There were enough computers or work stations for the workflow but better division of tasks among the CSOs could improve productivity.
- The computers of the RSS, ESP and RM were all used to do front-office work, and back-office machines were required for assisting with ESSA databases capturing.

Computers were used for various activities including UI applications, ESSA databases registrations, complaints, enquiries, payments, administration, and the elimination of backlogs. CSOs were mainly responsible for the services mentioned, but other officers such as ESPs, career counsellors and inspectors used computers for their respective responsibilities. ESPs were occasionally required to assist with the elimination of backlogs and the capturing of employment opportunities. These circumstances resulted in very fluid, if not erratic, situations with considerable challenges for predictability and order.

The shortage of personnel to assist with ESSA databases registration was regarded as a major future challenge by many labour centres. Even though the number of computers currently available in most labour centres was considered sufficient for the number of CSOs and other staff, a possible increase in staff allocation will create a demand for additional computers. The age and internal capacity of computers was also an issue.

Security at some labour centres was regarded as problematic. The location of labour centres further exacerbated security issues resulting in the theft of computers. Alarm systems did not always function and not all security guards had shelter, which should be provided by the landlord. Government equipment was not insured. In the case of theft, it was a tedious process to replace equipment because of the complex bureaucracy.

Limited space severely impacted the ability of labour centres to provide the required services to the public. The majority of sampled labour centres experienced overcrowding, lacked facilities for the disabled and had small, cramped waiting rooms making it impractical to split UIF and ESSA databases clients. There is a widely felt need for resource centres, separate counselling rooms and

training venues. Board rooms are used for training sessions as well as Commission for Conciliation, Mediation and Arbitration (CCMA) meetings at some of the centres, and this has an impact on the security of work seekers, on valuables and on work processes in general.

In a limited number of cases, where renovations had been done to current labour centre facilities, the work space was still not sufficient. The renovation process was an inconvenience and the disadvantage was that the labour centre would continue to be housed there for the foreseeable future. Improving building infrastructure was a frustrating process because of ownership. Many of the buildings housing labour centres were not owned by the DoL. Labour centres were dependent on the owners of these buildings to initiate renovations.

4.2.1 Organisation of work flows at labour centres

The flow of work differs at the various labour centres, posing unique sets of challenges.

- Most of the sampled labour centres were very busy, while some were quiet, depending on the time of day and, in some areas, on the season of the year.
- Labour centres in bigger urban areas were busy during all office hours every day of the week. The reasons were the higher unemployment rate in urban areas and the long distances between labour centres.
- Security guards placed at the entrance request visitors to complete a registration form stating their names, ID numbers, contact details, and reason for visiting the centre, and finally direct visitors to the relevant officers.
- The allocation of human resources differed. Half of the CSO cubicles in some labour centres were staffed while in others the front desks were occupied all the time.
- The majority of centres allocate functions to staff. These include staff assisting at the helpdesk, making payouts related to UI, rendering assistance to clients, capturing information on the system, and checking job opportunities or forwarding CVs.
- About 30% of work seekers interviewed indicated that service rendering at labour centres was too slow, because there were not enough officers to assist the people. Some work seekers had been to the labour centres up to three times without receiving any help.
- In many of the labour centres where the work flow was observed, the assistance provided to visitors were very quick, specifically UI applicants. Bona fide work seekers were usually in the minority and were assisted by a dedicated ESSA databases CSO.
- Long queues forming outside labour centres were the result of too little space, the high demand for services in specific areas, and poor planning.
- Among the responding labour centres, around 30% had satellite offices, while others had visiting points. Satellite offices were open once a month, once every two weeks, once a week, twice a week, or everyday depending on individual location, demand and staff capacity. The number of officers at satellite offices varied from one CSO at less busy sites up to six CSOs at some of the very busy areas.

4.2.2 Provision of self-help material

About 80% of the sampled labour centres indicated that they provided self-help material to give work seekers the opportunity to find out about various options⁶. Self-help material provided at the labour centres includes the following:

- Work opportunities downloaded from the ESSA databases, the Internet or university websites distributed among potential students and/or work-seekers
- Various brochures provided by FET and tertiary institutions
- ESSA-compiled material provided by provincial offices, such as career brochures, job-hunting guidelines, brochures on maternity, and how to prepare a CV
- Information on life skills
- Questionnaires regarding fields of interest
- Information about obtaining financial aid
- Brochures on the National Skills Fund, Health and Safety, recognition of prior learning (RPL), UI registration and obligations, sectoral determination on farm workers, retrenchment and support to families, register of complaints and compliments, suggestions, and stationery (not usually returned)
- Wall posters depicting the compensation process flow, service charter, and Batho Pele principles.

Career guides were usually made available at workshops or to individuals who had appointments with the career counsellor. Workshops on small business creation and cooperatives were also provided at most labour centres. A few labour centres had job vacancy advertisements placed on notice boards. Labour centres do not have a budget to purchase newspapers and refer work seekers to libraries for this purpose. Where newspapers are available, these are bought by career counsellors. Most labour centres did not have resource centres, but indicated plans to establish them.

In general, labour centres appeared to succeed, within the means and capacity at their disposal, in rendering reasonable levels of information service and providing relevant materials. However, a perpetual challenge remains to access better, more and recent information, and to organise its distribution in the most systematic way possible.

4.2.3 The data-quality perspective

Data start out as attributes of the real world. They are extracted through some form of measurement; recorded either on paper or in a computer system; or stored in human memory prior to recording. The process of recording data may require coding, applying medical terminology, or other error-prone transformations. The data are collected, aggregated, stored, and manipulated by various

⁶ Work seekers were not directly asked about the value of such materials to them. Their responses to general questions about their ESSA experience and their expectations about it, also did not produce specific information on this topic.

systems. Finally, the data are extracted and turned into information in some form of *report or statistic*. Quality, or the lack thereof, results from the overall performance of these processes.

As independently stated by Chrisman (1991) and Strong, Yang and Wang (1997), data quality is related to use and cannot be assessed independently of the user. In a database, the data have no actual quality or value (Dalcin, 2004); they only have potential value that is realised only when someone uses the data to do something useful. Redman (2001) suggested that for data to be fit for use they must be accessible, accurate, timely, complete, consistent with other sources, relevant, comprehensive, provide a proper level of detail, and be easy to read and interpret.

Data are of high quality “if they are fit for their intended uses in operations, decision making and planning” (Juran, 1964). In general, data may be of poor quality because they do not reflect real conditions or because they are not easily used and understood by the data user. Even accurate data, if not interpretable and accessible by the user, are of little value.

The concern here is that data must be available when needed, as in the case of the ESSA databases. Unfortunately, for some sources, such as UI applicants registering on the ESSA databases with incomplete information, there may be little control over data quality.

Labour centres were requested to rate their respective centres’ data. The responses are thus subjective because they refer to the labour centres’ own opinion of the quality of their data. The respondents’ ratings included the following: “*Good*”; “*ESSA: 60%*” and “*Manual forms: 50%*”; “*At least 60% of it is considered complete and correct*”; “*60% reliable*”; “*Good: system has lots of checks and balances, and internal requirements that do not allow information gap especially where dates are concerned*”; “*It’s good, ... we try to ensure verifiable statistics ... the auditors want files for every individual ... room for improvement*”; “*So-so*”; “*OK*”; “*Poor*”. It is noteworthy that some respondents were self-critical and acknowledged that problems of quality existed.

How did labour centres identify, analyse, and resolve information or data quality problems? The RSSs normally take a sample of captured ESSA databases forms and compare it to the information on the ESSA databases. If any discrepancies are detected, the CSO is required to correct the information on the system. In most labour centres, the RSSs or ESPs were responsible for compiling reports which were signed off by the RM. Work volumes among juniors, supervisors and RSSs were controlled against their respective activities. Once the reports were checked at the provincial level, the LMIS units submit feedback to all labour centres. This can consist of querying of information or statistics where it is considered vague and requires additional explanation or clarification of trends or anomalies.

The challenges were discussed during interview sessions by labour centre officials; if these are not remedied, they will continue to have a considerable negative impact on the quality of data in the ESSA databases. The ESSA databases’ data challenges are briefly summarised below under the following sub-headings: system problems, human resources, matching, completion of forms, reporting, and online access.

4.2.3.1 System problems

- The drop-down windows close during the selection process
- Slowness of the system and freezing of the screen
- Inability to save information properly and regularly
- The page expires. This happens if an official ‘takes too long’ to capture an ESSA databases form
- The system jumps back to the ‘home page’ automatically; or the system forces the capturer to return to the ‘home page’
- The system is offline on numerous occasions.

The slow processing speed, frequent disconnection from the servers (offline), power outages, and the system’s inability to save regularly affected service delivery. One labour centre considered three out of five days as productive. The capturing of CVs was considered a draining process because of the problems listed above, which was further exacerbated by not receiving the required information.

4.2.3.2 Human resources

- Human resources need to increase; CSOs in particular were expected to perform additional responsibilities.
- ESPs were considered under-employed. They considered the capturing of opportunities as menial work not concomitant with their qualifications. They required training on canvassing and marketing the ESSA databases, including how recruitment and selection processes work, thus expanding their former expertise in the social development arena.
- The capacity of officials and high staff turnover were major challenges; the high mobility of staff in labour centres necessitated the continuous training of new staff.

4.2.3.3 Matching

- While many labour centres were positive that they captured data in time for applicants to be considered for potential job opportunities, they made it clear that they could only provide what was available on the system.
- Expectations of work seekers are immediate. The impression is that registering on the ESSA databases will ensure them immediate employment and that submitting information is a formality because employment is already available.
- The links already created on the ESSA databases and automatically applied when the employer’s criteria are entered are not considered very reliable.
- A company has to be registered with Siyaya⁷ otherwise the opportunity cannot be captured on the ESSA databases.
- Manual selection of candidates has to be done, since the ESSA databases cannot properly match and select candidates for vacancies.
- Lack of proper training.

⁷ The IT system underpinning processing of UI actions, with linkages also to Home Affairs databases.

4.2.3.4 Completion of forms

- The ESSA databases' work-seeker form is too detailed and difficult to understand and not user-friendly.
- Many incorrect and incomplete forms are received from work seekers.
- If the identity number is incorrect, the work seeker cannot be captured on the ESSA databases until the correct information has been obtained. Although this is considered a challenge by some officials, it can in fact be seen as a good measure which prevents incorrect information from being captured.

4.2.3.5 Reporting

- The system needs to be equipped to generate statistics and reports.
- A common complaint from ESPs is that they cannot provide employer statistics if requested. They are also not sure when or if this functionality will be added to the system although provincial offices and head office have been aware of this problem for some time.⁸

4.2.3.6 Challenges to online access

The majority of respondents at labour centres were in favour of providing clients with online access to the ESSA databases but realised that there were major challenges to be addressed before this becomes a reality. The following challenges were identified.

- The ESSA databases website is not utilised or functional at the moment. This is an embarrassing reality for many ESPs who have been berated by employers who have attempted to access the ESSA databases website online but were unsuccessful.
- Security: while online registration of individuals could assist with eliminating backlogs, guaranteeing security of personal information could be a challenge. How easy or difficult will it be for employers or others to access the DoL database? What information will be made available to potential employers? Will they be able to see specific reports or statistics? What about confidential information of job seekers?
- Computer literacy: if clients are not computer literate, officers will have to assist clients step-by-step anyway. Officials anticipated that work seekers' limited knowledge of sectors, Sectoral Education and Training Authorities (SETAs) and qualifications, for instance, would further compromise data integrity and make job matching impossible, as is alluded to in Section 3.6.5.
- Incorrect information: how honest will people be and to what extent will it be possible to trust the information that they enter? Controls will be required to make sure that information is correct and to exclude incorrect information or at least have it verified. The system will have to be linked to the South African Qualifications Authority (SAQA), DHET, Home Affairs, etc., in order to verify information.
- Reporting: placement reports would be a concern. Currently, ESPs have methods of controlling the matching of applicants with relevant employment opportunities. It is difficult to know if this would work with an online registration of individuals and opportunities. Will labour centres

⁸ At the time of going to print it was reported that drill-down reporting tools (for the so-called BW reporting system) had been tested and found to be functional, although were not linked to the complete ESSA production data yet.

receive reports on placement of candidates? Proper record keeping with regard to referrals should be considered and programmed into the system.

- Work load of officials: officials were concerned that they might become obsolete and hence unemployed when the ESSA databases goes online.

Constraints reported in various Quarterly Provincial Office reports (Quarter 4) as reasons for non- or under-achievement were:

- The ESSA databases are not effective at registration and matching (Limpopo).
- The system does not function properly (Northern Cape).
- The major constraint is the fact that the ESSA databases programme has not yet been launched by the Minister, thus making it difficult to obtain a budget. The ESSA databases system was supposed to be a self-help programme, but employers cannot access the system in order to upload their own opportunities. Employers are currently not obliged to register vacancies (Western Cape).
- Employers do not forward the relevant information in order to capture the employer and attach the opportunity to that specific employer. Action taken: new template designed for employers to register relevant details as required by the ESSA databases and distributed to labour centres for implementation (Western Cape).
- Electronic matching of individuals on the ESSA databases was not working and was done manually during the reporting period. Action taken: Service provider has rectified the function of electronic matching.

Suggestions by respondents

The suggestions provided below were extracted from the interviews conducted at labour centres and provincial offices, and give a useful picture of the challenges requiring attention.

System

The most important function of the ESSA databases, according to respondents, is to assist people to find jobs. Currently, however, it is not efficient enough and does not contribute towards improved recruitment and selection services. Siemens needs to improve the ESSA databases; the system needs to speed up; data cleaning is required; designated people for the ESSA databases need to be appointed; capacity needs to be improved; and staff need better training. Other suggestions included:

- The ESSA databases have to be made more user-friendly. In order to capture forms faster, certain features had to be changed such as the scrolling feature which was considered time consuming when capturing.
- It is crucial to put in place a process that verifies qualifications, work experience, driver's licenses, etc. of work seekers.
- Fraudulent behaviour needs to be curbed to safeguard the integrity of labour centres. Placing pressure on labour centres to reach registration targets, accepting documents without verification, or favouring individual work seekers through manual placement pose such a risk.
- Resource centres need to be put in place at all labour centres and be fitted with computers, books and other resources in order for clients to help themselves and do searches on the Internet.

- Data gaps have to be addressed: locality; government departments; fields not assigned properly.
- Many placements reflect on the system as not being captured. In such cases, the organisational type, opportunity title, equity and gender are reflected as not assigned.
- Laptops should be fitted with 3G to enable the capturing of forms onto the system in satellite offices and visiting points. However, many of the mobile/satellite offices service applicants in deep rural areas where mobile reception is very low or non-existent.

Human resources / personnel performance

The performance of current staff cannot be measured against the functioning or output of the system, as targets that are not met is a result of the poor system and not necessarily underperformance by staff. The opinion of many labour centre personnel is that there needs to be different divisions for UI, IES and ESSA with specific functions in each of these units. Officers should be appointed according to their areas of interest; this could result in a more positive attitude towards the work. Negativity among officials inevitably affects the quality of service delivery (as indicated in Section 3.6.2, for instance). The following additional suggestions relating to the alleviation of ESSA databases backlogs were made:

- One dedicated CSO per labour centre should capture ESSA databases forms with others assisting when they have time. (Note: current performance agreements require performing all functions.)
- Overtime should be considered as a measure to alleviate the backlog.
- Provincial backlogs could be distributed among all labour centres.
- Provincial offices should assist with the alleviation of backlogs if they have the capacity.
- A proper and user-friendly interface with other systems such as Siyaya should be established.
- UI should provide funds for data capturers until the backlog has been eliminated.

Mismatch of staff and job functions

- The migration of skills development from the DoL to the DHET has created a dilemma within the labour centres. The opinion of staff was that skills development had positive results while ESSA is not benefitting work seekers. As one of the ESPs put it:

With skills development you would wake up and know you would train people who will get certificates and you have changed someone's life ... now you wake up, capture forms, but it is so long until there is any work for them.

- There is currently a mismatch between functions and job descriptions and the DoL needs to address this in order to improve productivity and functionality. Highly qualified ESPs are currently under-employed. They are tasked with capturing job opportunities while previously they were involved with skills development, which they considered to be fulfilling to them and the work seeker. (As suggested at 4.2.3.2, this may also signify a training need.)

Utilisation of the ESSA databases

Employers should be encouraged to make use of the ESSA databases in order to provide more opportunities to the unemployed. Even some government departments do not make use of the ESSA databases but advertise through newspapers; however, it is expected of the private sector that they will make use of the ESSA databases. For the interviews, it was more difficult to get hold of government employers than employers in the private sector, with some government employers not

co-operating with the study. The following suggestions were made by labour centre personnel to create an increased utilisation of the system by potential employers:

- Provide a budget to organise employer briefing sessions.
- The trust of employers is required before more will make use of the system.
- Employers advertise opportunities weekly; the ESSA databases have to improve in terms of reliability when matching and to be responsive to the employer.
- Government departments should lead by example by registering opportunities. It is premature to invite the private sector to use the system before government has proof of successful matching and placements.

No feasibility study was done before the new system was implemented, and it is recommended that a proper follow-up of the system's functioning is done. The belief of some officials is that the system has not been adapted properly for South African circumstances and its labour market.

Reporting tool

The absence of a reporting tool is a problem. If officials had access to statistics, they could provide detailed information to employers. The following recommendations confirm the concern from labour centre officials and provincial officers regarding the lack of ESSA databases-generated reports and statistics. Recommendations in Labour Market Bulletins cover the following (also see 4.2.3.5 again):

- It is recommended that DoL employ statistics personnel, solely to assist with data collection at labour centre level so as to reduce inconsistency and provide first-hand statistical figures for consolidation (Eastern Cape: DoL, 2010:31).
- On introduction of the new Integrated Client Databases (ICD) system, DoL must provide LMIS statistics personnel direct (read only) access to this system for statistical interrogations. This will help to capture relevant and reliable labour centre statistics with fewer errors and delays (Eastern Cape: DoL, 2010:31).
- It is recommended that data about jobs captured from newspapers during the JOI exercise be captured on the ESSA databases in order to increase the value to this exercise (Limpopo: DoL, 2010:18). In order to do this, it will be necessary to have discussions with PES at Head Office to determine if the ESSA databases can cater for the limited amount of information available from the advertisements. The ESSA databases have compulsory fields where information is to be captured and this might be a stumbling block if there is not enough relevant detail in the advertisement data.

Conclusions on the impact of data-quality issues on ESSA databases implementation

A major impediment to the use of data is the concern of potential users about the quality of data available to them. Potential users need to be assured that the quality of the data is reasonably accurate. Low data quality in the ESSA databases, where it exists, can be attributed to recording and reporting problems at labour centres. Issues of data quality need to be combined with considerations of data flow, since problems in flow are often the source of the quality problems. More intensive studies of data flows need to be undertaken to identify the types of problems related to collection and transmission of data from the labour centre to head office, and the flow of summaries from head office to provincial offices and labour centres.

The quality of data collection at the local level leaves much room for improvement. Also, the higher the level of local use of data, the higher the quality generated for general system purposes. The speed and completeness of data collection should not be confused with accuracy, and it is important to avoid the widespread myth that once data is in the computer it is accurate. Garbage in, garbage out (GIGA) was one of the first maxims about computer data in the early years.

Suggested strategies for improving data collection include:

- Information should be fed back to the producer in a useful form.
- Encourage openness and transparency: overcome fear by disseminating data gradually.
- Use existing data sources as much as possible, for example, databases from StatsSA to supplement ESSA databases data.
- Reduce the opportunity (time) costs of producing data, especially at the local level. Resistance grows as “professional time” is diminished.
- Make aggressive, early efforts to avoid duplication.

Establishing positions for data-quality managers will greatly facilitate data-quality improvement, but only if the managers are utilised appropriately. A data-quality manager’s job should not be to try to "inspect quality into the data." The traditional approach was to find a mistake, find the person who made the mistake, and reprimand or retrain that person. This strategy of treating the immediate cause has widely proven ineffective. Instead, a strategy should be implemented that identifies the process that is not producing adequate quality, builds a team tasked with improving the process, and applies process engineering to bring it back under control. For this to be effective, the data-quality manager must be seen as a facilitator, not an adversary.

4.2.4 Organising Framework of Occupations (OFO)

In this section, the use of occupational categories in the ESSA databases is discussed, particularly the system used to identify occupation categories according to the OFO, the alignment of vacancies with occupational categories, matching vacancies to occupational categories, and the effectiveness of the system. It also highlights the challenges labour centres face when dealing with occupational categories. Because of the critical role played by the OFO, relevant key features of it are introduced in some detail first.

Employment centres use the OFO to classify previous job experience of work seekers registering with them. Identified work opportunities (vacancies registered by employers or published in local newspapers) are also captured on the ESSA databases using the OFO.

SETAs are expected to assist workers and the unemployed to enter and complete programmes leading to basic- (entry-), intermediate- and high-level scarce skills. In researching, developing and submitting their Sector Skills Plans, SETAs also use the OFO in identifying scarce and critical skills and setting skills-development targets (Erasmus & Breier, 2009:22). The aim is that the OFO will be used across the public and private sector, and that by March 2011, “OFO language is used for SETA strategic and project planning” (DHET, 2010b, p.89).

The DoL, with the assistance of the GTZ, introduced the OFO in February 2005 to align all skills-development activities in South Africa (National Occupational Pathways Framework (NOPF), 2011). The framework is based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO), developed by the Australian Bureau of Statistics (ABS) and Statistics New Zealand. The ANZSCO is based on the International Standard Classification of Occupations (ISCO), one of the main international classifications for which the ILO is responsible.

Inputs from stakeholders in South Africa were used to adapt the ANZSCO and its content to the South African context. The OFO is updated on an annual basis. Version 10 is due to be released by March 2011. The responsibility for this now lies with DHET. Established in 2010, the scope of the new DHET covers all public and private higher education institutions, colleges and the skills development sectors, which include the SETAs, the National Skills Authority (NSA) and the National Skills Fund (NSF).

The OFO provides an integrated framework for storing, organising and reporting occupation-related information not only for statistical but also for client-oriented applications, such as identifying and listing scarce and critical skills, matching job seekers to job vacancies, providing career information and registering learnerships (NOPF, 2011).

The occupation-related information is generated by describing each occupation in terms of a comprehensive competence profile which is generated by Committees of Expert Practice. The competence profiles are also used to inform organisations' job and post profiles; this simplifies, *inter alia*, conducting skills audits and performance reviews. The structure of the OFO also guides the creation of career-path frameworks and related learning paths.

The NOPF is a management tool for the clustering of occupations to ensure that duplication and overlaps are reduced and that progression and articulation of qualifications and learning programmes become clear. It provides guidance for the development of occupational qualifications and curricula to address industry needs (DoL, 2008a:4). The NOPF also facilitates RPL and the fast-tracking of skills-development initiatives. All occupations are included in one of the occupational clusters (DoL, 2008b:11).

The NOPF has been designed to act as a framework for labour market actors to manage their qualification development and assessment process in line with labour-market needs. Recent amendments to the NQF and to the SDA provide for the establishment of a National Artisan Moderating Body (NAMB), reforms in trade testing, and a Quality Council for Trades and Occupations (QCTO), to quality assure qualifications for trades, as well as for learning in and for the workplace (DHET, 2010a:28). The QCTO was launched by the Minister of Higher Education on 23 February 2010 (DHET, 2010b:1) and will be fully operational by 31 March 2011, while the NAMB will be established by April 2011 (DHET, 2010a:55,57).

The QCTO will bring the needs of industry closer to the education and training system, so as to meet the aspirations of the youth and adults, while ensuring that education, training and skills development initiatives respond adequately to South Africa's social and economic needs (DHET, 2010a:28). It will ensure qualifications that are not only linked to labour market needs, but are also linked to, and build on, qualifications from other institutions.

The Skills Development Amendment Act, 2008 (Act No. 37 of 2008) defines an 'occupational qualification' as a qualification associated with a trade, occupation or profession resulting from work-based learning and consisting of knowledge unit standards, practical unit standards and work-experience unit standards.

An occupational qualification represents the achievement of a planned combination of learning outcomes which is intended to provide qualifying learners with the applied competence to practice an occupation, to perform occupationally-related skills sets and to provide a basis for further learning (DoL, 2008b:1). A criterion for the registration of an occupational qualification with SAQA is that the qualification must be linked to an occupation on the OFO.

The OFO is a skills-based coded classification system, which encompasses all occupations in the South African context (NOPF, 2011). The classification of occupations is based on a combination of skill level and skill specialisation, which makes it easy to locate a specific occupation within the framework. The occupations identified in the OFO represent a category that could encompass a number of jobs or specialisations, e.g. a set of jobs or specialisations whose main tasks are characterised by such a high degree of similarity that they can be grouped together for the purposes of the classification.

The OFO is constructed from the bottom-up by:

- analysing jobs and identifying similarities in terms of tasks and skills
- categorising similar jobs into occupations
- classifying occupations into occupational groups at increasing levels of generality.

It is important to note that a job and occupation are not the same:

- 'Job' is defined as a set of roles and tasks designed to be performed by one individual for an employer (including self-employment) in return for payment or profit.
- 'Occupation' is seen as a set of jobs or specialisations whose main tasks are characterised by such a high degree of similarity that they can be grouped together for the purposes of the classification.

4.2.4.1 The structure of the OFO

Within the current OFO (Version 9), there are eight Major Groups, 43 Sub-Major Groups, 108 Minor Groups, 408 Unit Groups, and 1171 Occupations.

- Major Groups (1 digit): 1: Managers; 2: Professionals; 3: Technicians and Trades Workers; 4: Community and Personal Service Workers; 5: Clerical and Administrative Workers; 6: Sales Workers; 7: Machinery Operators and Drivers; and 8: Elementary Workers.
- Sub-Major Groups (2 digits): each Major Group is divided into Sub-Major Groups. A broad description is provided of what is expected of people working in this group and occupations that can be classified under this group are listed.

- Minor Groups (3 digits): Sub-Major Groups are divided into Minor Groups. A broad descriptor and tasks that are applicable to occupations in the Minor Groups are listed.
- Unit Groups (4 digits): Minor Groups are divided into Unit Groups. A broad descriptor and tasks that are applicable to occupations in the Unit Groups are listed.
- Unit Groups are divided into Occupations (6 digits).

The starting point for developing and understanding the OFO is the identification of similar tasks. These “tasks” are embedded in “job descriptions” and not in job titles (Mining Qualifications Authority (MQA), 2010:12). An individual occupation on the OFO is identified by finding its appropriate code through an examination of:

- its descriptor
- where it appears in the OFO (Unit Group, Minor, Sub-Major and Major groups)
- tasks which are described at Unit Group level
- alternate titles and specialisations linked to it.

The National Occupational Pathway Framework provides a search facility on its website (<http://www.nopf.co.za>). Finding the appropriate occupation on the OFO begins with finding the appropriate set of tasks linked to the description of the occupation, not similarity with the title.

A two-pronged approach can be followed when conducting searches on the OFO. For example, if a search has to be performed to find the occupational code and title for a “Domestic Worker”, the operator could either: (1) enter the relevant Major Group and “drill down” to Sub-Major or Minor Groups till a related descriptor or set of tasks is found; or (2) use keyword searches to find the related occupation.

Using the first option, the informed operator will know that Domestic Workers can be classified under “Elementary Workers”. By clicking this button, the user is directed to a descriptor and tasks of Major Group 8 Elementary Workers. A list of Sub-Major Groups is also provided (81 for Cleaners; 82 for Construction and Mining Workers; 83 for Factory Process Workers; 84 for Farm, Forestry and Garden Workers; 85 for Food Preparation Assistants; and 89 for Other Elementary Workers). The user can then by means of elimination choose to click on 81 for Cleaners, to be directed to a descriptor, tasks and the list of occupations at the Minor Group level. Relevant occupations could include 8113 for Domestic Cleaners or 8114 for Housekeepers.

With the second option, the keyword “domestic” can be entered to search for “Domestic Worker”. The search will result in several references where “domestic” appears in an occupational title, specialisation, alternate title or purpose descriptor. For the Domestic Worker, the purpose of a Domestic Housekeeper and that of a Domestic Cleaner can be considered and a decision made about which one of the two occupation titles is applicable.

If further clarification is needed, the reference can be entered for a more complete description of tasks at the unit group level for the occupation.

4.2.4.2 *The challenge*

Experience has shown that some of the reasons for mapping jobs to wrong occupations or reasons for not finding an occupation title on the OFO are:

- People do not know how to search the OFO for similar occupations.
- People confuse occupations, specialisation and alternate titles.
- People confuse job titles or posts with occupations.
- People want to see their unique job titles reflected on the OFO.

Contributing to the confusion is the fact that employers, including HRM practitioners, use job titles in an inconsistent manner. The title “Education Specialist” will be used here to illustrate the unpredictability caused by irregular use of job titles in the world of work. The result of a Google search on “education specialist” gives examples of how four different employers or HRM practitioners use the title:

1. A college in Gauteng advertises a post for “Senior Education Specialist” but states the requirements of a “Senior Lecturer”.
2. In the United States, a County Office of Education defines an “Early Childhood Education Specialist” as follows: “Under general direction, provides onsite instructional support and coaching to public/private family child-care providers and child-care center teachers”.
3. According to one job description a “Public Education Specialist” ... “creates programmes that provide education to the public on how to reduce fire hazards, minimize injury and abide by safety precautions”.
4. According to a second job description, the purpose of an “Education Specialist” is “To be responsible for developing and maintaining relationships with training organizations, and institutions of higher education in order to place participants and graduates into these opportunities”.

An example where the title “Education Specialist” is used for different jobs by one employer is found in the case of the Department of Basic Education (DBE). “Education Specialists” fall under the Occupation Specific Dispensation (OSD) in the public service (Education Labour Relations Council (ELRC), 2008).

A work seeker previously employed as an “Education Specialist” would want the labour centre official to register his/her previous work experience or job as “Education Specialist”. The title of “Education / Training Specialist” is to be found on Version 9 of the OFO as alternative title to occupation code 249101 – Education or Training Advisor. However, a keyword search on “Education Specialist” in the NOPF-OFO facility will return 148 occupations with either *education* or *specialist* in titles or descriptors.

According to the descriptor for occupation code 249101, the Education or Training Advisor ‘conducts education and training research and develops course curricula and associated teaching materials for use by education and training institutions’. This descriptor fits well with what is expected of Office-based Specialists or Education Specialists, according to the *Collective*

Agreement Number 1 of 2008 (ELRC, 2008: Annexure A), namely 'to provide curriculum support to educators in areas of specialization'.

Education Specialists can be school-based or office-based (ELRC, 2008: Annexure A). School-based Specialists can be Teaching and Learning Specialists who *'provide class teaching and provide guidance on curriculum matters or develop curriculum material'*. Office-based Specialists or Education Specialists *'provide curriculum support to educators in areas of specialization'*.

An example of the complexity associated with matching individual's work experience with specific potential employment can be seen by examining a list of posts recently advertised by a Provincial Department of Education in the *Public Service Vacancy Circular No 05 of 2011* (Department of Public Service and Administration (DPSA), 2011). These included: Senior Education Specialist (Maths Literacy); Senior Education Specialist (HIV/AIDS Coordinator); Senior Education Specialist (Arts & Culture); and Senior Education Specialist (Sports Coordinator). All of these posts required from the applicants:

- an appropriate, recognised three-year degree/teaching diploma or a minimum Relative Education Qualification Value (REQV) of 13, with five years minimum teaching experience with reference to the post description
- registration with the South African Council for Educators (SACE).

The Senior Education Specialist (Maths Literacy) was required to have *'hands on experience and knowledge in teacher development and curriculum development policy and practice'*. For all the other Education Specialists, it was an additional requirement to have *'knowledge and understanding of school support systems'*.

The duties of workers in the different posts ranged from the requirement to *'co-ordinate, monitor and ensure implementation, maintenance and support of the learning area programmes, activities and projects'* to *'Develop additional learning materials and teaching support materials for the programmes. Review the status of educator preparation and programme implementation. Conduct an impact evaluation and synthesize surveys conducted'* and *'Monitoring of special interventions in institutions. Administration of unit (e.g. Tutor claims). Co-ordinate all projects delegated by the Office of the Director'*.

Aligning OFO occupation categories with advertised "Education Specialist" employment opportunities indicates the following among the many requirements: *'Adult Education Teacher(s) teach adults life skills as well as to read and write; Fire and Rescue Officers attend emergencies to minimise risk to community and worker security and protect life; and Programme or Project Manager - plans, organises, directs, controls and coordinates special programmes or projects'*.

It is thus clear that the labour centre official who has to map job titles (either previous work experience or vacancies) to occupation titles on the OFO needs to have a thorough understanding of the structure of the OFO and the different approaches to finding occupations on the OFO. Understanding the principle that descriptors or task sets, and not necessarily titles, are matched is essential, as is an awareness that employers and HRM and HRD practitioners often use job titles

inconsistently. In addition, the labour centre official should ideally have a detailed understanding of the wide range of work that an “Education Specialist” (in this example) may have done or be able to do; and the equally wide range of tasks that a specific job may require to be done by the Specialist. Assuming this level of knowledge and awareness of labour centre officials is arguably unrealistic.

4.2.4.3 ESSA databases: Use of the OFO

Out of about 200 transactions in the ESSA databases system, there are three where labour centre officials are expected to identify and select an OFO occupation code:

1. Section 4.4: Employment History
2. Section 5: Search for Opportunities
3. Section 7.1: Add Opportunity.⁹

The “Search Occupations” link is used to select the OFO occupation code. The name of the occupation is entered in the description box and the search activated. If the search result is positive, a list of occupations appears from which the name of the occupation can be selected. When selected, the name of the occupation, together with the OFO levels, is automatically inserted by the system. However, as was stated in paragraph 4.2.4.1 above, “Domestic Worker” will not result in occupations being listed. Using “domestic” only, would result in Domestic Housekeeper and Domestic Cleaner being listed.

In the Limpopo Bulletin, it was reported (p.4) that OFO codes are used as an additional column in the JOI exercise. ESPs interviewed by the HSRC confirmed that the OFO is used as the classification framework to register previous experience and the job required by the work seeker, and to register job opportunities on the ESSA databases. According to these respondents, CSOs are not trained in the use of the OFO, while ESPs “have some knowledge about the OFO”. Reference was made of the existence of a training manual on the OFO and of its use in that provincial office.

With regard to access to the most recent version of the OFO, some respondents indicated that OFO 7 was still implemented, pending an update to OFO 9. However, all provinces received and are using the latter version, according to DoL officials. The challenge is to ensure that everyone uses the latest version (OFO 9)¹⁰, as illustrated by the Limpopo Labour Bulletin (p.4) reporting that:

- Limpopo had been provided with the OFO 9 version
- The ESSA databases version 2.0 system, which had been rolled-out on 23 March 2010, was based on the OFO Version 9 codes.

Further challenges reported in Provincial Bulletins included:

- Slowness of the system (Gauteng, p.17; Eastern Cape, p.27): *‘Capturing of work seekers’ data on ESSA is still a great concern, as the system regularly fails to maintain its capturing speed’*

⁹ From the ESSA manual by Siemens (2010), respectively pages 46-48, 62-63, and 84-86.

¹⁰ It could also be possible that some respondents merely confused or were ignorant about latest version numbers.

(Eastern Cape, p.31); *'Most applications are manually captured'*, *'... there was a backlog in terms of ESSA registrations due to the system being slow'* (Northern Cape, p.17)

- System not saving information properly (Gauteng, p.17)
- Drop-down not functioning properly (Gauteng, p.17)
- Time-consuming exercise (Limpopo, p.4).

Better training of ESPs, career counsellors and CSOs regarding the OFO system is required, as many labour centres still use the manual process in order to find matches for work opportunities. Most of the labour centres indicated that the OFO system results in non-matching, because the wrong terminology is used in searches. Either the training or the system needs to be addressed in order to solve this problem.

4.3 Labour centre relations and communication

A critical factor in the success of the implementation of ESSA is the nature and extent of the interrelationships that labour centres have with a number of stakeholders in this venture. Interactions and communications between people are complex relationships, and it takes effort to establish them so that relations of trust and common purpose exist. They must also be maintained and monitored by evaluating them against the functioning and quality of service delivery; and must be corrected through support and remediation, where needed. These issues relate to official or formalised relationships among role players working together in a specific venture (ESSA, in this case), and also to independent operators involved with the venture. Areas where interpersonal or inter-institutional dynamics were identified as relevant in this instance included: labour centres' branding, canvassing or marketing of ESSA (4.3.1); perceptions of provincial offices' support for labour centres (4.3.2); liaison between labour centres and employer organisations (4.3.3); and the relationship between ESSA and PEAs and other stakeholders (4.3.4). For ESSA to function optimally, these four sets of relationships all need to work well.

4.3.1 Advocacy and canvassing employers and work seekers

According to an ESSA (2008) communication brief, branding Employment Services in South Africa requires promoting and implementing a range of selection services which should include the identification of opportunities through networking with stakeholders and matching of individuals to specific placement opportunities. While this seems relatively simple, the task of labour centres in South Africa has become complex and frequently tedious, as there is often insufficient human and technological capacity to maintain a strong branding position, or networks to provide effective selection services.

Perceptions about ESSA seem to be particularly negative from employers' point of view. During interviews with the researchers, employers felt that the lines of communication between them and the labour centres were not streamlined. They thus tended to use other channels for recruitment. One of the observations at the labour centres was that ESSA's mission statement was neither clearly communicated within the offices nor between their stakeholders. The thrust of the mission is to develop necessary systems and create multiple service-delivery channels which will enable citizens and business to experience interaction with government as seamless, by extending its capacity to

render services more efficiently. Many of the client services officers (CFOs) were keen to make the labour centres more attractive to employers and work seekers, but they understood that there was a lack of integration between branding the labour centres and communicating the benefits of labour centres to their clients. Furthermore, it has become difficult to advocate trust in the labour centres as a service centre for job creation.

The existence of this negative perception about job creation among stakeholders who rely on the labour centres is unfortunate. The poor level of efficacy of the ESSA brand was expressed by a large number of ESPs. Their responsibilities are to act as facilitators between employer demand and work seeker supply. The ESPs travel to employers to market the labour centres and canvass work opportunities. The morale of many of the ESPs is low because they have been made aware by dissatisfied employers that the services of DoL have not been reliable and that the employment services systems are unattractive to them. The employers felt that the process of communicating and implementing job opportunities tended to be slow and ineffective. This was shown in the interviews with employers who were keen to use the DoL as a means for job creation, but felt that they were being ignored once an opportunity was registered, or alternatively, that the process of matching was done incorrectly. These issues of advocacy and canvassing reflect poorly on the coherence between the ideals of the DoL and their implementation strategies, and is just one indication of the challenges facing ESSA.

Some respondents stated that improving labour centres' canvassing requires rebuilding the mutual awareness of labour centre officials and employers about their respective deliverables in the matter of implementing ESSA. Labour centres will have to make more, better and quicker placements, while employers need to update labour centres about successfully-placed work seekers.

In terms of advocacy to work seekers, one of the interesting observations was that relatively few work seekers visited labour centres compared with UIF applicants. This suggests that the message of having a placement service at labour centres was not well-communicated. Many labour centre officials suggested integrating UIF applicants into the work-seeking programme and convincing them to also see labour centres as job seekers. The perception seems to be that UIF applicants only wanted their payouts, without looking beyond that and are not actively seeking counsel and support for finding work. This suggests a possible opportunity for synergy between the services offered at labour centres: linking the unemployment services with job-registration services.

4.3.2 Support from provincial offices

In this sub-section, the tasks that provincial officials describe as their part in ESSA delivery are juxtaposed with the perceived level of support that labour centre officials described.

According to provincial officials, monthly cluster meetings are arranged with ESPs, career counsellors and ESSA managers to discuss progress and challenges in order to find remedies and solutions. Cluster managers also visit labour centres on a monthly or bi-monthly basis and spend a day focusing on the ESSA databases. Support is given in terms of facilitating labour centres' work, identifying problems (through the Provincial Management Committee) and offering solutions. The

provincial office also visits labour centres on a quarterly basis to address challenges and put control measures in place, explain job profiles and make recommendations with regard to workshops. Some provincial offices contact labour centres daily via telephone or e-mail to provide support and discuss possible challenges.

Provincial offices also have the responsibility for training new staff and CSOs on the implementation of the ESSA databases. Initial training for ESSA databases coordinators is done at a central location, with all further training normally done in-house by ESSA databases coordinators. No external training was reported as being done.

Provincial officers are also responsible for mentoring and orienting new ESPs and training ESPs about canvassing employers to record their information and employment opportunities. Support is provided during stakeholder interactions and meetings and presentations are made when requested. A dedicated assistant manager gives support to career counsellors who normally receive training by attending short courses organised by head office.

Monitoring and evaluation are conducted through the collection and verification of monthly statistics and reports. Audits are done to ascertain whether deliverables have been met, whether the labour centres are on track and whether reconfiguration is required. This also includes the examination of proof documents underpinning ESSA databases registrations.

Provincial offices are supposed to have an assistant manager providing labour centres with IT equipment, setting up IT systems for the resource centres and setting up systems for the ESSA databases specifically. All IT challenges have to be attended to and followed up with head office. Day-to-day electronic support to labour centres is supposed to be provided.

Other support includes:

- Monitoring of budgets
- Monitoring of PEAs
- Monitoring of workplaces to ascertain whether a variety of legislation is being implemented
- Sending supplementary staff to assist with work flow at labour centres, such as when a large influx of UI applicants is expected. This also has an impact on ESSA databases registrations.
- Helping labour centres to obtain and issue work permits relating to cross-border labour
- Operationalising strategic decisions from national office, and giving labour centres guidance on reaching a common understanding of work-flow processes
- Ensuring reporting on a monthly basis on the achievement of targets of all services.

Challenges related to interacting with and supporting labour centres and evaluating their progress in terms of work plans were described. Provincial offices have to maintain visibility at all times. *'It boosts the morale of officials when they're seeing provincial officials. Sometimes labour centres have solutions to their own problems, e.g. interpretations might not be done properly and after discussions it might be different from their initial perceptions.'*

Experience of provincial support at labour centres

The focus in the following section is on the perspective of labour centres and how they perceive and experience the support they received from provincial DoL offices. No further mention is made of the national office of DoL in this regard, as very little structured provision is made for direct contact between them and labour centres. The following challenges are apparent:

- The responsibility for skills development has been unclear since the restructuring of the Department of Education in 2010. There is a lack of communication and information about this, in addition to the broader existence and mission of ESSA, from provincial offices to labour centres and the public. Direction is needed to clarify the respective functions of labour centres, particularly the roles of ESPs, and DHET. The public's expectation that the DoL, through its labour centres, will provide skills development is not being met any longer.
- Labour centres lack an effective and uniform ESSA marketing strategy. Provincial offices are not perceived to support the ESSA databases or to provide marketing guidance. Labour centres are, as a consequence, not able to deal with the employment needs of big companies such as those in the motor manufacturing industry. ESPs do not have the confidence to market the ESSA databases in dealings with senior managers or executives. No-one, especially not a sufficiently senior staff member at the labour centre or someone at provincial level, is designated and equipped to handle marketing. Current activities are fragmented and lack professionalism. An example is the inability of ESPs, also in the absence of a formal arrangement regarding the role of LMIS, to draw supporting reports from the ESSA databases showing the numbers of work seekers available per job category.
- Such problems point to the need for a great deal of training at labour centres. Specific training needs in this context include improved data-capturing skills among CSOs and ESPs, enhanced proficiency in interpreting OFO categories, as well as improved marketing skills among ESPs. The challenge is to increase staff's operational skills so that there are higher placement rates because of the improved quality of ESSA databases data. This would result from more accurate searches based on data completeness and correctness (for example pertaining to occupations strictly classified according to the OFO), the correct use of opening and closing dates, and proper capturing of qualifications. Although the delivery focus of many staff (especially ESPs) had changed with the removal of the skills development component from DoL to DHET, training of staff has not kept pace. To compete and collaborate favourably with PEAs, training content and quality should be in line with theirs.¹¹
- Provincial offices should attend to ICT requirements at labour centres, and secure the provision and maintenance of the required resources, equipment and systems. Computers at many labour centres are outdated or too few to cope with workloads. New platforms also need to be explored, as means of communicating with potential candidates and employers about work seeker, job opportunity and employer entries in registers. Automated or bulked SMS messages would be an improvement on telephoning people individually.

¹¹ A DoL official considered the human factor as largely underpinning the success in placements by PEAs. Specialist placement officers perform the work, with strong IT system back-up; in this sequence.

In a number of respects, therefore, the interface between provincial and labour centre offices poses challenges that require attention by provincial officials.

4.3.3 Engagement of employers

The interviews between researchers and DoL officials at labour centres provided insights into how PES offices and employers communicate and liaise with each other. Related to this is the challenge of reaching and providing employers with enough and correct information about ESSA to enable them to realise its potential value and benefit. The discussion below describes the challenges that have to be overcome to improve engagement with employers on ESSA.

4.3.3.1 Extent of contact with labour centres from the side of employers

Most labour centre officials considered employers to have reasonably frequent contact with them, and evaluated such contact as constructive in just over half of the cases. Two labour centres reported no or virtually no contact with employers. On closer investigation, a wide range in frequency of employer contact was evident. It could be daily, weekly, monthly, sporadic/seasonal, or seldom; involve single vacancies or more than ten at a time, depending on the need; or consist of single employers or three, four or more together after a marketing campaign.

Nevertheless, addressing the lack of contact and improving on unsatisfactory contacts constitute firm challenges. Although employers have a broad awareness that ESSA houses a large register of work seekers and that they can approach DoL for candidates when new job opportunities become available, especially when there is urgency, labour centre staff considered employer interest levels lower than hoped for. In most cases they had to continuously remind employers to register on the ESSA databases and add their job opportunities.

Three main factors seem to be responsible for this: employers consider the forms to be complicated; they are suspicious about the reasons for giving certain registration information; and they do not get results or the names of candidates quickly enough. There were also instances where labour centre staff themselves did not actively pursue employer registration. A key reason was that they did not want to create over-optimistic expectations in the face of the general unavailability of vacancies. The lack of feedback from employers after making a successful placement was regretted, as was their re-advertising jobs in newspapers after not managing to find a suitable ESSA databases candidate. It was recognised that they might thereafter not return to PES.

4.3.3.2 Perceived causes behind low-frequency contact

When the reasons behind the lack of contact by employers were explored, the following matters were raised: high unemployment (low availability of jobs) and the present economic climate; fear of increased DoL inspections that would follow registration (“spying” on employers for compliance purposes); the absence of DHET offices in the provinces that may refer training-linked work seekers to PES; the absence of legislation to compel employers to register opportunities; lack of enough ESPs; insufficient outreach, follow-up, advertising, and marketing by DoL; and lack of

confidence among employers in ESSA (which may be related to the slowness of the service, and the largely unqualified work seekers on the database). These constitute a formidable range of problems for the DoL to address.

It became clear that increased contact between employers and labour centres did not necessarily lead to the registration of more employers on the system. Intensified contact may be occasional, and may follow from events such as the closure of large plants. Other than that, increased employer contact is only expected in response to receiving firm assurances about service contents and levels from PES. Competing services also existed among municipalities and even some government departments who have similar work-seeker databases, and run their own recruitment and internship programmes. There is a lack of coordination at provincial offices. Because the services of labour centres are free, supporting them was considered to be voluntary, perhaps on the basis of not expecting something that one does not pay for to have a high value.

4.3.3.3 Establishing contact between employers and labour centres

How employers learn about the existence of and services provided by PES seem to depend minimally on employers' own actions and initiatives and predominantly on the advocacy and marketing activities of the labour centres. This sub-section looks at PES roles and initiatives which would be needed to overcome the challenges limiting contact between labour centres and employers.

In cases where well-established communities of interaction with the DoL exist on the basis of a history of past experience, and employers continue to make use of PES, the challenge is to nurture and maintain these relationships. This is often made difficult by operational obligations and by the fact that networking and canvassing plans and actions were not as systematic as desired or are treated as monthly visit targets that can degenerate into going through the motions of ticking them off for the statistics to be sent to provincial offices.

Networking interactions and platforms reported included: active marketing of ESSA by labour centres and other offices of DoL, especially in provinces; visits to employers in their areas; keeping an updated database of companies in their area; arranging specific canvassing sessions for the services that labour centres render; advertising through the Internet and the media (such as radio slots); involving other staff such as career counsellors and frontline supervisors in marketing when opportune; setting up and attending meetings with labour brokers and large/national corporate employers, including arranging to render services on site; arranging meetings with contractors and a wide range of employers, such as municipalities, NGOs, small, medium and micro enterprises (SMMEs), private-sector companies, and as inter-departmental Imbizos, for purposes of soliciting registrations and also as general stakeholder relation meetings; extending individual invitations and setting up subsequent appointments, even telephonically; having inspectors on their rounds tell employers about ESSA, and inviting them to come and register vacancies. Solidifying, expanding and integrating these more systematically into a single strategy should be looked at.

The main actors in this regard were ESPs, who need to be certain about their role in this respect and how to implement it. Career counsellors and frontline supervisors (or RSSs) can play a significant part also. Although some employers knew a good deal about ESSA because they are training service providers, in general it seems that ESSA is not widely known. Employers only heard about it when briefings, information sessions, outreaches, awareness days and labour centre forums were arranged. Without these, contacts initiated by employers would be few and sporadic. In addition, many labour centres concentrate on sectors in which the economy is improving, such as in retail, services and construction, and some are still learning how to deliver their services and address challenges; these are additional reasons why not all employers are regularly contacted.

4.3.3.4 Registering employers on the system

The discussion above suggests that only a relatively small percentage of the employer firms in an area are recorded on the ESSA databases. Observations at labour centres indicated that even this meagre volume of records was normally captured by senior staff members, sometimes by RSSs in a few cases but more often by ESPs. Manual records were always completed and kept to serve as traces for auditing. This was often done first, with digital capturing lagging behind and often postponed, even indefinitely, if workloads are heavy.

Many labour centres struggle with establishing how best to allocate and rotate responsibility for capturing employer (and work seeker and opportunity) data into the ESSA databases. The fragmentation of time and work, when spread over all staff and all services (UIF, etc) clearly creates frustration, career identity conflict and capturing and recording inefficiencies. Some respondents found that it worked better to dedicate someone, at least for specific rotated periods, to capturing and recording. They mentioned frustrations which boil over to create other human resources challenges, discussed in Section 4.1, such as keeping workloads manageable, creating specialisations, having clear job descriptions, and general work efficiencies. The interdependence of staff specialisation in ESSA registration and data integrity checking is another important perspective (see 4.3.3 and 4.3.5.1 as well). An additional challenge was brought about by the necessity to deal with records manually at the time of visits to remote and satellite stations, and then afterwards capture such backlogs at the labour centre. Very few satellite offices are equipped to capture their own data. Poor completion of forms was also mentioned as a cause of the inability to keep correct records. This negatively affected eventual matching activities.

4.3.4 Collaboration with PEAs and other stakeholders

4.3.4.1 Comparing potential and existing interactions between PES and PEAs

Although PES and PEAs both provide registration, recruitment and selection services, there are a number of differences between them, as shown in Table 2.1 in the chapter dealing with the literature review. This includes differences in the profiles of the work seekers registered with PES and PEAs. It is generally acknowledged that most PEAs look for more highly-skilled work seekers to fill vacancies, while the more low-skilled work seekers make use of PES. Labour market dynamics account for this difference. Highly-skilled workers are scarce in the South African labour market,

and the private sector facilitates the matching of these scarce skills with demand. Almost half (46%) of the PEAs who were interviewed sourced candidates for high-skill vacancies, 25% for intermediate-skill vacancies and 29% for low-skill vacancies. While this is not a representative sample of the overall clientele of PEAs in South Africa, it does give an indication that it is generally high- to intermediate-level vacancies which PEAs seek to fill. On the other hand, all of the labour centres interviewed indicated that although there were some graduates registered on the ESSA databases, low-skilled work seekers formed their main clientele.

On the other hand, the large pool of unemployed and generally low-skilled workers makes it easier to find people to fill blue-collar vacancies. Therefore PES is operating in a section of the labour market with a generally low demand for labour relative to an excess supply of labour.

There are a number of other key differences and similarities between PEAs and PES which were not particularly evident in the literature. While all of the labour centres offer job counselling and interview skills, only 36% of the PEAs interviewed provided such training and 64% provided career counselling to their work seekers. However, some PEAs also offered learnerships (NQF level 1-2) through SETAs, apprenticeships, basic computer skills and artisan training. One PEA obtained funding from the Department of Trade and Industry (DTI) and The Business Trust to train 500 underprivileged school leavers. While work seekers at the labour centres were occasionally placed in learnerships and other training opportunities through the ESSA databases, these were not internal opportunities administered by DoL. Work seekers using PEAs who have received such training may therefore be more employable. However, amongst many of the employer and PEA respondents there was also some criticism of FET colleges and SETAs: *'the SETA programme is totally inadequate, not in touch with the job market and needs of employers or applicants- an absolute waste of money'*.

Another service which most of the PEAs offered that PES currently does not provide is an online system which allows clients to place their vacancies on the system electronically and occasionally even source the candidates themselves. In other cases, the client would e-mail or phone the PEA, as with PES, and place their vacancy. A key feature of the PEA service was a fast turnaround time. In terms of marketing, PEAs market themselves and place vacancies which they need to fill for clients in the newspapers and on the Internet if there is no one suitable on their internal database. The option now exists for these PEAs to see if they can fill such vacancies using the ESSA databases.

Finally, a key difference between PES and the PEAs who were interviewed is that the PEAs tend to specialise in certain sectors, such as nursing, mining, legal and financial placements. On the other hand, PES aims to cater for the entire labour market regardless of industry or sector. In many ways, this gives PEAs a comparative advantage because they come to understand and learn how to cater for the needs of their specific sector or industry.

There is potential for an effective sector-driven approach to PES, especially since each labour centre is in a different general sectoral or industrial area: mining, farming, fisheries, manufacturing and so on. Such an approach would require different labour centres to target prominent sectors or industries in their geographical area in order to cater for those industries. This would not mean

catering exclusively for those sectors, but earmarking those sectors for advocacy, collaboration and research in order to understand the specific needs of employers in those sectors. This would enable PES at labour centres to provide a more sophisticated and professional service to the sectors and industries which have the potential to provide the most employment in their respective areas.

Table 4.3 illustrates the potential interactions that PES, in particular the registration and recruitment and selection services, can have with PEAs.

One of the purposes of the ‘Employment Services Bill’, currently under discussion, is “encouraging partnerships between the public and private employment agencies in the provision of employment services”. The DoL (2010a:8) presents a scenario for a potential collaborative relationship between PEAs and PES as shown in Block 1 in Table 4.3.

Table 4.3: Possible forms of interaction between PES and PEAs

	Employment Services (PES)	
PEAs	1. Collaboration - Mutually Beneficial	2. Cooperation - PES Benefits
	- PES learns from PEAs (staff training and processes) - PEAs access ESSA databases - Unmatched PEA vacancies referred to PES - Unmatched ESSA vacancies referred to PEAs	- PES learns from PEAs (staff training and processes) - Unmatched PEA vacancies referred to PES
	3. Cooperation - PEAs Benefit	4. No Interaction
	- PEAs access ESSA database - Unmatched ESSA vacancies referred to PEAs	- No interaction established between PES and PEAs

4.3.4.2 Provincial office interactions with PEAs

All of the respondents at the provincial offices were positive about the potential for collaboration and partnerships with PEAs. Eight out of the nine provincial offices had already established ongoing interaction with PEAs, while one province was still in the process of organising PEA-PES meetings for possible partnerships. The nature of the interaction between PEAs and the labour centres varied from province to province.

Five of the provinces had established strong collaborative relationships with PEAs in the area (moving towards what is described in Block 1 in Table 4.3). The respondents in these provinces indicated that they understood the roles of PES and PEAs as complementary. PES could learn about the processes of successful PEAs and they could refer vacancies, which they could not match using the ESSA databases, to PEAs who generally specialise in more high-skill recruitment. Three of the provinces had engaged with PEAs in order to learn how they operate their recruitment and selection services, and personnel from two provinces had attended staff training with APSO, the

Confederation of Associations in the Private Employment Sector (CAPES), Kelly and Capitol Outsourcing on order to identify gaps in ESSA in terms of processes and staff capacity.

One of the five provinces had an initiative where, four times a quarter, they hold meetings with PEAs in the area. They believe that the high attendance at their meetings, with a total of 56 PEAs, can be attributed to the fact that they started their initiative during a period when there was concern ‘*about the crossfire of burning labour brokers*’ (official from a provincial office). They noted that the PEAs did not see PES as competition.

One province’s interaction with PEAs was cooperative because PEAs looked for ESSA candidates to fill low-level vacancies (Point two, Block 2 in Table 4.3). The nature of the interaction of the other two provinces with PEAs was also cooperative but falls into Block 3 in Table 4.3. The respondents in these provinces indicated that they refer high-level vacancies that they could not fill to PEAs. However, because ESSA is a free service, they were concerned that employers would not necessarily willingly pay the fee for a PEA if their vacancy was referred. One respondent pointed out that this type of situation would only be possible if the PEA would waive their fee for employers if the employer’s vacancy was referred by PES.

4.3.4.3 Labour centre interactions with PEAs

Of the labour centres visited, 60% indicated that PEAs used their databases to obtain work seekers’ CVs (Block 3 of Table 4.3). Four of the labour centres had little or no interaction with PEAs because they said that there were few or no PEAs in their locality (Block 4 in Table 4.3), while some labour centres mentioned that registration and monitoring were the only interactions that the labour centre (specifically IES) had with PEAs. In some cases, officials in PES had advocated their services to PEAs but had received no response.

One concern that labour centres raised was that there was little understanding or engagement on how they should be interacting with PEAs. It was clear that different respondents had different attitudes towards PEAs. Some respondents were positive about interacting with PEAs while others were apprehensive about the intentions of PEAs. Many respondents had concerns about PEAs using the ESSA databases to obtain work seekers’ CVs. Often labour centre officials were unaware that the company was a PEA and felt that PEAs were taking advantage of the ESSA databases because they knew that it was free: ‘*They (PEAs) can come to DoL to source people from our databases. The employer then pays the PEA for the service when the PEA gets people from us.*’

Some respondents also reported that it was difficult to obtain placement reports from some PEAs. Another potential problem which could interfere with the accuracy of the statistics of placements was that some PEAs, possibly labour brokers, were using the ESSA databases to build their databases which made labour centre officials doubt whether or not their vacancies were legitimate or were fabricated for the sake of obtaining work seekers’ CVs. For example, one labour centre respondent said, ‘*They sometimes have 10 posts but ask for 1000 candidates ... the PEAs want us to do their work ... to build their databases with our information*’.

Respondents at provincial level also raised some of these concerns. Two of the main ones were:

- PEAs charge a fee for placements even when candidates are found on the ESSA databases, which is supposed to be a free service to employers. One suggestion about how this could be prevented is if PES accepts employment opportunities referred by PEAs and continues the communication with the potential employer, rather than PEAs registering the opportunity as the primary employer and referring the selected candidate to the third party employer for a fee. However, it seems unlikely that the PEA would refer a vacancy if they were not going to make a profit by doing so.
- It is not always easy to identify labour brokers. One respondent stated that it was labour brokers and not regulated PEAs who were using the ESSA database to search for candidates. This is an important issue as the work provided by labour brokers is often unregulated and characterised by insecurity, low wages and few if any benefits. It is important that public registration, recruitment and selection services are only provided to regulated and registered enterprises. This will protect the DoL from involvement in facilitating the employment of work seekers in insecure and unregulated employment.

It is evident that different pictures are painted by the responses reported above; on the one hand of quite close potential collaboration, and on the other of distance and mutual suspicion. Such ambivalence in PES/PEA relationships need to be noted and attended to.

4.3.4.4 PEAs and employers: Interaction with PES

Table 4.4 shows the percentage of and reasons for the use of various recruitment channels for finding new employees given by both employers who were and who were not registered on the ESSA databases. While this is not a representative sample of the recruitment channels used by employers and therefore cannot be generalised to the whole South African context, it does give a good indication of which recruitment channels are popular and why.

Table 4.4: Recruitment channels used by employers

Recruitment channel	Use of recruitment channel (%)		Reasons given for use of recruitment channel
	Non-ESSA employers	ESSA employers	
Newspapers	24	38	- Widely read by professionals - Legislative requirement - Cheap - Accessible to many
Current employees	29	8	- 'Staff know what I expect from an employee so they will find a person who meets my expectations' - Easy and effective - Cheap
Former employees	27	6	- 'It is the most reliable way for a company to find the right person' - 'The best references' - Cheap
ESSA	-	35	- Free - 'PES will only provide people with good records'
Internet	12	8	- Cheap - Accessible for people with high skills
PEAs	8	5	- Effective - Good for high or scarce skills (e.g. management) - Quick
	100%	100%	

Source: HSRC interviews with employer institutions

One other method for recruiting new employees which was mentioned is the company's internal network whereby the employer first checks internally to see if there is anyone who can be appointed to the position before advertising it externally.

As can be seen in Table 4.4, the most popular recruitment channel amongst the employers interviewed was newspaper advertisements. One of the respondents at a labour centre mentioned that on her own initiative she sourced training opportunities advertised in newspapers and tried to link work seekers at the labour centre with those opportunities. PES could consider linking further with opportunities advertised in newspapers. The JOI is a review of all opportunities advertised in a selection of newspapers over a period of time, and is compiled by the LMIS unit at DoL Head Office. The JOI could be used to identify and inform employers who frequently advertise vacancies about DoL's registration, and recruitment and selection services.

One possible way of informing employers about the ESSA databases could be for labour centres to respond to newspaper advertisements, most likely comprising intermediate- to lower-skilled opportunities and vacancies, with a selection of fittingly matched CVs from the ESSA databases and an attached letter from DoL describing DoL's registration, recruitment and selection services and indicating how the employer can contact DoL the next time they want to register a vacancy. This information could include contact details of the relevant officials at nearby labour centres and the vacancy form which the employer would need to fill out in order to register and post a vacancy on the ESSA databases.

However, relations between employers and labour centres may not be as structured as officials at labour centres may consider them to be. Labour centre officials either did not have good records of those employers using the ESSA databases, or the HRMs whom the research team approached, on referral by the labour centre, were not aware of their firms' participation in DoL registration and recruitment and selection services. Those who were already on the ESSA databases and had made use of the DoL's registration and recruitment and selection services felt that the services were effective. However, one employer referred to the turnaround time as an issue: '*... you do not get the quick response that you expect. Sometimes you are looking for someone for a demanding job. Before you lose the client you must give quick service*'.

Of the 13 PEAs interviewed, two-thirds had heard of DoL's registration and recruitment and selection services. Those who had collaborated with PES did so on an informal *ad hoc* basis. The type of collaboration involved sharing applications for temporary or contract workers with PES and using ESSA if there were positions which the PEA could not fill using their database. The PEAs were more critical of DoL's registration and recruitment and selection services than the employers who had used the services. As one PEA noted, '*About three years ago I did ask the DoL to provide me with a list of Code 14 drivers but the list they gave me was terrible. All the contact numbers were wrong and it didn't help me at all*'.

Despite these comments, the majority of the PEAs were positive about collaboration with PES in the future. Only two of the PEAs interviewed wished for neither competition nor collaboration, arguing that collaboration would not be possible because they found '*the staff in these departments totally unequipped to perform their work and render a service*' and there would be no competition because the staff at labour centres have '*no idea of the real job market or thorough recruitment processes*'.

Some PEAs hoped that DoL would provide a reference checking service and verify trade tests for artisans. Three PEAs recommended that the labour centres provide updated details of all the contacts in relation to PES because in the past they had found it difficult to contact the correct person at the labour centre. In addition, one PEA pointed out that the contact details of candidates were not always correct and it was clear that the information was captured incorrectly, was outdated and that some of it was missing.

4.3.4.5 Other collaborations

There were a number of organisations, government departments and NGOs that the labour centres and provinces were interacting with in relation to ESSA. Most of these interactions had been formed out of the initiative of individuals at the labour centres and provinces. There is an opportunity for some of these links with the national organisations to be reinforced at Head Office level.

Government departments that provinces and labour centers had collaborated with for registering opportunities on the ESSA databases included Education, Health, Tourism, Agriculture, Communication and Economic Development. Municipalities and wards also registered vacancies, although some respondents noted that it was difficult to fill vacancies in wards because the ESSA databases were not specific enough to identify work seekers which live in specific wards. The

Expanded Public Works Programme (EPWP) also registers vacancies on the ESSA databases. Also mentioned were the South African Police Service (SAPS), Small Enterprise Development Agency (SEDA), SPEEX, StatsSA and a GTZ community project.

In terms of skills-development services, ESSA at labour centres obtain opportunities for learnerships, apprenticeships and training from SETAs and FET colleges. In one case, there was a link with universities in terms of databases of qualified learners. It seemed that, now that Skills Development has moved to DHET, there had been very little communication from DoL Head Office with regards to the link between skills and PES. As one respondent noted, *'skills is now missing but only one year later are they trying to address how to align jobs and PES to no skills. It is easy to say let's address unemployment when you are sitting at a high-up political level, but on the ground the guy needs to know what is meant by this'*.

Other collaborations take place in terms of advocacy, specialised services (such as disability and ex-offenders) and general awareness campaigns. In terms of advocacy, provinces and labour centres have collaborated with the War on Poverty Programme, Community Development Workers (CDWs), chiefs in rural areas, churches, youth organisations and other NGOs to inform work seekers about DoL's ESSA. Collaborations to assist with the specialised services which labour centres were required to render to ex-offenders and the disabled included links with the Deaf Federation of South Africa (DeafSA), Correctional Services (in relation to services for ex-offenders) and the National Institute for Crime Prevention and the Reintegration of Offenders (NICRO), a national NGO that has social workers which help to rehabilitate ex-offenders. NICRO is aware of soon-to-be-released offenders and can refer them to labour centres to assist with job-hunting skills. Finally, collaborations take place at some labour centres with the National Youth Development Fund and other organisations to create awareness about issues such as breast cancer and human trafficking.

The collaboration that DoL's registration and recruitment and selection services have for verifying information on the ESSA databases is currently limited to the Siyaya system which verifies the personal information (e.g., ID number) of a work seeker with Home Affairs and UIF. Many respondents recommended that the link with UIF should go further to verify whether or not the work seeker is employed in which case they could be automatically removed from the ESSA databases and reinstated on the ESSA databases if they began collecting UIF again due to retrenchment. Other suggestions for the verification of work-seeker information included potential links to correctional services to determine whether or not someone had a criminal record, and a qualification verification checking system, potentially with SAQA and DHET. Some respondents also suggested that higher education institutions should provide databases of graduates for verification of qualifications on the ESSA databases.

4.3.5 Adherence to standards, regulation and codes of ethics

4.3.5.1 Monitoring of ESSA databases' data quality and collection

In most provinces, there was a monthly statistics verification process. LMIS, which collated the findings and trends from the labour centres, checked the authenticity of the data. In some cases, spot checks were conducted by the provinces at labour centres for manual processes. In the monthly

Provincial Management Committee Meetings, labour centres were required to explain and correct any mistakes that occurred in the data collection of their monthly reports which were usually checked by the RM before they were sent out to the respective province. One concern from a respondent in one of the provinces was that *'Head Office provides the format (for collecting and recording statistics) but this changes each time it needs to be filled in. There is no standard format nationally and provinces do not know what is required'*. Although the research team did not get the impression while on site visits that this situation applies widely, it has to be acknowledged that there were some respondents who felt like this, perhaps not without some grounds for doing so.

4.3.5.2 Code of ethics and standards at labour centres

The codes of ethics and standards varied from labour centre to labour centre, and reportedly there are no set guidelines on how the services under PES should be rendered. Most respondents at labour centres said that they kept the confidentiality of clients based more on a common understanding than on a written code, and that career counsellors adhere to the HPCSA requirements for ethics. Other general guidelines which officials used included a customer satisfaction booklet in the front office, so that the labour centre can act on complaints, the ESSA Training Manual, the Batho Pele principles, the Client Service Charter, the national DoL vision and the national Standard Operating Guide. Some respondents felt it was a question of personal attributes. One labour centre had designed a pledge of service delivery which was signed by all staff.

Two examples were given of bad service and standards. One respondent said, *'as a psychologist I know work seekers must be treated with sensitive gloves but you don't get that in the office sometimes. Sometimes people tell them you need your ID, then you come back with it and only then do you tell them you also need your pay slip'*. Another example was given in relation to the CSOs at the labour centre who were over-worked to the point where they did not capture all the details on ESSA databases forms.¹² Reportedly, they occasionally just hide CVs under their tables so that supervisors or provincial officials would not know the real extent of the capturing work that should have been completed. In this scenario, CSOs' negative attitudes may be addressed, in part, by a reduction in their workloads.

Issues of ethics also surfaced during manual matching when the system was not used, either because the system was too slow or because the system refused to match properly. Manual matches allow preferential treatment because the official at the labour centre could choose whom to match. One work seeker said that her friend registered on the ESSA databases and found a job quickly because she knew someone at the DoL labour centre. Another issue was that it seemed that the most recently registered work seekers were matched first when a vacancy was registered. An ESP noticed this because the same CVs were coming up over and over again when matches were performed for vacancies for which there would have been dozens of candidates (e.g., matrics). This suggests that the ESSA databases do not select matching CVs randomly but rather that the selection is based on when the candidate registered on the system, thus disadvantaging those who registered on the ESSA databases longer ago.

¹² This practice is also known to DoL officials as "ghost capturing". It refers to not capturing a complete work-seeker profile, but only limited fields to create a record. The anomaly is not discovered unless proper data-integrity checks and validation are carried out by supervisors.

4.3.5.3 Regulation of employment services

The majority of PEAs interviewed were satisfied with the level of clarity and comprehensiveness of labour laws and the regulation of employment services. Those not satisfied indicated that the SDA, currently the only Act regulating Employment Services, except the pending *Employment Services Bill*, was ambiguous and badly enforced. Most of the PEAs mentioned inspectors who visited them in relation to the Basic Conditions of Employment Act (BCEA), Occupational Health and Safety (OHS) and UI Compensation Fund, but not for SDA, which they saw as largely self-enforced.¹³

Almost all respondents in the provinces believed that regulation of the employment services sector was poorly enforced, vague and had loopholes. There was also concern that, along with Skills Development, most of the relevance of SDA had also been transferred to the domain of DHET. The issue of labour brokers (temporary employment agencies) was raised as a large problem, as was the registration of overseas PEAs and online recruiters.

Most respondents from the provinces and from the labour centres emphasised the need for legislation ‘with teeth’ for the successful implementation of ESSA. Most respondents were in favour of the new legislation making it compulsory for employers to register all of their vacancies on the ESSA databases. The pending *Employment Services Bill*, which was under public discussion until 17 February 2011, was criticised by employers, many of whom see it as ‘bureaucratic red tape’, particularly with regards to point 10. (1): ‘Employers must notify the Department of any vacancy or new position in their establishment within 14 working days after the position became vacant or was created’ (*Employment Services Bill*, p.14). One respondent suggested that employers should be compelled to register vacancies for levels 1-8 on the ESSA databases while registering higher-skills vacancies should not be compulsory.

However, despite respondents’ arguments in favour of employers registering all of their vacancies on the ESSA databases, there was an indication that at this stage labour centres may not be ready to cope with the influx of vacancies should such a law be enacted. As one respondent argued, ‘*Head Office needs to pull their socks up to make sure we get legislation compelling the employers to come with their vacancies. But we must get our house in order before that happens too or we will be so embarrassed.*’ Some labour centres had difficulty in registering the numbers of work seekers currently visiting them, especially in cases where factories in the area have closed and the number of retrenchments has overloaded the system and caused massive backlogs. Before it is made compulsory for all employers to register their vacancies on the ESSA databases, DoL must ensure that the labour centres have the capacity to cope with registering and matching all of these vacancies and ideally have the online ESSA databases up and running to alleviate pressure on labour centres.

Since the ESSA databases system is in its early stages it is inevitable that there will be many challenges which need to be addressed. Yet, in the interim, respondents also warned of alienating employers by providing a poor, slow service which has the effect of putting them off using the services in the future; ‘*The private sector does not mess around. You have to be good. If they lose*

¹³ Alternatively, the recent shift of jurisdiction over the SDA to DHET started leading to change away from DoL.

trust in something the word spreads easily'. Some ESPs, whose role it was to advocate ESSA to employers, were concerned that the ESSA databases system was not ready for advocacy, especially since it has not been fully legislated yet; *'By requesting stakeholders to register on the system (without legislation) we are humiliating ourselves'*.

Some respondents believed that employers should be encouraged but not forced to register vacancies, and that their use of the system should be based on the ability of PES to provide a useful and effective service. Many respondents were also frustrated that there was internal criticism in DoL that many employers did not want to register on the ESSA databases, but at the same time many government departments were not using the ESSA databases to register public sector vacancies, including the DoL in many cases.

Currently, PES runs the risk of matching work seekers with insecure jobs through labour brokers because at present there is little enforcement of regulations on PEAs. The pending *Employment Services Bill* will provide for enforcement of the registration and regulation of PEAs. In turn, PES will need to ensure that PEAs and other employers using the ESSA databases are registered, while IES needs to ensure that they are compliant. As one responded said, *'DoL must not find itself in a situation where it matches jobs to non-compliant employers'*. This means that IES will need to work in collaboration with PES at labour centres, which currently does not seem to be the situation; *'Inspectorate (IES) needs to refine or reframe some of their checklists and procedures, for instance they do not take action on the information that they gain and never refer it to ESSA'*.

4.3.6 Towards improved communications and relationships

One of the key challenges which PES faces is that, unlike most PEAs, it is operating in a section of the labour market with a generally low demand for labour relative to its supply. Unlike PEAs, which often specialise in a particular area, PES caters for the entire labour market regardless of industry or sector. As indicated in Section 4.3.4, a sector-driven approach to PES at the labour centre level would help labour centres to provide a more sophisticated and professional service to sectors and industries which have the potential to provide the most employment in their respective areas. Labour centres can target the main sectors and industries in their areas for advocacy, collaboration and research towards an enhanced understanding of the needs of employers in such sectors. Such a strategy could potentially take effective customer service to higher levels.

An improved collaborative relationship between PES and PEAs would involve:

- PES learning from PEAs on issues such as staff training and processes
- PEAs accessing the ESSA databases of work seekers
- PEAs referring their unmatched vacancies to PES
- PES referring unmatched ESSA vacancies to PEAs (assuming that employers are willing to pay the PEA fee for placement).¹⁴

¹⁴ It is acknowledged that many assumptions determine the likelihood of some of the bulleted options becoming reality, as well as the extent of PEA collaboration if not receiving sufficient payment (because of being run as business firms), and various considerations regarding the manageability and practicality of day-to-day tracking of transactions, transfer of payment, data-management arrangements (given known weaknesses), and potential time and resource wastes.

While most provinces and labour centres are already collaborating or cooperating with PEAs, the nature of this collaboration is varied and at times inconsistent. Provinces and labour centres would benefit from clear instructions and guidelines from Head Office on how they should be collaborating with PEAs.

PES should consider providing a qualification verification service by linking up with the National Learner Record Database (NLRD) at SAQA. This service would be of great use and attraction to employers wanting to use the DoL's ESSA databases. In addition, PES can consider linking further with UIF in order to verify whether or not the work seeker has been employed since registration on the ESSA databases. Information on the ESSA databases could also link to Correctional Services to see whether or not a work seeker has a criminal record.

As a number of employers expressed frustration about the difficulty of contacting the right people at the labour centres, updated phone and e-mail details of PES contacts at each labour centre whom employers should contact to register opportunities on the ESSA databases should be posted on the DoL website.

In order to protect the DoL from involvement in facilitating the employment of work seekers in insecure and unregulated employment, public registration and recruitment and selection services should only be provided to regulated and registered PEAs and employers. This would require PES to link with IES in order to confirm employers' compliance in this regard. It would also require the debate on the *Employment Services Bill* to be concluded soon so that all role players may know the extent of any changes to current regulation.

Finally, an online ESSA databases system where employers and PEAs can register and match opportunities themselves would not only help to alleviate pressure on labour centres, but appeal to employers and PEAs in terms of convenience and faster turnover.

4.4 Matching and placement of work seekers

The mismatch between the low level of skills on offer by many work seekers, and the skills required in the vacancies available, and the imbalance between the number of work-seeker records and available work opportunities in the ESSA databases, are seen as the main reason for low ESSA success in matching and placements. This, and the difficulties caused by the economic climate, do not however take away the responsibility of DoL to identify and overcome operational challenges in order to improve implementation. The following sections refer to some of these key challenges.

4.4.1 ESSA databases outcomes on matching and placement

4.4.1.1 Matching of work seekers

Over the 2007 to 2010 period, 708 646 matches for the 251 748 job opportunities were found on searching on the ESSA databases. An additional 6 602 matches were found manually (named 'number of unmatched CVs to send' on the system). This added up to 715 248 matches over this

period, although most of them were eventually not placed (Table 4.5). (Additional detailed technical figures are available on request.)

4.4.1.2 Placement of work seekers

Over the 2007 to 2010 period, only 2,0% (14 702) out of 745 457 registrations were placed in the labour market, according to data on the ESSA databases (Table 4.5). However, 5 578 work seekers were placed in 2007/08, 4 759 in 2008/09 and 6 361 in 2009/10, according to *News24* (18 August 2010); 16 698 placements (2,2% of registrations) were thus made in total over the 2007 to 2010 period. Thus, 1 996 placements were not recorded on the ESSA databases. The reasons for this discrepancy (including that they may have been made manually) need to be understood.

Table 4.5: Registration, opportunities and placement of work seekers on the ESSA databases, 2007-2010

Description ¹⁵	Years						Percentage placed
	Year not indicated	2007	2008	2009	2010	Total 2007-2010	
Registrations	0	15 760	269 208	294 255	166 234	745 457	
Opportunities	0	10 568	100 942	60 401	79 837	251 748	
<i>Placed</i>	14 183	12	9	0	498	14 702	2,0
<i>Applied</i>	129 114	189	115	0	4 318	133 736	17,9
<i>Declined</i>	1 603	2	1	0	49	1 655	0,2
<i>Withdrawn</i>	163 236	151	96	0	4 747	168 230	22,6
<i>No placement</i>	397 752	5 267	3 972	0	20 143	427 134	57,3
Total (work seekers)	705 888	5 621	4 193	0	29 755	745 457	100,0

Source: ESSA databases (2007-2010)

According to an article on *ITWeb* (27 August 2010), the system registered 169 059 work seekers in 2007/8 and placed only 3% of them. In 2008/9, the ESSA databases registered 421 686 and placed 3,5%, while in 2009/10 the system registered 636 140 and placed only 1% of them. According to the data on the ESSA databases (Table 4.5), the status of more than half (57,3%) of those that were registered were indicated as not involved in any placement (“No placement”), 17,9% as having “Applied”, 0,2% as “Declined” and 22,6% as “Withdrawn” over the whole 2007-2010¹⁶ period.

4.4.1.3 Placements according to occupational field, 2007-2010

The occupational fields of 12 461 work seekers who were placed were not indicated on the system over the 2007 to 2010 period (14 702 were placed and the occupational field of only 2 241 were

¹⁵ Placement status options on the ESSA system were accompanied by the following descriptions: “Applied – the CV has been sent by the ESSA system”; “Declined – the individual application has been unsuccessful”; Placed – the individual has been successfully placed in the opportunity”; and “Withdrawn – the individual has withdrawn his/her application”.

¹⁶ Data available and processed in time for inclusion in the report went up to November 2010.

indicated). Almost all (91,2%) of those whose occupational field was indicated had intermediate skills levels, 7,5% had high skills levels and 1,2% had low skills levels (Table 4.6).

Among those whose occupational field was indicated, almost a quarter had *administrative / clerical* or *computer literacy* skills; 13,8% were *artisans*; 9,4% were in the *engineering* or *technical* field of study; 9,1% were in various *social science* fields of study; 7,7% were *police* or *security* officers; 6,0% were in *management*; 5,0% were in various *health*-related occupations; 4,7% were in the *financial* field; 4,6% were in the *ICT* field; 4,0% were in the *business/entrepreneurial* environment; 3,1% in various *arts and crafts*; 2,5% *drivers* or *operators of trucks, loaders, cranes, etc.*; 2,1% in various positions in *commerce*; 1,8% in various *natural science* fields of study; and 1,6% in various *legal* positions. (More detailed fields of study of those that were placed are available in additional technical tables available on request.)

Table 4.6: Placement according to skills level and field of study/occupation, 2007-2010

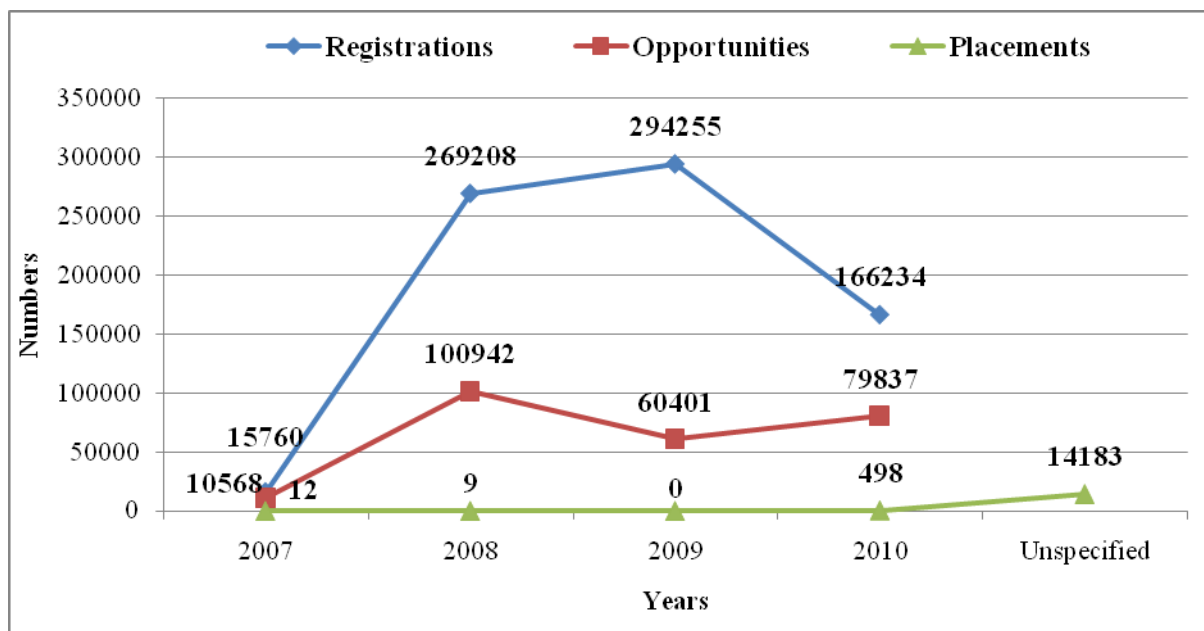
Occupations / Fields of study	Skills levels				
	Low	Intermediate	High	Total	%
Administrative / Clerical / Computer literacy	0	543	10	553	24,7
Artisans	8	296	5	309	13,8
Engineering	16	189	5	210	9,4
Social / Human Sciences	2	165	36	203	9,1
Police and Security	0	171	1	172	7,7
Management / Supervision	0	131	4	135	6,0
Health Practitioners / Nursing	0	111	1	112	5,0
Financial	0	78	27	105	4,7
ICT (Information Communication Technology)	1	99	3	103	4,6
Business / Entrepreneurial	1	82	6	89	4,0
Arts and Crafts	0	69	0	69	3,1
Drivers or Operators (trucks, loaders, cranes, etc.)	0	57	0	57	2,5
Commerce	0	12	36	48	2,1
Natural Sciences	0	24	17	41	1,8
Legal / Law	0	17	18	35	1,6
Total	28	2 044	169	2 241	100
%	1,2	91,2	7,5	100	

Source: ESSA databases (2007-2010)

4.4.1.4 Summary of registrations, opportunities and placement of work-seekers, 2007-2010

The relationship between registrations (73,7%), opportunities (24,9%) and placements (1,5%) is very unequal. As Figure 4.5 shows, placement rates are stagnating, while registrations grew at an annual average rate of 119,3% and job opportunities at 96,2% over the 2007 to 2010 period. Thus, some opportunities are becoming available but most work seekers are not appropriately skilled or experienced to be placed in them. In addition, only 16,8% of the work seekers on the ESSA databases have the potential to be placed in job opportunities because the skills of 83,2% of the work seekers were not captured, making over four-fifths of the work seekers appear to have no skills at all (see 3.5.1.4).

Figure 4.5: Registrations, opportunities and placements, 2007-2010



Source: ESSA databases (2007-2010). (Figures for each “Years” category are based on calendar years.)

4.4.2 Challenges constraining the success of matching and placement

Certain factors prevent greater success when matching work seekers to the opportunities available, and getting them placed in vacancies. This sub-section concentrates on DoL officials’ responses to direct questions about the hindrances they perceive to influence: the process followed in trying to make placements; the alignment of job descriptions with occupational categories; the alignment of the qualifications offered by and required from work seekers with occupational categories; and the general effectiveness of using occupational categories. As such, some repetition of information already reported occurs. However, the selected perspectives serve as fitting conclusion to the chapter because of the central nature of the concerns raised.

Many parties experienced most matching tasks as challenging. Employers battled with compiling correct job descriptions and advertisements, and formulating a good request to PES. ESSA staff struggled while capturing work seeker and vacancy records, or helping applicants with their CVs, or compiling the search profiles when having to run matching queries towards placement.

4.4.2.1 Matching and placing work seekers

The placement process at labour centres takes one of three courses. Labour centres either use a manual process, or an automated search process, or a mix of both. This comprises a great challenge in itself in that no consistency of platforms and procedures exists across cases and over time. This would fragment the operations of the PES unit and its staff.

Manual matching result from factors such as the impatience of employers given slow (overnight) processing; poor matching results from the system because of incorrect coding or incomplete capturing (including backlogs); and the lack of access to the online system at satellite offices. Career counsellors and RSSs normally do the matching. They rely on ESSA databases forms manually completed by work seekers, filed according to occupation, trade, or required expertise and

qualifications, and the job details provided by employers. The efficiency of the matching process is constrained by factors such as: short-listing requirements; uncertainty among staff about job codes or categories; unclear specifications by employers; retrieving large volumes of forms from boxes; and neglect to categorise manual forms at all. Manual matching is very difficult, if not impossible, when backlogs run into the thousands.

Automated processing assumedly avoids the bias inherent in manual matching. However, poor matching could still result from the following challenges: officials' lack of mastery of the OFO categories; ESPs' lack of experience in matching; insufficient training of staff; incomplete CVs; neglect to verify CV information (for instance, proof of qualifications often follow at a second visit); and other incomplete or incorrect information (such as place or location names). It is problematic not to follow a dual-mode process (see next paragraph) and exclude manual forms that are in backlog. First and adjusted searches all run overnight, which lead to frustration among and even losing the goodwill of employers. Where career counsellors are employed, they do valuable work in preparing shortlisted candidates for job interviews, along with their documentation. Employers seldom submit placement-outcome reports. Many follow ups are required, and labour centres have great difficulty in keeping their records up to date. The resulting unreliability of figures further compromises correct evaluations of ESSAs current impact.

Large capturing backlogs and recent offline periods of the ESSA databases require a mixture of manual and automated searches. The challenge then is to overcome fragmentation, confusion and delays, and to maintain the quality of matches, while switching between the procedures of the two scenarios above. Additional complications result from the system freezing. To refresh processing does not always solve the problem, and data or work are often lost. Manual matching has to be undertaken also when initial digital searches fail to produce a result. On the positive side, recent training and increasing experience are said to alleviate more of the problems all along.

4.4.2.2 Aligning job descriptions with occupational categories

PES officials were observed to often lack confidence when coming to matching and placement. They reported avoiding automated or digital matching, as they had come to expect that the ESSA databases would fail them most of the time. Connectivity and information / data quality (or relevance) issues are mostly to blame. Manual processes, with its limitations, are then reverted to.

The lack of training, knowledge and experience is another challenge for many ESSA staff. Although starting to achieve good general competency at work, many officials still lack essential competencies. They reported not knowing that OFO categories are part of the ESSA databases, or how to use them. They appealed for simplification. An argument offered in support is that labour centres encountered a limited range of low-skills jobs (security officers and artisans, for instance), but have to wade through an overdesigned system. Provincial officials were sometimes reported to be equally ignorant about OFO, or unreasonable in blaming the difficulties on labour centre staff's attitude. Relationship breakdowns result in a challenge to find common commitment and knowledge again.

Incorrect or incomplete fields in both work seeker and opportunity records threaten matching success. The biggest challenge is reaching optimal proficiency in moving between the common titles for and technical classifications of positions.

4.4.2.3 Aligning job descriptions with applicant qualifications

Similar challenges compared to those relevant to occupational categories apply in this instance. The challenges involve training, knowledge and experience levels, and inaccurate or incomplete capturing. Where operations flow well, that was attributed to access to the operational manual. Imprecise and inconsistent spellings for qualifications jeopardised matching of work seekers. Innovative staff substitute the “experience” category in searches for the “qualifications” one, if needed. Officials also find it cumbersome to use NQF-level equivalents as criteria converted from qualification levels. Enough experienced and knowledgeable staff ensured positive outcomes in implementation. High workload and processing volumes meant sub-optimal functioning. Not specifying minimum work-seeker qualifications rendered searches too open and unwieldy.

4.4.2.4 Challenges pertaining to the operational dimensions of matching

A central challenge would be to provide continuous training aimed at converting labour centres and officials (estimated as approximately 20% of the total) into expert users with a sufficient grasp of matching sophistication in terms of job categories, qualification levels and related fields. In addition, overcoming the following identified challenges was reported as important: non-acceptance of the need to implement a thorough and complex system; incomplete and inaccurate capturing; data-storage failures; insufficient working knowledge of the occupational classification system and how it slots into ESSA databases matching; (perceptions of) unnecessary complexities (“alien to real-life naming of jobs”) and redundancy of lots of information during system implementation (not being user-friendly); slow processing times; staff identity, commitment and motivation; direct online access to employers; replacing the inefficient ESSA databases support service provider; absence of modern digital technologies in its implementation (e.g., cellular phones); and possible revision of OFO for the South African context. A respondent pointed out that employer and work-seeker sophistication has to be factored in appropriately should the ESSA databases be made available widely online.

Many officials granted that there should be substantive investment in a complex system that would automate how the complexities of the task of matching work seekers to job opportunities are coded to give effect to the criteria that an employer may set and the contents that work seekers bring.

Work seekers who spoke to the researchers largely felt positive about the existence of the system and its ability to provide work seekers with jobs. They based their opinions on knowing friends who got jobs in this way. Some of the respondents themselves got jobs on prior occasions. Some even were still in the job the PES had given them, but they were investigating further opportunities, or updating their CVs at the time. They appreciated having received information, assistance in completing the forms properly, and alerts about training opportunities. By and large work seekers remained hopeful that better prospects lay ahead, even though employment was scarce. They based their hope on the understanding given to them and their problems by officials, and that ESSA was a

big government effort, that was perceived to have many jobs, and “... *has promised to assist.*” Their desperation was also evident in being prepared to “take any type of job”.

There were some, though, who were outright pessimistic and disillusioned, and began to show resentment. “*People who need jobs can’t afford to come here.*” “*Some ‘confident’ people ... or nepotist appointees, who cannot do the work, got jobs before me.*” Family membership often seemed to open doors, even in the absence of appropriate experience. For some the burden of their continued efforts was becoming futile. They acknowledged that big companies would not hire under-qualified people. A few more vignettes reveal some of the factors at play: “*The government is doing the wrong thing. There are lots of people our age. The easiest thing would just be to give them bursaries. From Gr 8 to Gr 12 - just start pushing the bursaries. For example if you love art you can go for a bursary.*”; “*We are the future but they are locking most of us in prisons because we have no choice but to commit crime. They make it easy for foreigners to take jobs.*”; “*The government kids study in big schools.*”; “*In DoL you must know someone to get a job. My friend knows someone who works here so she saw her ESSA form and got her a job quickly. It is corrupt. Then government wants you to vote for him again.*”; “*It doesn’t help that I came into this room now and I am looking at these boxes of forms just sitting here. Then I am thinking there is no hope in filling in this form.*”.

Employers pointed out factors such as the inconvenient distance to and location of work seekers’ closest labour centre, the fact that employers normally do not require low-skilled people (which comprises the bulk of the ESSA databases’ entries), and that PES is not the preferred route to follow.

The lack of integration of career counselling and skills development with employment services remained an often-reported challenge. It is clear from the findings presented in this section (4.4) that work seekers should be empowered by policy and implementation directives to exit from the education and training system, and even prior posts in the workplace, with an improved skills base. It has become virtually impossible to place work seekers without sufficient employable skills. The fragmented state of the career-counselling pipeline of support, from school level, through labour centres/DoL, and elsewhere in after-school training, the workplace and higher-education institutions, has to be corrected.

Following the description in Chapter 3 of the current level of ESSA functioning, this chapter has examined the challenges which it experiences. The following chapter synthesises these challenges. Recommendations to assist the DoL in addressing them are presented in Chapter 5

CHAPTER 5

SYNTHESIS OF KEY CHALLENGES AND RECOMMENDATIONS

Section 5.1 of this chapter presents a brief restatement of the study's aims, research questions and design features. This is followed in Section 5.2 by a synthesis of the key issues hindering more effective ESSA implementation. This is derived from the information in the previous chapters of the report, which deal with the context of ESSA (Chapter 2), its current levels of functioning (Chapter 3) and empirical findings on the nature and extent of specific detailed implementation challenges (Chapter 4). Recommendations, in Section 5.3, are followed by a brief conclusion (Section 5.4) which ends the chapter and the report.

5.1 Introduction

The aim of the study was to provide an overview of the current functioning of ESSA, and in the process to identify those challenges that the DoL can address in order to improve its implementation. The study's terms of reference focused it on evaluating ESSA's Registration and Recruitment and Selection service offerings. The research team concentrated on why more of the work seekers registered on the ESSA databases cannot be placed in vacancies. In investigating the presence and quality of capacity, infrastructure, systems and procedures, the team was able to evaluate processes used. The impact of ESSA on employment placement was evaluated through an analysis of the challenges and gaps in delivery and implementation, especially in relation to the low levels of success in placing work seekers into job opportunities. The main sources of information included a study of the technical and operational procedures which enabled insights to be developed into the reasons why greater placement success is not achieved, and ESSA databases data and other available statistics which give information about ESSA databases registration and placement volumes in relation to other national data about employment.

Although challenges remain to be resolved in implementing ESSA, there have been substantial achievements. These include:

- the countrywide establishment of the backbone of an extended IT system (ESSA databases) that drives ESSA implementation
- the appointment or placement of a large number of officials at different levels at labour centres
- the roll-out of a considerable amount of training to prepare these officials for their roles and tasks
- piloting and establishing best-practice based and integrated ESSA delivery in the form of multi-purpose resource centres at a selected, and growing, number of sites
- increasing the number of registrations of both work seekers and opportunities within the system
- early signals that relationships and interactions with employer firms are expanding
- successful soliciting of some cooperation from PEAs
- evidence that target setting and accountability reporting is increasingly underpinning the marketing of PES's services
- evidence of making the ESSA databases more accessible for monitoring trends in the supply and demand of labour

- rendering of services free of charge in an increasingly accessible manner
- grappling with the relevance and renewal of legislation and regulations on an ongoing basis.

However, although ESSA over its short lifespan in its current form has made notable achievements, it nevertheless functions within a very constrained context. Without losing sight of the study's focus, a summary follows of the key challenges facing the DoL in terms of its strategic management and resourcing of ESSA and its day-to-day implementation through labour centres.

5.2 Key challenges hindering a more effective service

Some issues that affect ESSA's implementation fall outside its direct influence. These issues are historical, regulatory and conceptual. They nevertheless determine the mode, content, dynamics and outcomes of service delivery. Although such issues fall outside the ambit of this evaluation of the immediate challenges facing ESSA's registration and placement services, some observations are made about them at 5.2.1 below. These factors not only operate at the macro-level but also reflect challenges manifest at different levels. Meso- and micro-level challenges are presented at 5.2.2 and 5.2.3 below. The former relate to how ESSA, and in particular the ESSA databases, are designed, resourced and positioned systemically among role players and stakeholders. The latter refer to direct service rendering at labour centres to work seekers and employers. There is of course no absolute dividing line between the macro-, meso- and micro-levels. However, the distinction is useful for prioritising the challenges and recommendations in Section 5.3.

5.2.1 Macro-level challenges

Rendering effective employment services is strongly influenced by the *economic climate* and resulting labour market realities and dynamics. As a result of entrenched segmentation and recent international economic problems, the local economy has many adverse characteristics. Central to these are South Africa's high unemployment rate which is not matched by sufficient work opportunities. This makes it impossible for PES to achieve high placement rates. In addition, there are in the ESSA databases system many low-skilled work seekers for whom relatively few opportunities exist. Available opportunities mostly require intermediate- and high-level skills and experience.¹

A result of PES's inability to place more work seekers into vacancies is low job satisfaction and work commitment among labour centre staff tasked with the ESSA databases's implementation. Even enthusiastic and committed officials are concerned that their successes in encouraging work seekers and employers to use the ESSA databases create unrealistic expectations which cannot be met. A large percentage of work seekers and employers thus become disillusioned. Some officials fear that the situation has the potential to develop into the next service-delivery failure, with attendant protest action. This predicament is reflected at the meso- and micro-level in terms of officials' uncertainty about how to market their services, and about the nature of the training that staff require.

¹ A related complication exacerbates the skills mismatch in the case of opportunities linked to applications for work permits. One of the DoL officials who submitted comments on having gone through the final draft of this report pointed out that because all such opportunities had to be registered on the ESSA databases, skills requirements in such cases would invariably be in short supply. Direct matching will almost never occur through the ESSA databases as a result.

Uncertainties exist about the most appropriate *legislation and regulations* for the South African situation. Stakeholders and role players, and in particular PES and DoL officials and PEA managers, are unsure about the future of the employment industry and tend to be mutually suspicious about the value, professionalism and protection of their respective mandates and work. Their sense of the possibility and modes of mutually beneficial relationships is limited. Substantial ambivalence was noted among different respondents to the study, and in recent public debate. The regulatory or legislative uncertainty preceding the pending release and eventual coming into effect of the Employment Services Bill and other dynamics make this a sensitive matter at this time. Labour broking, or temporary employment, agencies are not excluded from the uncertainties.

These challenges suggest a gap in existing legislation and uncertainties about proposed changes to legislation in ensuring the achievement of desired and intended outcomes. Trying to render the best ESSA services possible in the absence of legislation compelling employers to register all vacancies was perceived by some to be the key challenge. They thus want stronger regulation. However, others considered the absence of efficient marketing, effective service delivery and professionalism as the challenge. This would not be remedied through further legislation, they felt, and strong legislation could have the effect, at least in the short term, of doing away with large numbers of job opportunities.

Thus, whatever amendments are made to the legislation, policy and practice will need detailed re-alignment. Considering the effort required, sufficient debate and consultation should be allowed.

A final challenge at the macro-level concerns the lack of a shared *conceptual understanding* of the integrated and extended role of ESSA in the labour market among stakeholders and role players. This is also a risk within the DoL itself among the various layers of management and officials tasked with ESSA implementation. Over-simplification of the conceptualisation of employment services influences resource-allocation decisions. This may affect the way in which registration and placement services are provided, or compartmentalise functions into isolated activities. At some labour centres, budget allocations were perceived to be skewed towards UI, for instance, although employment services were felt to require more funds. If employment services are under-resourced, it may be even more difficult than at present to encourage work seekers visiting labour centres to use them for job-seeking purposes and not simply for UI registration and payment. Weak relationships with, and feedback from, employer firms are another weakness within the present system. In short, wider capacity development and financial viability deserve attention.

A further macro-level challenge is that of the respective responsibilities of DoL and DHET for skills development and where, institutionally, its coordination is placed. A major challenge is to ensure that more work seekers emerge from the education and training system, and from previous work experiences, with better skills. It is extremely difficult to place work seekers who lack the required employable skills. However, recent departmental restructuring at national level placed skills development with DHET, and took away formal responsibility for it from DoL without putting in place new coordinating structures and arrangements. DoL officials therefore do not know how to deal with training issues, especially in view of the fact that DoL staff formerly tasked with work in this area have now been allocated to PES and the ESSA databases, where their jobs no longer accommodate application of their previous skills-development experience.

Career counselling is also widely neglected at school level, at labour centres, by a broad array of stakeholders and at the organisational, post-school and tertiary education levels.

5.2.2 Meso-level systemic challenges

The issues discussed in this section are found mainly at systemic level. They include the way in which DoL resources ESSA with regard to staff and technical systems capacity and infrastructure; and the challenges affecting interactions between PES and user and stakeholder institutions such as employer firms and PEAs.

In terms of *human resources* capacity, issues relating to the transfer of the former skills-development function of DoL to DHET have not been resolved and many highly-qualified officials have remained in DoL. They tend to perceive themselves not to have a career path or career identity, and are frustrated in their jobs. There are also indications that job descriptions and demarcations were too fluid and inconsistent.

This matter of the recent departmental transformation may be at the heart of the reports on understaffing, high staff turnover, high frustration levels and a sense of being overwhelmed by the workload which were encountered at many labour centres. There was also, in some cases, a concern that staff would lose their jobs because of increased automation and online activity.

Staff training appeared to be overly-focused on support and client service skills such as interpersonal conduct, telephone skills and general computer skills. This was at the expense of training in the management and technical capacity to run employment services involving career counselling; ESSA database management; and job-matching proficiency.

The *infrastructure* for operating ESSA involves not only office space and equipment but also the IT-based ESSA databases. The required equipment, including IT software, hardware and work stations was often said to be in limited supply and poor condition. This factor was especially frustrating for staff who have adequate to strong training and qualifications. Many informants also considered the levels of and arrangements for IT service provider support to be unacceptable.

The lack of online access was a regular complaint. Employers cannot conduct their interactions online and neither can those work seekers who have the proficiency to do so. Nor can the burden on labour centre officials be reduced by this means. The absence of flexible, interconnected websites, with links to Home and Foreign Affairs, the South African Revenue Services (SARS), SAQA, the SETAs, DBE, DHET, the Personnel Salary Management System (PERSAL) and the SAPS, for example, makes the verification of information tedious and inefficient. This applies particularly to satellite offices. Another limitation on the use of IT for accessibility is the fact that potential users, and especially work seekers, tend to have very low levels of computer literacy.

As well as causing the problems identified in the previous paragraph, IT-related difficulties have a negative effect on data quality and reliability. This has knock-on effects on placement success, the availability of business information and reports and on the operational capacity of PES, especially in implementing the ESSA databases. Compromised consistency and correctness of fields such as qualifications, job titles and location make management reports and matching precarious. System

architecture shortcomings, including complex or cumbersome screens, drop-down menus and default settings, were noted by many respondents. A particular case in point was the failure to give due attention to the terminology and complexities inherent in the OFO. Inefficient matching of job seekers with work opportunities was the inevitable outcome, in particular because the technical aspects of matching were being neglected.

Data management is a critical issue. If DoL officials are not able to deal proficiently with the many technical aspects (such as data capturing, compiling search profiles and using OFO categories) related to the ESSA databases, data quality will remain low as will the quality of matching.

The structuring of *relations* within DoL, and between DoL and its main partners, in rendering national employment services is another challenging area. Provincial support, which provinces feel to be quite comprehensive, was not perceived to be sufficient from the perspective of labour centres. Two specific aspects identified were the need for more training and IT support.

The matters of optimal management and supervision related to the rendering of employment services in labour centres lie at the intersection between meso- and micro-level challenges. They concern both the challenge of getting human resources provision right and the one of functioning as best as possible in relation to operational activities.

Many anomalies exist with regard to branding and marketing PES and canvassing employers to register themselves and their work opportunities on the ESSA databases. Employers are often reluctant to register, for reasons including the wish not to be subject to departmental inspections and control. By not providing the required placement confirmations after making appointments from shortlists of matched candidates from the work-seeker database, employers make it difficult for PES to update databases. This challenge contributes to problems experienced by labour centre officials at the micro-level in their day-to-day interactions with employer firms.

PEAs seem not to be well-informed about PES, and in some instances their negative views on its usefulness and professionalism hinder mutually beneficial relationships. This is clearly a sensitive area and needs to be addressed.

5.2.3 Micro-level operational challenges

The day-to-day implementation of ESSA and the administration of the ESSA databases is the domain of officials at labour centres. Their key challenges are how best to provide and market their services; improve workflows and allocate capacity at the labour centres to support those; and improve registration activities to increase the quality of the ESSA databases' data towards more success in placement.

Labour centre officials felt insecure about their preparation and training for their marketing tasks, also uncertain about protocol and seniority issues when engaging with large corporate companies and their executives.

Technical aspects related to matching pose a major challenge for ESSA. Data capturing and creating search profiles influence data quality and reliability, and many difficulties can be attributed

to lack of knowledge by officials of the occupational categories in the OFO and of the complexities of the ESSA databases in general.

An aspect related partly to IT provision at the meso-level, and which varied from centre to centre depending on its location and environment, was the issue of access for clients. Limited infrastructure, and the availability and cost of transport, led to restrictions in terms of communication with the community. Many labour centres need to be upgraded because of age, size, location, ownership, lack of well-equipped resource centres and functionality of furniture.

The team found evidence of capacity limitations at labour centres. Front-line client-service capacity fell short in terms of numbers and skills, as did technical skills, especially those related to data capturing and management.

It appears to be highly probable that the extent of manual matching and placement is underestimated, and that it may be the rule rather than the exception. Manual matching is reported to be necessary because electronic matching is too complex for most officials, and because of lengthy processes, slow computer processing speeds and frequently broken connectivity. Successful placements seem also not to be reported systematically, and may be thus be underestimated.

5.3 Key recommendations towards more effective services

These recommendations are introduced by relating some of the solutions proposed by participants in the study. The formal recommendations² are then organised into the same macro-, meso- and micro-level categorisation used in Section 5.2.

During the research visits, participants were given the opportunity to suggest solutions that they considered likely to enhance delivery of ESSA.

- **Recommendations by officials at labour centres:**

- fill the present regulatory and legislative vacuum
- provide further training in the technical aspects of implementing the ESSA databases to enhance accurate capturing and more competent searching and matching
- simplify the complexities, duplications and redundancy related to much of the work-seeker information that the ESSA databases accommodates, such as salary ranges, names for locations, age ranges and qualifications
- increase the system's capacity to provide user-friendly feedback, statistics and reports
- solve perceived limitations inherent to the OFO
- eliminate system failures and shortcomings, slow processing speeds and off-line time, in particular through enhanced service levels from the systems support service provider, wider

² The research team is indebted to the PES office at national level for widely circulating the final draft of this report to DoL (PES) officials for comment. All the subsequent inputs have been factored into a next revision of the report. A number of valuable suggestions (15 in total) led to enhanced formulations pertaining to the practical implications and recommendations which the team had otherwise already formulated in principle. The report, though, remains the considered view of the research team. Each such final refinement to the relevant section (5.3) is indicated after the sentence concerned by means of superscripted letters "DoL.". The team then received final inputs from the RPP Unit Head, and these have all been addressed in this final version of the report.

access to the Internet and related government-wide databases and expanded resources centres

- raise levels of support from provincial offices, including inter-departmental coordination
- enhance career identity and development among staff to encourage officials to become more professional in their work.

- **Recommendations by business unit managers responsible for ESSA at DoL provincial offices:**

- clarify the legislation
- improve the availability and analysis of labour market information, including industry-specific responsiveness in each province
- expand the use of ESSA/the ESSA databases by the DoL and other government departments
- examine the extent to which non-nationals are appointed
- relax the criteria that currently result in the inclusion of almost everyone as work seekers however “unemployable” they may be
- improve linkages between all relevant employment and skills-development databases and systems
- improve operations through means including professional service delivery and online connectivity
- expand satellite offices, mobile units, self-help kiosks and resource centres
- ensure the availability of state-of-the-art equipment
- retrain staff
- provide appealing career paths
- ensure sufficient staff capacity
- simplify the OFO interfaces
- enhance reporting capacity
- ensure feedback from employers about placements.

- **Recommendations by respondents from employer firms:**

- improve service levels
- ensure that labour-centre officials understand employers’ needs and respond accordingly, and provide follow-up and after-care to employers and newly-placed employees
- increase staff capacity
- move away from only making available low-skill candidates for vacancies
- exclude from the ESSA databases those who already have employment.

Against the background of the respondents’ views above, the following sections describe the most severe challenges which, in the view of the research team, face ESSA. Macro-level issues are presented first, as these need to be prioritised in order to create solutions for meso- and micro-level challenges. Meso-level solutions will, in turn, assist with addressing micro-level issues. The second level of prioritisation is reflected in the order in which recommendations are presented within sub-sections. The recommendations are based on a synthesis of all of the information that the research team had at its disposal. It includes wider contextual information, such as that gleaned from the

literature and document review, an analysis of the content and functioning of the ESSA databases and other statistics, and the findings from observations and from interviews with participants in the empirical part of the study (particularly as reported in Chapters 3 and 4).

The process followed below is to present overarching numbered recommendations in bold typeface after providing short arguments in support of them. Issues requiring further explanation follow, often with more detailed unnumbered recommendations, as relevant.

5.3.1 Macro-level recommendations

Given the present *economic climate*, it is critical to take all possible opportunities to develop an economy that will absorb more work seekers.

- **Recommendation 1: The DoL should actively support, and participate in, all efforts at the level of national government to create more jobs.**

Uncertainties about the ideal *legislative and regulatory* dispensation for the country's employment services need urgently to be resolved. Such a regulatory framework determines the boundaries within which all role players operate in rendering services aimed at recruitment and placement, within government's broader job-creation and skills-development imperatives. Not all respondents agreed that legislation should be tightened. It therefore seems prudent to extend current opportunities for interaction on the matter. Unanswered questions include whether or not regulating labour brokers and PEAs in the ways proposed by the new Employment Services Bill will lead to the loss of opportunities, as some have argued; or whether stricter legislation will assist with achieving government's mandate.

- **Recommendation 2: The DoL should stimulate, and allow more time for, debate on the potential impact of pending amendments to and introduction of new legislation that will determine the rendering of employment services in the country.**

Once the legislative framework has been finalised, the DoL should create mechanisms so that labour centres, employer firms and work seekers consult and cooperate to review and implement the operational details of improved labour policy. Separately and jointly, these actors should analyse current problems, identify emerging difficulties and create workable solutions that maintain and enhance employment services levels. Doing this successfully depends on synergy and working in complementary ways, including sharing operational responsibilities such as the joint design and maintenance of information platforms and interfaces. Regular contact with employer firms is critical to ensuring that PES keeps abreast of changes in labour market dynamics and requirements. One of the foci of this endeavour should be to address the fact that PES officials are both inspectors and service providers.

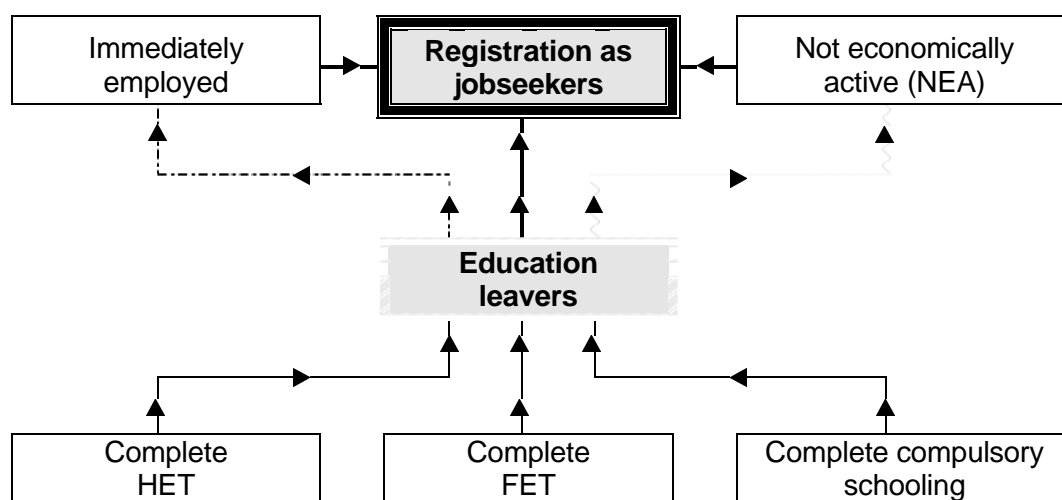
A broader *conceptual understanding* of employment services than has hitherto been the case needs to be developed. This refers primarily to the appropriate allocation of budgets to education, training and other skills-development functions in the work of the Department, and any relevant articulation

between the work of DoL and that of any other contributors to the Department’s PES function. It may even be appropriate to administer PES funding allocation as a Ministerial budget, and to align its size with competitive funding levels in other middle-income economies such as Brazil.^{DoL} This will require a proper balance between the legislative and public-relations (image and value-addition) aspects relating to recruitment and placement through ESSA. It will also require career counselling services in schools, post-school education, employer organisations and the Department and as an integrated function across role players. Skills- and career development initiatives need to encourage a wide appreciation of the importance of quality and relevance of qualifications, high educational standards, good vocational training and occupational flexibility. Ideally, work seekers should leave the education and training system, and previous employment, with improved skills. As is widely recognised, it is almost impossible to place under-skilled work seekers in jobs.

- **Recommendation 3: The DoL, in collaboration with other stakeholders, should build conceptual and systemic alignment and coordination for education, training and skills development with employment services.**

Preparing learners for entry into the world of work is of the utmost importance. This implies an extension of current services beyond narrowly-defined employment services. Young adults who enter the labour market can leave the education system, to start a working career or start a family, at one of three exit points. Some leave after the completion of compulsory education³, while others go on to complete an FET qualification and then enter the labour market. A third group obtains higher education and training (HET) qualifications before they enter the labour market. The broken lines in Figure 5.1 represent those who obtain employment as soon as they enter the labour market. The track lines represent those who leave education and are (re)entering the labour market without the prospect of a job waiting for them. The zigzag lines represent adults of working age who are NEA (not economically active) but want to enter the labour market.

Figure 5.1: Potential pathways from formal learning to employment



³ Not forgetting about exceptions such as some work seekers not even finishing primary school.

Learners who enter the labour market after completion of compulsory schooling often lack saleable skills, struggle to find employment and risk alienation from the world of work. Registering all education leavers who have not obtained employment through personal effort before exiting school as work seekers should be considered as a default option. The following guidelines would apply:

- Learners who have completed their compulsory schooling and are forced to enter the labour market with such a school-leaver's certificate should be registered as work seekers.
- By the third quarter of the school year, every Grade 9 learner who decides not to enter FET after successful completion of exit examinations should be registered with the DoL as a work seeker. Schools would play a crucial role in the registration process.
- These work seekers can now be enlisted for community service, training programmes (basic and social-skills training) and learnerships (FETs and SETAs). A similar programme, namely the NDYP, is followed in the UK, where people claiming a Jobseeker's Allowance for six months or more without finding employment have to join the Community Task Force programme. Other schemes offered under the direction of personal advisors at job centres include training for work, work-based learning, and apprenticeship programmes.
- Grade 9 learners, who cannot afford to enter FET but have shown the ability to pursue an academic career, should be entered into a loan scheme to enable them to complete the senior-secondary school phase. Especially those learners who achieved high standards in mathematics and science should be assisted to further their qualifications at HET institutions.
- Similarly, providers in the FET and HET bands of the NQF should be tasked with the responsibility to register education leavers. Such registration will serve several purposes:
 - Enabling planning for the utilisation of school leavers in community service (as is currently the policy with graduates in the medical field)
 - Identifying candidates for bursaries or loans to further their education
 - Identifying young adults for entry into a "New Deal" (NDYP) type of programme.

Active marketing of ESSA to the youth at tertiary education institutions, accompanied by appropriate policy support aimed at minimising the gap or mistrust between employers and work seekers, should be pursued to address three key objectives:

- reducing unemployment in a sector with a relatively high unemployment rate;
- obtaining buy-in first from young work seekers and subsequently from employers who will then become interested in the bigger pool of work seekers displaying higher proficiency levels
- reducing the double-sided asymmetric information problem introduced in Chapter 2.^{DoL}

Absorbing learners as they leave education with a view to enhancing their employability could gradually improve the quality of the supply of labour in the country. An integrated skills development system, shared between vocational education and training (VET) and employment services, should be considered. Another option would be to have all such training reside with DHET in order to leave employment practitioners to focus on recruitment and placement.^{DoL}

- **Recommendation 4: The DoL should ensure, through training and related activities, that ESSA managers and officials at national, provincial and labour centre level have the same conceptual understanding of their employment services rendering task.**

The extent to which government departments use government's own employment system and services (ESSA databases / ESSA as operated by DoL) should be improved and made consistent. The role of the PES unit in recruiting and selecting work seekers for government positions (at post-levels two to nine) needs to be clarified, also by means of the finalisation of recruitment policy by the DoL, and the expected increase in ESP targets be kept in alignment with the latter's capacity and skills.^{DoL}

5.3.2 Meso-level systemic recommendations

Interventions required in the area of *human resources capacity* relate to appropriate staff allocation, clarification of career path and identity issues, and the provision of more training. Staff should be allocated more appropriately. Splitting the UI, IES, ESSA databases, ESSA and other identities and functions needs to be considered. The assumption is that this could produce greater efficiency through specialisation. Better aligning staff interests, attitudes and proficiencies with the nature of their work would also assist. There are also many problems associated with the uses of the OFO. On this, and on a range of other issues, more, and more relevant, staff training is required.

- **Recommendation 5: Through appropriate placements and ongoing training, the DoL should build its human resources capacity at all levels and should ensure clear and appealing career identities and paths for every official.**

It is recommended that DoL employ personnel with statistics qualifications for data capturing and management at labour centre level. This should reduce data inconsistencies and enable the production of valid statistics. With the country having introduced the new ICD system, these staff, perhaps via statistics personnel based in the LMIS unit, should have direct (read only) access to national data in this system for statistical interrogations. This will help them to obtain and produce relevant and reliable labour centre statistics with fewer errors and delays than at present. The link between JOI (LMIS) and ESSA (databases) needs to be emphasised, and the role of each section clarified accordingly.^{DoL}

Within PES itself, managers should address gaps caused by the loss of high-skilled staff within the skills-development function. Many of these people are however still within the Department, although they now work in the ESSA databases environment. Management should urgently address the mismatch between their former expertise and their new functions, job descriptions, career identity and future career prospects. They should also address the high levels of job frustration and pervasive sense of work overload to avoid a loss of productivity and staff attrition. Addressing low staff morale is key in this regard.^{DoL}

Infrastructure (facilities, physical resources and IT capacity and systems) also needs attention. To enable the best possible services to be provided, existing and required hardware and software and office facilities should be critically assessed, procured and provided.

- **Recommendation 6: The DoL should ensure that its infrastructure, equipment and systems are in optimal alignment with the services they are required to deliver.**

It is recommended that the data captured about jobs advertised in the media for purposes of the JOI are also captured on the ESSA databases. Staff members from the appropriate sections of DoL should evaluate the ESSA databases's limitations relating to accommodating compulsory and available information, and any additional requirements.

Electronically downloading information in vacancy advertisements in newspapers and on websites should be explored, and negotiated with newspaper and website owners. This would reduce the burden of manually capturing the information from job vacancy advertisements. If vacancy information can be downloaded, the DoL would only need to "clean" the data by aligning data-input fields, changing fonts and cases, deleting duplicates, classifying advertised occupations according to the OFO, and so on.

Some respondents felt strongly that the current service provider handling IT/ESSA databases provision and support should be replaced. At a minimum, it became clear that many aspects of the data system require urgent attention, with the issues including connectivity and processing speeds; cleaning, correctness and capturing of data; searching and reporting capacity; and user friendliness. Problems relating to fields such as location (place names) and qualifications need to be addressed. Although many of these issues are addressed below in the section dealing with micro-level issues, at this level the system architecture, operational capacity and service-provider support of the ESSA databases require attention.

Online accessibility could be extended through the use of multi-media platforms and technology such as cellular phones, SMS, Twitter and Facebook. Interconnecting websites could link data and information from, among others, the Departments of Home Affairs and of International Relations and Cooperation, SARS, SAQA, SETAs, DBE, DHET, PERSAL, and the SAPS in order to speed up processing and verification. Labour centres could also assist with improving computer literacy among their users, particularly work seekers. IT-based access to employers and work seekers should be broadened in terms of interactive technology, for instance to include features such as electronic tracking of the employment status of work seekers.^{DoL} Consideration should be given to the establishment of a call centre for disbursing labour information and even assisting with placement as such.^{DoL}

The complexity of capturing of work seekers' profiles and OFO terminology should be addressed, interfaces simplified, and shortcomings in coding, when capturing and in compiling search profiles, overcome. Weaknesses in these areas lead to low matching rates and compromised data quality.

Relationships within PES and between PES officials and other role players and stakeholders should be improved through better communication. This relates to both the content and channels of communication.

- **Recommendation 7: The DoL should address the content and nature of internal liaison between officials and external liaison with parties so that its services are widely known about.**

A key matter is the way in which labour centre officials market and canvas the ESSA services. Employer confidence in ESSA needs to be improved. Such a thrust will include operational dimensions at the micro-level. Specific suggestions pertain to improved professional handling of services by everyone concerned in order to impact future use, ESPs' pre-screening of candidates to enhance the chances of successful job matching once lists arrive at employer firms, and accessing any additional databases of work seekers to expand the pool of higher-skilled candidates. (Also see the discussions in Sections 3.6.6.2 and 4.3.3.2.)

Inter-departmental forums should be established to ensure collaboration and liaison between all government departments.

The DoL should provide increased provincial office support to labour centres, with priorities being IT support, IT service provider contract obligations, and training especially on technical ESSA databases elements but also on overarching issues such as career counselling. In addition, responsibility for marketing ESSA should be shared by provincial PES offices in cases where labour centres lack the capacity for doing so.^{DoL}

Once regulatory issues have been addressed, mutually beneficial relations between PES and PEAs, including sharing capacity and work-seeker information, data about opportunities, and skills, should be made more practical and concrete.

- **Recommendation 8: It is recommended that the functioning of the ESSA databases should be enhanced in terms of connectivity, user-friendliness, computer capacity (hardware and software) and overall improvement of system design.**

5.3.3 Micro-level operational recommendations

Data capturing and processing capacity needs to be enhanced in order to avoid backlogs and having to run manual systems in parallel, which is very inefficient. It also relates to the completeness, quality and correctness of the databases. A partial solution would be to reduce the extent to which staff have to switch between various software applications and work functions, having to call up different screens and menus serially in order to work on UI, the ESSA databases and other systems. The concomitant meso-level recommendation refers to the need for attention to the architecture, operational capacity and service-provider support of the ESSA databases as well as better data-management. It is anticipated that simplified ESSA database operations would reduce user apathy. Addressing human factors related to CSO workloads would also go a long way, as these may result in practices such as deliberate incomplete capturing or hiding CVs not having been captured yet (see Section 4.3.5.2).

Providing well-equipped resource centres at as many labour centres as possible should be a priority, and all equipment, including IT software, hardware and work stations, should be recorded and serviceable.

- **Recommendation 9: The DoL should address issues of data quality in the ESSA databases by improving data management and data capturing at labour centres.**

Data deficiencies compromise matching success. Matching by a selected data field, such as work-seeker skills level, not completed in 83% of the cases, result in discarding such records each time.

The integrity and credibility of ESSA database statistics, vis-à-vis StatsSA figures, for instance, need to be addressed.^{DoL}

- **Recommendation 10: There should be a strong training and orientation drive to improve the abilities of front-line officials, career counsellors, RSSs, ESPs and labour centre (regional) managers so that, individually and as a team, they can carry out their canvassing, counselling and other roles confidently and knowledgeably.**

ESPs in particular should receive job-specific training, which should include enhancement of the necessary “soft skills”, such as interviewing and classification skills, but also the ability to anticipate challenges and act proactively in their daily tasks.^{DoL} Given the importance of the work of client service officials, they require continuous training concerning new legislation and people skills in particular.^{DoL} Generally speaking, training and skills in the area of human-resources practice should be expanded.^{DoL}

By aligning the functions of the various categories of officials at labour centres (see Appendix A) with the findings on training obtained by these staff (see Appendix C, and Table 4.2), a nuanced sense is reached about training needs at the labour centres. The outcome by staff category is the following:

Administrative support

According to their functions, administrative support staff should, in order of importance, be competent in especially computer skills, the ESSA system and database, SCM, finance/accounting, and labour legislation.

Currently their training focuses too much on writing skills and client service to the detriment of the ESSA system and database, SCM and finance training.

Assessors and career counsellors

According to their functions, career counsellors and assessors should, in order of importance, be competent in especially counselling/guidance, interviewing skills, skills development, learnership/apprenticeship and internship information, recruitment/selection, computer skills, the ESSA system and database, induction of staff, marketing/advocacy, HIV/AIDS prevention guidance, marketing/advocacy, and conflict management.

Currently their training focuses too little on recruitment and selection, skills development, learnership/apprenticeship and internship information provision, marketing/advocacy, conflict management, and sign language.

Supervisors

According to their functions, supervisors should, in order of importance, be competent in especially extracting data from the ESSA databases to consolidate and submit monthly statistics, computer skills, report writing, UIF, conflict management, labour legislation, labour relations, management/supervision, M&E, risk management, and the induction/orientation and training of staff.

Currently there is a lack of training in labour relations, report writing, conflict management, and the orientation of staff. Some training on occupational health is also advised.

CSOs

According to their functions, CSOs should, in order of importance, be competent in especially client services, UIF, the ESSA system and databases, computer skills, labour legislation, interviewing skills, learnership/apprenticeship and internship information, and project management.

Currently there is a lack of training in learnership/apprenticeship and internship information provision, interviewing skills, and project management.

ESPs

According to their functions, ESPs should, in order of importance, be competent in especially the ESSA system and databases, marketing/advocacy, recruitment and selection, managerial skills, project management, client services, interviewing skills, skills development, learnership / apprenticeship and internship information provision, M&E, and computer skills.

Currently there is a lack of training in marketing/advocacy, management, learnership/apprenticeship and internship information provision, interviewing skills, client services, and M&E.

Inspectors

According to their functions, inspectors should, in order of importance, be competent in especially M&E, labour legislation, conflict management, risk management, occupational health, management, UIF, learnership/apprenticeship and internship information, skills development, interviewing skills, the ESSA system and databases, report writing, marketing/advocacy, computer skills, and client services.

Currently there is a lack of training in M&E, marketing/advocacy, management, interviewing skills, client services, and UIF.

Managers and regional managers

According to their functions, managers should, in order of importance, be competent in especially management, M&E, finance, the ESSA system and databases, writing skills, marketing/advocacy, conflict management, counseling/guidance, interviewing skills, labour legislation, computer skills, and client services.

Currently there is a lack of training in M&E, finance, the ESSA system and databases, marketing/advocacy, conflict management, counseling/guidance, and interviewing skills.

5.4 Concluding remarks

A leading role in addressing unemployment and in enhancing the ability of job seekers to find work has been assigned by government to the DoL's labour centres.⁴ It has not yet been decided what the role of other service providers in the field should be, and how they could optimally relate to the labour centres. The impact of PES and the ESSA databases will be affected by the outcomes of present discussions and proposed amendments and additions to legislation. It seems prudent to enable an inclusive and thorough debate on possible changes to the legislation; outcomes could include scenarios ranging from considerable, to almost no, central regulation.

This research has identified the systems, human resource capacity and physical infrastructure, emerging service delivery identity and image, and a range of other achievements which provide a foundation from which to develop ESSA further.

A number of operational challenges remain, however. They were identified on the basis of an overview of contextual information, analysis of statistics available from the ESSA databases and other data sources, and the team's own empirical investigation into the present state of ESSA functioning. This document has recommended specific ways in which they can be addressed. It would be prudent to establish mechanisms by which the impact of ESSA can be measured on a continuous basis from this point on.^{DoL}

Reference has also been made to challenges of a more strategic nature. They also deserve attention because of the manner in which they determine operational implementation, and include:

- Ensuring a registration and placement system which is responsive to labour market trends and problems, has a strong identity, communicates clearly, protects the interests of work seekers, follows accountable management practices and is a preferred service provider.
- Ensuring a collaborative environment which provides CSOs, work seekers and employer firms with more efficient registration processes.
- Ensuring relationships with employer firms so that PES is aware of and can respond to changes in labour market demand, and can contribute to the development of higher qualifications, educational standards and skills levels through high quality vocational training, appropriate career counselling and occupational flexibility.

⁴ It is acknowledged that labour centres are not by definition mere placement centres, but that DoL's mandate is to perform a wide range of tasks as part of an integrated approach.

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APPENDIX A

Functions according to main occupations at selected Labour Centres

1 Administrative support

- collection of statistics from inspectors, consolidate and submit statistics to supervisor on a weekly basis;
- as part of a task team to report on an area that is being visited;
- arrange appointments for inspectors;
- maintain database of employers and stakeholders;
- case management and referral of cases to inspectors;
- capture finalised cases on Excel;
- receive, file and record the section's correspondence;
- despatch correspondence (usually within 5 days);
- update registers daily;
- 100% of inspections & investigations to be loaded on the system within a week;
- capture all IES reports within 24 hours of receipt;
- capture work-seeker's data on ESSA databases;
- capture trade test applications;
- do SCM;
- organise transport;
- finance;
- procurement;
- handle the switchboard and faxing;
- order stationery;
- organise postal and cleaning services;
- open and lock offices;
- receive UI6As & arrange them numerically and attend to reconciliation
- of pay sheets with paid UI6As;
- attend to payments;
- attend to all enquiries in terms of all labour legislations.

2 Assessors

- verification of applications;
- handle enquiries;
- attend to staff meetings and training;
- do information dissemination; and
- involved with client services.

3 Supervisors (as dedicated to the functions of each business unit (e.g. PES))

- ensure functioning of various sections such as PES, IES and beneficiary services (BS);
- assistance with some aspects of PES, IES and BS;
- booking of venues & annual planning;

- performance management;
- budget inputs and costing (done annually for following year);
- monthly , weekly, quarterly and annual reports;
- verify statistics daily and do consolidation and submission of statistics monthly;
- consolidate reports for RM;
- manage section's leave & discipline;
- handle high profile enquiries / complaints, difficult clients, unresolved enquiries & complaints resolution, case management and advocacy;
- training, motivation and monitoring of CSOs with regards to client screening and completion of applications;
- monitor feedback to beneficiaries and check if paymasters do reconciliation of pay sheets;
- ensure that Compensation Fund and UIF applications are taken;
- register and capture jobseekers on ESSA databases;
- maintain accurate records;
- conduct information sessions, mentoring, coaching and training;
- compile monthly report for ESSA;
- supervise performance of registration clerks;
- participate in external stakeholders' meetings;
- follow up cases referred by ESPs;
- do inspections and enforcement;
- induction, training and staff development;
- supervisor as direct line manager of CSOs; and
- attend to cases and enquiries referred by CSOs;

4 Career Counsellors

- Provide counselling and prepare work-seekers for employment opportunities;
- involved in placement;
- involved with learnerships and internships;
- do psychometric testing;
- advise clients on career options and provide career information;
- attend to exhibitions;
- assist ESPs;
- do some ESSA databases capturing;
- involved with some advocacy among employers and in the community;
- staff capacity enhancement; and
- participate in meetings and forums.

5 Client Services Officers (CSOs)

- attend to all client enquiries;
- register work-seekers;
- take UIF applications;
- assist clients in completion of CCMA forms;
- screening of clients;

- provision of legislation information to clients;
- capturing of work-seekers' data on ESSA database;
- do telephonic enquiries;
- check and refer Compensation for Occupational Injuries and Diseases Act (COIDA) applications;
- refer OHS cases to the provincial office;
- verify and submit appeals;
- register and record vacancies on ESSA databases within a day of receipt;
- ensure that a copy of each claim is forwarded to the Inspector for possible investigation;
- select learnership candidates from Database and refer to ESPs;
- complete an accurate Production Sheet showing daily activities and statistics; and
- inspection and enforcement;

6 Employment Services Practitioners (ESPs*)

- supervision of CSOs;
- network with employers;
- foster skills development;
- select and appoint training providers (up to the establishment of DHET);
- recruit applicants / work-seekers;
- identify placement opportunities;
- select, match and place candidates;
- monitor placements;
- learnership placements; and
- manage cross-border migration services

7 Employment Services Practitioners (ESP 2s*)

- responsible for the operational line function management of ESSA;
- marketing of ESSA databases among stakeholders;
- matching and placing;
- registration of PEAs;
- registration for trade tests;
- registration of work permits;
- conduct information sessions;
- co-ordinate ESSA databases activities in the Labour Centre.

8 Inspector

- conduct pro-active and re-active inspections;
- advocacy and marketing;
- compile compliance orders;
- improve viability of Compensation Fund & UIF;
- conduct information sessions;
- submit work plans and statistics.

• **9 Manager**

- general supervision of all supervisors and operations in the Labour Centre;
- ensure the smooth running of operations at the Labour Centre;
- monitor quality inspections by inspectors monthly at workplaces in terms of labour laws;
- resolve complaints or incidents and provide feedback to clients;
- attend to Ministerial, DG's or PEM's correspondence;
- provide mentoring, coaching and training of staff;
- handle performance management;
- responsible for annual reports, budget inputs, and review C/O.

10 Regional Manager (RM)

- manage, lead and direct the Labour Centre;
- manage service delivery objectives of units;
- managing the budget;
- liaise with stakeholders;
- HRM;
- registration and client service management;
- financial management;
- ESSA and career guidance management; and
- performance management.

* Participants from some labour centres split ESPs into two ranks to emphasise slight differences in their respective functions.

APPENDIX B

Training obtained by staff at selected labour centres, 1994 to 2010

Training	N	%
Computer skills	50	12.9
UIF	45	11.6
ESSA database	44	11.3
Client/customer service	41	10.5
Labour laws/Acts	33	8.5
Managerial	17	4.4
PFMA	14	3.6
Labour relations	9	2.3
Writing skills	9	2.3
Financial	8	2.1
Interviewing skills	8	2.1
Risk Management	8	2.1
Negotiation skills	7	1.8
Counselling/guidance	5	1.3
First Aid	4	1.0
Induction/orientation	4	1.0
PMS	4	1.0
Unknown	4	1.0
Conflict Management	3	0.8
Inspectorate	3	0.8
ESSA training	3	0.8
PILLAR	3	0.8
Project management	3	0.8
Recruitment & selection	3	0.8
Sign language	3	0.8
Skills development	3	0.8
SPEEX psychometric software	3	0.8
EMDP2	2	0.5
General	2	0.5
Learnerships	2	0.5
Marketing	2	0.5
OHS	2	0.5
Presentation skills	2	0.5
Assessment	1	0.3

Training	n	%
Bookkeeping	1	0.3
Driving skills	1	0.3
ER training	1	0.3
Fraud	1	0.3
HIV/AIDS mainstreaming	1	0.3
Instructors training	1	0.3
Logistics	1	0.3
Monitor & Evaluation (M&E)	1	0.3
NSFDIS	1	0.3
Siyaya (UIF system)	1	0.3
SCM	1	0.3
Time management	1	0.3
Trauma debriefing	1	0.3
Advanced Management Development Programme (AMDP)	1	0.3
TSA	1	0.3
Unknown	20	5.1
Total	389	100

Source: Selected Labour Centres

APPENDIX C

List of Training Providers used by labour centres, 1994 to 2010

Training Providers	%
Unknown	43.7
DoL	14.9
External & internal	13.4
SAMDI (predecessor of PALAMA)	3.3
P/O	1.8
PALAMA	1.8
CCMA	1.0
Free Grow	1.0
State Information Technology Agency (SITA)	1.0
UNISA	1.0
Career IT	0.8
Edutel	0.8
Execu Prime	0.8
External provider	0.8
Netscope	0.8
UP	0.8
APSO	0.5
CBA Training	0.5
Conflict Dynamics	0.5
EM Care	0.5
Mpho Maringa	0.5
Province	0.5
TELKOM	0.5
Vuthlare Marketing	0.5
ILO	0.5
Academy Training Group	0.3
Blue Print	0.3
Derrick Hendricks Consulting	0.3
DFID	0.3
Edge Training	0.3
Edwilo Consultants	0.3
Deloitte	0.3
Incorporated	0.3
Kelly	0.3

Training Providers	%
LEAH	0.3
Maccavlei	0.3
NOSA	0.3
PFMA	0.3
Poelano Training and Consulting	0.3
Potchefstroom University	0.3
Prime Serve HR (Human Resources) Solutions	0.3
Pro-Active College	0.3
RegeneSys	0.3
Sage Training Academy	0.3
SAPS	0.3
SPEEX	0.3
Technikon SA	0.3
Training for Tangible Results	0.3
Vuthiari Consultants	0.3
WITS	0.3
Wits Technikon	0.3
University of New Brunswick	0.3
Coopers and Lybrand	0.3
St John's Ambulance	0.3
Total	99.7
missing	0.3
Total	100

Source: Selected Labour Centres



HSRC
Human Sciences
Research Council

A spatial analysis of socio-economic characteristics which surround sampled labour centres

A Short Report

Prepared by:

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30 March 2011

HSRC

Introduction

South Africa like other countries in Africa and elsewhere around the globe is presently faced with a number of poverty-related challenges due to the policies of the past (pre-1994) and recent economic downturn, which resulted in it being incapable of creating an enabling environment for job-creation. The challenges include unemployment, poverty, inadequate provision of essential services etc. The other challenge we face as a country is the insufficient understanding of the characteristics of our labour market and economic challenges of each municipality within our country. The DoL through its Labour Market Information Statistics and Planning Business Unit has a crucial role to play, as its labour centres are the link between Government and the labour market. It is the nerve centre of the DoL. In addition, one of the roles of labour centres is to promote and improve economic and social development of the country. As such accurate and relevant information need to reside in this unit for all other business units to source and base their planning thereon.

The location of labour centres in the country is influenced by the characteristics of the surrounding area – whether it is in terms of demographics or economic profile. Across the country, the labour centres are widely distributed but the clusters are experienced in the metropolitan areas (Fig. 1). This spatial analysis analysed the location of 21 sampled labour centres in terms of unemployment and multiple deprivation. The aim of this report is to provide a descriptive spatial analysis of the major trends based on the factors mentioned above.

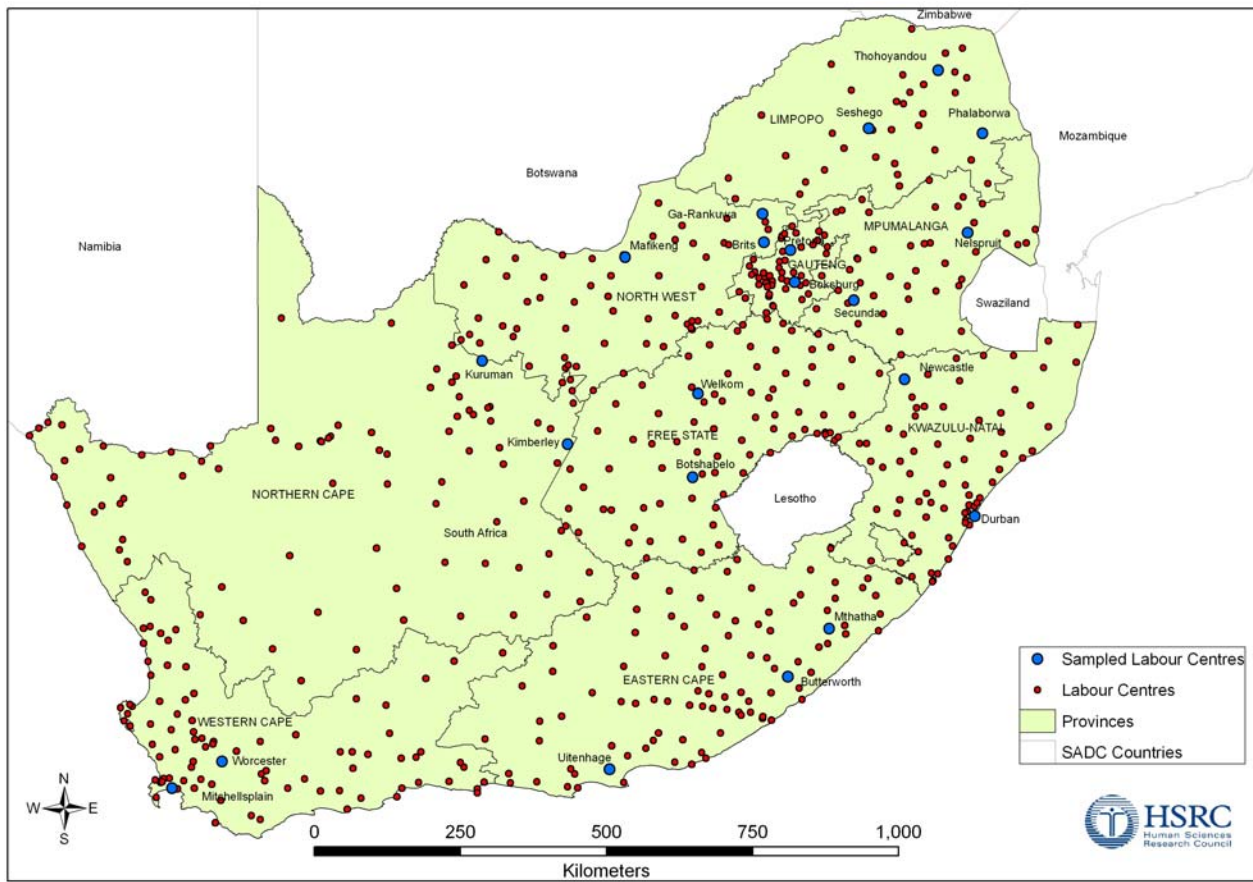


Figure 1: Map illustrating all labour centres and sampled labour centres in South Africa

Unemployment

Low unemployment (below 10.1%) is evident in sparsely populated areas and parks or nature reserves (Fig. 2). Extremely high unemployment (>60%) is experienced in some municipalities in the Eastern Cape, KwaZulu-Natal, Northern Cape and Limpopo. In general, the majority of the sampled labour centres (16) throughout the country fall within 20.1 to 40% unemployment rate category. Four sampled labour centres are between 40.1 to 60% while one (Worcester) is in the second lowest category, 10.1 to 20%. Surprisingly, none of the sampled labour centres are in the lowest (0 to 10%) and highest unemployment categories (60.1 to 74%).

In the Western Cape overall unemployment is lower than 40%. The unemployment rate is between 0 to 10% in most areas at the centre while it is between 20.1 to 40% towards north eastern areas of the province. Western Cape is the only province with no more than 40% unemployment rate. The sampled labour centres are within 10.1% to 20% and 20.1% to 40%, Worcester and Mitchells Plain, respectively. In the Eastern Cape, the two sampled labour centres are at the range of 20.1 to 40% (Uitenhage and Mthatha) while Butterworth falls within the second highest (40.1 to 60%) unemployment category. In the Northern Cape, the two sampled labour centres, Kuruman and

Kimberly, are within 20.1 to 40% unemployment category, this is the category that covers most of the province.

In the Free State all municipalities recorded unemployment of 20.1 to 60%. The two sampled labour centres, Botshabelo and Welkom, are situated in municipalities where unemployment is between 20.1% and 40%. In KwaZulu-Natal, Newcastle labour centre is located in a municipality with relatively high unemployment (<40%) while Durban labour centre is located in an area where unemployment is within 20.1 to 40%. In North West, two sampled labour centres (Ga-Rankuwa and Brits) are located in municipalities where 20.1 to 40% of the workforce is unemployed. The other sampled labour centre, Mafikeng, falls within the second highest unemployment category (40.1 to 60%).

In Gauteng only one municipality had an unemployment rate of above 40% and one within the range of 10.1 to 20%. However, the sampled labour centres, Boksburg and Pretoria, are located in municipalities that have 20.1 to 40% unemployment rate. In Mpumalanga, the sampled labour centres (Secunda and Nelspruit) are both located in areas where unemployment rate is between 20.1 and 40%. In Limpopo, among the three sampled labour centres, two (Seshego and Phalaborwa) are located in municipalities where unemployment rate ranged between 20.1 and 40%. The third sampled labour centre, Thohoyandou, is within the second highest unemployment category (40.1 to 60%).

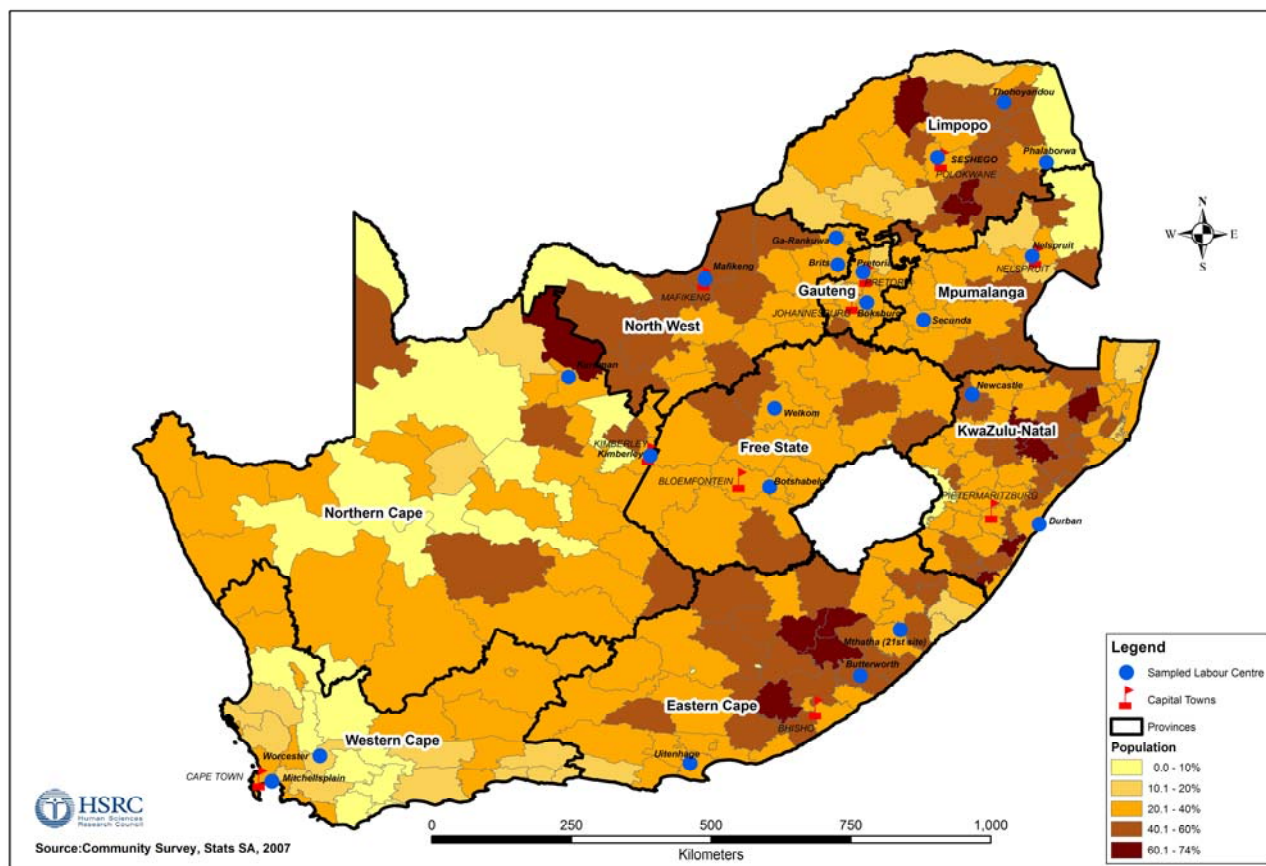


Figure 2: Map showing sampled labour centres in terms of percentage unemployment at municipality level

Multiple deprivation

Multiple deprivation is defined as an accumulation of single deprivations (Townsend, 1987). People are defined as deprived if they lack the types of diet, clothing, housing, household facilities and fuel and environmental, educational, working and social conditions, activities and facilities which are customary. Deprivation therefore refers to peoples' unmet needs, whereas poverty refers to the lack of resources required to meet those needs. The South African Index of Multiple Deprivation (SAIMD) is a composite index reflecting five dimensions of deprivation: income and material deprivation, employment deprivation, education deprivation, health deprivation and living environment deprivation.

The SAIMD and the component domains of deprivation are presented at datazone level. Datazones are small areas containing approximately the same number of people (average 2 000) and there are 22 846 datazones in South Africa. However, only 22 164 datazones are used and it includes areas with small populations (often remote rural areas such as mountain tops) or forming part of District Management Areas, while datazones where the non-institutional population is less than 300 are dropped. The datazone level SAIMD data therefore provides a fine-grained picture of deprivation in South Africa and enables pockets of deprivation to be identified. A score for the SAIMD is produced and these are ranked to give a relative picture of multiple deprivation in each datazone, with one being the most deprived and 22 164 being the least deprived. These ranks are categorised into five groups; the first most deprived rank (1 - 5 000), the second most deprived rank (5 001 - 10 000), the middle deprived rank (10 001 - 15 000), the second least deprived rank (15 001 - 20 000) and the first least deprived rank (20 001 - 22 164).

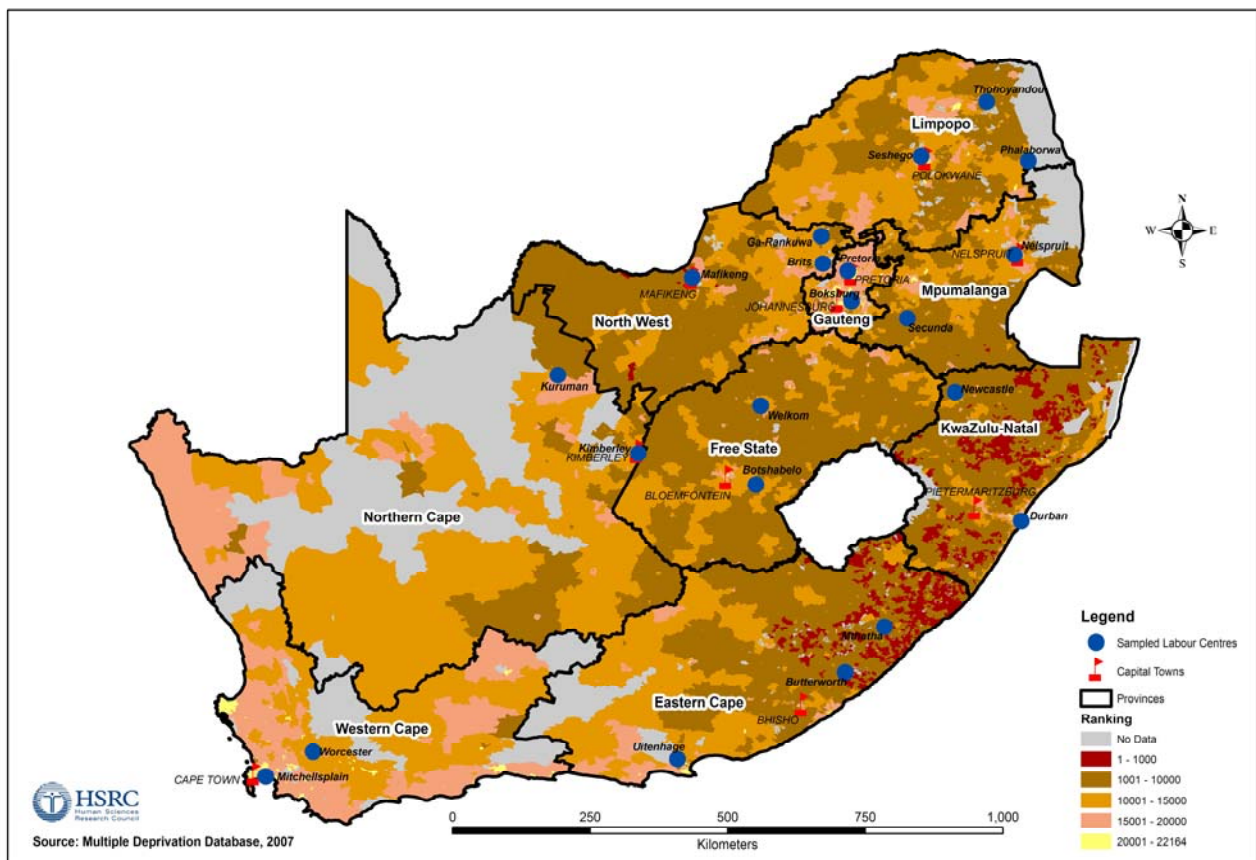


Figure 3: Map showing sampled labour centres in relation to multiple deprivation at datazone level

Across the country, the first most deprived datazones (1 - 5 000) are mostly experienced in two provinces, KwaZulu-Natal and Eastern Cape (Fig. 3). For Eastern Cape, the first most deprived datazones are mostly towards the border of KwaZulu-Natal province while in KwaZulu-Natal they are widely distributed throughout the province. Western Cape and Gauteng are the two provinces which have most datazones that are within the first least deprived rank (20 0001 – 22 164) and the second least rank (15 001 – 20 000). The six metropolitan areas are also within first and second least deprived ranks. The majority of the sampled labour centres are located in second least deprived datazones (15 001 – 20 000) and the middle deprived datazones (10 001 – 15 000) across the country.

In Western Cape, Mitchells Plain is located within the second least deprived datazone (15 001 – 20 000) while Worcester is in the middle deprived datazone (10 001 – 15 000). In the Eastern Cape, the two sampled labour centres (Butterworth and Mthatha) are within the second most deprived datazones while Uitenhage falls within the second least deprived datazone (15 001 – 20 000). In the Northern Cape, the two sampled labour centres are located in the second least and middle deprived datazones, Kuruman and Kimberly, respectively.

In Free State, the two sampled labour centres, Botshabelo and Welkom, are situated in the second most deprived datazones. In KwaZulu-Natal, Newcastle labour centre is located in a second most deprived datazone while Durban labour centre is located in a second least deprived datazone. In North West, two sampled labour centres (Ga-Rankuwa and Mafikeng) are located in datazones that are second most deprived while Brits falls within the second least deprived datazone.

In Gauteng, the sampled labour centres, Boksburg and Pretoria, are both located in datazones that have the first least deprived rank. In Mpumalanga, Nelspruit is situated in a middle deprived datazone while Secunda is located in the second most deprived datazone. In Limpopo, among the three sampled labour centres, two (Seshego and Phalaborwa) are located in datazones which are within middle deprived rank. Thohoyandou, is within the second most deprived datazone.

In general, it is important to note that some labour centres were located in the least deprived categories and also in the highest unemployment rates. The possible reason for this might be the fact that the unemployment rate is analysed at municipal level while the multiple deprivation at a datazone (lower spatial) level. The other reason might be due to the combination of different domains for multiple deprivation data, including unemployment whereas for the other dataset, Community Survey 2007, only unemployment was analysed.

Conclusion

The overall socio-economic conditions of the surrounding area in which sampled labour centres are located, could impact on the ability of the DoL to efficiently serve its target market. The minimum resources that the department has, have to be distributed efficiently and equitably. Amongst the sampled labour centres Worcester is located within the Municipality with the lowest unemployment rate of 18.8% (Breede Valley Municipality) in the Western Cape. The worst top five labour centres in terms of unemployment are Newcastle (48,8%), Thohoyandou(43.4%), Mafikeng (42.8%), Butterworth (40.7%) and Uitenhage (40%). This has a direct impact on the budgets towards unemployment grants.

The location of the sampled labour centres could impact on the ability of the area to improve in terms of its socio-economic development. It would be of high importance if the sampled labour centres would be revisited and spatial analysis done again after two to five years down the line to see if these labour centres impacting on the socio-economic conditions of the areas in which they are located, even the surroundings.

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