



POLICY BRIEF: 2020

Conceptual Alignment: Work and Employment to PSET Policy

Research Chair: Skills and Occupations: Dr Presha Rasarup

1. Overview

BANKSETA has commissioned a series of research within the banking sector under the appointment of a, at the Researching Education and Learning Centre at the University of Witwatersrand focusing on the following areas:

- A) Mapping jobs to occupations: Organising Framework for Occupations; and the development of an open access electronic mapping tool.
- B) Investigating drivers of occupational change within a just transition framing: Digitisation and Sustainability
- C) Unpacking the structural dynamics and use of occupational frameworks: An international collaboration
- D) Analytical and conceptual alignment, gaps and system use in relation to Jobs; Occupations, Knowledge, Qualification and Work
- E) Lessons for the Post School Sector: Occupations and Skills

This policy brief seeks to examine the concepts of work and employment as it is used in PSET policy. It aims to analyse the alignment of these concepts to the selected policies and determine what policy lessons can be learnt from this analysis.

2. Introduction

Terminology used in skills development are vast and one could create a dictionary of the acronyms, jargon and concepts that constitute the skills development language. For this report, the concepts of work and employment are selected for the analysis. These concepts often hold different meaning in varying contexts (national, sectoral, firm and individual) and tend to often be confusing and ambiguous. This report analyses the various meaning and contextual uses of these terms by various philosophers, economists, sociologists and perhaps even politicians at an international level mostly within their use in literature. But is this sufficient? It is important to bring the analysis into the South African landscape by examining how these concepts are used within current policy.

Included in this policy analysis are the White Paper on Post School Education and Training (WP-PSET), the National Skills Development Plan (NSDP), the National Qualifications Framework (NQF) with its three sub-qualifications framework and Skills Planning including the OFO. It is hoped that this policy research will provide a better understanding of skills development policies and improve conversations leading to greater clarity and understanding within skills development debates. If policy is well understood and articulated, implementation is easier since there is precision on knowing what needs to be done.

3. Concepts

Work and employment have both an economic and social contextual meaning. According to Benner (2002) work refers to “**the actual nature of the activities people performs** whilst engaged in the process of production” whilst employment refers to “**the nature of the relationship with the employer** and the nature of compensation provided for the activities performed by the worker”.

The conditions of employment refer to the contractual and social conditions of the employee-employer relationship including issues such as remuneration, working conditions, job security and job stability. In terms of the employee-employer relationship, work is what the employee does including all the activities he/she carries out to perform their duties using their knowledge and skills. Employment includes all aspects that cover the conditions that bind the relationship between the employee and the employer.

If an individual is asked to carry out different activities with the same employer under the same conditions as agreed with previously, we can say that his work has changed but his employment is the same. This means that he now does a range of different tasks/activities but his conditions of employment including remuneration, hours of work, place of work, etc remains unchanged.

Work can be paid or unpaid. For example, people work at home or people work as volunteers and in these instances they do not get paid. There are also individuals who work in family businesses and do not receive a salary. Therefore, not all work is remunerated.

Work is hired in the formal and informal economy. The “formal economy” is regulated by the government and includes employment where workers are hired on contracts of employment and earn a salary. Their employment must comply with the labour laws of the country. The “informal economy” is the unregulated part of a country’s economy. Here, although the work effort may be rewarded financially, it is not structured and does not comply with the relevant labour law requirements and is not factored into the gross domestic product (GDP) of the country.

The employment relationship is viewed differently from the employer-employee perspective. Whilst the employer is interested in the skills of the employee only as long as it can add economic value to the organisation, the employee is focused on long term employment. This implies that the employee has to always ensure relevance in the organisation and that his/her skills is still needed in the business.

From an economic perspective, unemployment is the flip side of employment. **Unemployment refers to the active working population who cannot find formal employment;** that is, they cannot find work for which they can be adequately remunerated. Research undertaken by the HRDC (2013, p10) reveals that there is a concern in South Africa (SA) about the economy and its ability to achieve the inclusive growth that will enable serious reductions in unemployment and poverty. The general views are that “**Education and skills levels are a key enabler of economic growth as highly skilled people can create jobs and suitably skilled people can be absorbed into employment**”.

Currently, the South African labour market is characterised by **low levels of education and skills**. Many of those leaving formal education do so without adequate foundational education. Those entering the labour market with acceptable levels of qualifications acquired either through the academic institutions or the TVET Colleges are viewed by employers as not being adequately prepared for the world of work. The cause of this problem is twofold. The HRDC (2013, p10) further reports that the

first cause is that problems within the schooling system results in a low foundational education base and the second is that the skills system is not performing well since it is not producing the skills required by industry. This indicates a skills mismatch between the demand and supply of skills; effective skills planning is therefore imperative if this mismatch is to be addressed.

Permanent and temporary employment. In recent years, job stability and job security debates have been on the increase and terms like the platform worker, the precariat, flexible work and others are emerging. The **standard employment contract seems to be slowly disappearing** where workers who engaged in set working hours at the place designated by the employer. This is changing to working away from the designated place of employment and working flexible hours with flexible working contracts. Non-standard forms of employment are growing which raises challenges on the social protection of employees as the current labour laws do not address the needs of these new forms. This is an area that Trade Unions must investigate and play a meaningful role in protecting the rights of all workers not only those in standard forms of employment.

According to the OECD (2019, p16,) “**access to social protection can be difficult for all workers in non-standard employment**”. In South Africa the self-employed are not covered by any social protection provisions. For small emerging business owners who do not earn enough to draw a salary, this becomes a problem for the self-employed who have little control over their remuneration and working conditions.

Another term that relates to work and employment is **employability**. SETAs often relate this term to unemployed learner interventions and describe the outcome of the training as making these learners more employable. According to Wedekind (2016, p2), the concept of employability remains a contested term and is differently understood and utilised by various stakeholders. **Being employable at its simplest refers to “the degree to which one can become employed”**. It is always a relative term as it has to be linked to a specific occupation or job. An individual may be employable in one kind of job, or at a particular level within an occupation, but not at other levels or in other jobs. “Employability is therefore contextual and relative to specific jobs, occupations and economic sectors. Employability is therefore dependent on a complex mix of qualifications, skills and personal traits that varies from individual to individual and is relevant to the sectoral needs”. Thus, there can never be a generic form of employability.

Burchell et al (2014) provides **seven dimensions of the quality of employment** as the following:

- Safety and ethics
- Income and benefits from employment
- Working hours and work-life balance
- Security of employment and social protection
- Social dialogue
- Skills development and training
- Workplace relations and motivation

4. Policy Implications

On the concept of work and employment:

- The concepts of work and employment must be differentiated as both are equally important to the individual in the labour market. WP-PSET refers to work as a collective form under the term “labour market”. Labour market refers to all the work and employment opportunities that is resented for workers. In the WP–SET, the focus is not so much on the concept of work as an economic concept but the workplace as a training concept: a place where skills can be learnt and opportunities provided for the development of workplace readiness for new entrants into the labour market.
- The WP-PSET refers to the use of “*experts from industry to teach at colleges on a part-time or occasional basis*”. In an ideal environment, this is an excellent notion for the transfer of applicable knowledge and skill into the training context. But in practice, this presents many challenges. Part-time would refer to weekends and evenings and therefore learners in full-time learning programmes, will not generally get access to this level of expertise.
- The WP-PSET provides a case for “linking of the newly formed community colleges to the public work programmes”. This statement can be viewed from two perspectives: one point of view could interpret this as the provision of cheap labour for these programmes and the other is the opportunity to provide workplace learning opportunities for College internship programmes.
- Unemployment rates characterise a situation where unemployment in an occupation is high. Average unemployment rates can be a signal of occupational surpluses, while below average unemployment rates could signal surpluses in certain occupations. High levels of unemployment in part reflect a skills mismatch in the economy. The structure of the economy has evolved in response to technological changes, demands of production and developments in the global economy, growing the need for higher-level skills.
- Education and skills training form a logical part of a comprehensive approach to facilitating the transition of informal activities to the formal economy. Ways of recognizing skills acquired through informal training and on-the-job experience may help workers secure better jobs. Upgrading the technical quality of informal apprenticeships, paying attention to how this kind of training can open up opportunities in particular for girls in non-traditional occupations, and improving working conditions and health and safety practices can help young people not only acquire skills but ease their way into the formal economy.
- When the WP-PSET makes reference to “*universities to provide high skills for the labour market*”, it infers a direct correlation between skills levels and university qualifications. This is in line with the interpretation of skills levels within the occupational classification system which aligns educational levels to skills levels.

Recommended Policy Guidelines:

Employment growth occurs when employment in an occupation grows faster than economy-wide employment. Employment growth signals strong demand for that occupation that results in skill shortages. Conversely, when employment in an occupation grows slower than economy-wide employment, it signals weak demand for the occupation, which could result into skill surplus. **Hours worked as a signal of growth.** Hours worked growth occurs when employers have difficulties hiring individuals with the skills required for the job, hence employers might increase the working time of employees. Therefore, if growth of hours worked in an occupation is stronger than economy-wide growth of hours worked, it signals skill shortages. When hours worked in an occupation grow slower than economy-wide hours worked, it signals skill surpluses. **Hourly wage growth as a signal of growth.** Hourly wage growth occurs when employers who are facing hiring problems increase hourly wages to attract workers with the right skills. Thus, if the growth of hourly wages in an occupation exceeds the economy-wide wage growth, it signals skill shortages. When hourly wage growth in an occupation is lower than economy-wide wage growth, it signals skill surpluses.

Measuring the work of self-employed individuals. Vocational guidance and employment services can often be improved to match people with training opportunities and to get trained people into jobs. Specific and targeted policies are required to assist small enterprises in investing in the skills required. People working in small enterprises and in self-employment, including those in rural areas and in the informal economy, as well as people in irregular work and precarious employment, should also have access to skills development and lifelong learning programmes. “Second chance” programmes, as well as drop-out prevention at an earlier stage, contribute to social inclusion.

It is important to note that in collecting data for measuring skills demand, SETAs focus only on their employer base to draw data. Therefore “*work in the formal and informal economy*” is not included in the analysis. In South Africa, the informal economy plays an important role in the creation of work. ***Mechanisms must be created within the SETA skills planning process to include this aspect of the economy.***

Unemployment refers to the active working population who cannot find formal employment. Data on unemployment is drawn at a national level. ***It would be meaningful to draw data on unemployed who are seeking employment in the different sectors within the SETA ambit.*** This will provide a clearer perspective of the potential job-seekers in different industries. This will better aid the job creation strategies of the South African government.

Forms of employment is changing rapidly resulting in the standard form of employment slowly disappearing. SETAs must carry out research on forms of employment in their sectors as part of the skills planning process. ***New forms of employment are growing as a result of the fourth industrial revolution. These must be included in policy to provide clearer picture of employment structures.***