

Strategic planning

contributing to skills development

The public and the media have tended to focus on the new levy that employers have to pay from 1 April for skills development. This is to some extent appropriate, as government is taking money from employers and returning some of this money, via the Sector Education and Training Authorities (SETAs), to be used for skills development in enterprises.

The levy/grant system raises important issues of efficiency, transparency and accountability of government and the SETAs. But there are a number of other key dimensions to the new skills development strategy contained in the Skills Development Act, 97 of 1998 and the Skills Development Levies Act, 9 of 1999. One of these is skills planning or strategic planning for skills development.

The Skills Development Act introduces strategic planning in four ways:

National Skills Development Strategy

The Skills Development Act refers to a National Skills Development Strategy (NSDS). One of the functions of the National Skills Authority (NSA) is advising the Minister of Labour on a national strategy. The role of the NSDS is to provide a broad framework within which skills development is to take place. It is likely that this strategy will identify a series of objectives which are intended to guide strategic planning for skills development.

Ian Macun examines what kind of planning will be most appropriate for skills development in South Africa.

Sector Skills Plans

The Act refers to the Sector Skills Plans (SSPs). SETAs are responsible for SSPs. SETAs must draw up their plans, submit them to the Department of Labour and receive grant payments partly on the basis of their plans.

Approving workplace skills plans

The Act makes a passing reference to SETAs having to approve workplace skills plans. This aspect has been further elaborated in a recent regulation dealing with the way in which grants are to be disbursed back to individual enterprises.

Skills Development Planning Unit

Lastly, the Act requires the establishment of a Skills Development Planning Unit within the Department of Labour. The Unit has to, among other things, assist in developing a NSDS and liaise with SETAs regarding their SSPs. The Skills Development Planning Unit was established in June 1999 and is now playing an active role in supporting the

above three dimensions of strategic planning for skills development.

What is skills planning?

The traditional notion of planning is that of manpower planning which was used after World War II to guide public sector training expenditure.

Manpower planning remains popular in many developing and in some developed countries and has, until recently, been promoted by the World Bank. The technique most commonly associated with manpower planning is that of manpower requirements forecasting. This is a quantitative technique for determining labour requirements and educational outputs of an economy.

In its crudest form, manpower planning based on forecasting would translate into a situation where, say, 1 000 electrical engineers would be produced in the year 2002 and would somehow be made to fill 1 000 electrical engineering slots and stay in those jobs until 2042 or until the end of their productive life.

The problems of manpower planning are well established. It operates on the assumption of a relatively static labour market and fixed relationships between economic output, labour demand and the level of education. Forecasting also runs into problems in relation to the educational requirements of occupations. These requirements are often complex and dynamic and do not correspond in a straightforward way to educational qualifications.

In response to these problems, new methods of planning have been developed that place more emphasis on 'policy', 'labour market analysis' or 'labour market signalling'. These techniques are more modest. They:

- focus more on short-term and medium-term changes while keeping the long-

term in mind;

- monitor a broader range of 'signals' indicating change in demand and supply of skill, for example, movements in wages and employment;
- analyse the returns to investments in education and training.

The new methods have also dropped the term 'manpower'. This is not only in response to feminist critique, but also for the tendency in traditional manpower planning to focus narrowly on 'higher level manpower'. The view was that persons with less than a university education were in abundant supply and there was therefore no need to plan for them. Current planning techniques focus on the labour force as a whole, including the unemployed.

In short, skills planning has evolved from manpower planning to a broader range of techniques that focus on labour market trends and their implications for education and training. The focus on information remains important, although the sources and techniques have changed. The focus on planning remains relevant, although still contested. Some would place more emphasis on monitoring the reactions and trends in the labour market, while others would recognise the importance of interventions that anticipate changes in the market.

What's appropriate for SA?

The new skills development strategy is only beginning to be implemented in South Africa. Exactly what kind of planning will be most successful in furthering the aims of the Skills Development Act will be an evolving process that will require refinement over time.

Given its newness, the key functions of strategic planning may be viewed in relation to the following areas:

Management tool

Formulating a national strategy, a sector plan or a workplace skills plan can provide an organisation and its stakeholders with a sense of direction. It sets objectives and outcomes that an organisation can pursue. It also sets measures against which people and organisations can account.

An important element of planning as a management tool is the way in which plans intersect with broader policies and/or business plans. If pursued successfully, skills development should contribute to improved national, sectoral and enterprise performance by placing people and their development at the centre of macro policy and enterprise strategy. This is recognised in national policy, for example, in the RDP and in the Minister of Labour's 15 point plan.

A business plan should be the starting point for a workplace skills plan at enterprise level. In other words, good planning moves from the position of where the organisation wants to be in the future, to addressing the kinds of skill development initiatives needed to achieve those goals.

Tool for co-ordination

Planning for skills development provides a tool for co-ordinating initiatives at different levels of the system.

Co-ordination becomes increasingly important as the different institutions involved in skills development become operational and begin to impact on skills development. Co-ordination will be necessary between:

- government departments;
- SETAs' plans and government policies;
- SETAs themselves;
- SETAs and other industry and professional associations.

In this context, planning provides a

mechanism for signalling priorities, but also for allocating resources effectively and in a way that avoids duplication or wasteful expenditure.

The role of the SSPs that SETAs have to develop will be particularly important for allocating resources and ensuring improved national co-ordination in skills development.

Future focus

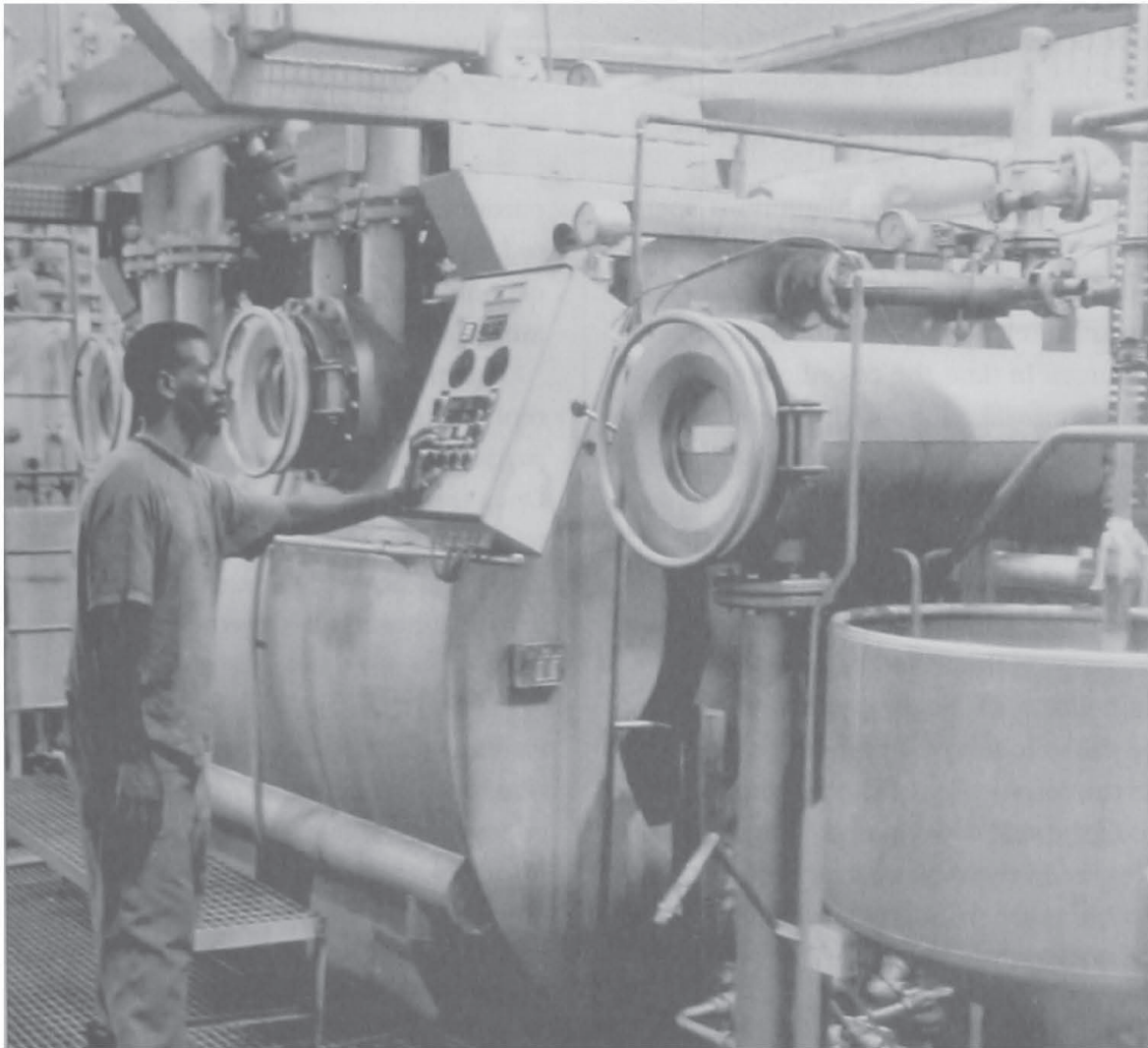
Skills planning should ensure that all those involved in skills development, whether an enterprise or an education and training provider, think ahead and make decisions based on information about likely market trends. In many areas of skill, for example, motor mechanics, clerical work or plumbing, the training process has a relatively short cycle.

In these cases, market forces should provide an adequate solution to issues of demand and supply. But in other areas of skill, forward planning is essential.

As de Moura Castro points out: 'It takes ten years to prepare a nuclear engineer, on top of the time required to create and develop the teaching programmes that provide the training. A country that has to wait for the salaries of nuclear engineers to shoot up before deciding on the creation of training facilities would be in trouble. Occupations with long training cycles need decisions taken ahead of time. (1991, 471-2)

Similarly, skills development initiatives that attempt to enhance the opportunities of the more vulnerable, such as, domestic workers and the unemployed, also require forward planning.

In short, the future focus in skills planning remains important for different segments of the labour force, to anticipate market trends and to target interventions that maximise opportunities for the more vulnerable.



Traditional manpower planning did not focus on the labour force as a whole.

A source of information

Strategic planning clearly requires information of the best quality possible. Information will be required to establish strategic learning priorities in particular sectors of the economy and regions of the country. Information will be necessary to monitor and evaluate investments in training and education. But planning will also generate information, from enterprises to sectors and from sectors to government and other national institutions.

One of the principles underlying the new skills development strategy is that it should be demand led - that is, training should (as far as possible) be driven by

demand for particular skills across the economy. In this way, the prospects of job security and access to jobs is maximised. For this principle to be borne out in practice, information about what skills are required at the local and sectoral level will be crucial. So will information about growth opportunities. Given the difficulty of obtaining such information from existing sources, planning will have to contribute to generating information through various techniques and from various sources.

In terms of the above areas, it is possible to view strategic planning as being implemented with a number of limited goals. Strategic planning should be

used to focus an organisation on key priorities and ways in which skills development can assist in achieving these priorities (ie planning as a management tool).

Government, national institutions, such as the NSA and SETAs, are likely to use planning to ensure greater co-ordination, at least in relation to the allocation of resources. In time, the co-ordination dimension will undoubtedly become more important as the priorities of sectors and enterprises become clearer.

The future focus of planning and the information aspects of planning are very likely to develop over time. Initially some emphasis on these areas is appropriate, but building a solid information base and the ability to forecast trajectories for skill development will take time. In the early life of the skill development strategy, these areas are likely to be treated with flexibility and with a reasonable dose of pragmatism.

Implications for trade unions

Trade unions are affected by the introduction of strategic planning as employers and as stakeholders in enterprises, SETAs and national institutions.

As employers, trade unions will be expected to pay the levy, to appoint a skills development facilitator and to undertake a skills plan for their staff. In this way, unions will not only be able to claim their grants, but will have to plan for staff development like any other organisation.

As stakeholders in enterprises and SETAs, trade union members and representatives will play an important role in influencing the Workplace Skills Plans and Sector Skills Plan and the priorities for skills development in both plans. As already indicated, these priorities should

flow from the challenges facing a particular sector (or enterprise) and the education and training required to meet these challenges.

Priorities should not be shaped by the particular interests of either management or labour, but by their joint interest in economic growth, job creation and improved performance.

The major union federations are represented in the NSA and have been participating in formulating the first NSDS. Once the strategy is launched, it will be up to the federations and their affiliates to use it to promote creative initiatives and debate around skills development.

Conclusion

Planning for skills development should not be a top down exercise. Although national policy and strategy is necessary to signal priorities and to ensure alignment with other policies, it is only part of a process.

An effective planning cycle will base itself on inputs 'from below' - from the workplace skills plans which influence SSPs, which in turn shape national strategies. The national strategy in turn influences the sector and the workplace - the 'top down' element. It will clearly take time for this cycle to work effectively and fulfil the functions identified. It will also require the active participation of all stakeholders in the enterprise, including management, full-time workers and those on short-term contracts and in flexible work arrangements. ★

References

De Moura Castro, C. 1991. In defence of planning (but only up to a point). International Labour Review, 130 (4).

Ian Macun is the Director of the Skills Development Planning Unit, Department of Labour.