

HOLES IN CONSTRUCTION

Survey shows need for catch-up strategy in skills development

Sandra Burmeister, CEO of the Landelahni Recruitment Group, writes about the implications of a survey done by the Group to evaluate employment equity and skills development trends in the construction industry. The survey, released in October, found that the construction industry is not currently well placed to meet the challenges of rapid infrastructure development.

A multi-pronged approach is needed to galvanise the industry into addressing its employment equity imbalances and boosting levels of skills development.

The delivery thrust is likely to exceed current capacity. With huge infrastructure demands, the industry will be compelled to provide innovative solutions.

The construction industry employs some 935 000 people, both permanent and temporary, representing 8% of the South African workforce. The years from 2001 to 2005, saw a 27% increase in employment, making the sector the third highest job creator after trade and finance.

The construction industry in South Africa has caught up with the global infrastructure boom.

The industry was in recession for much of the 1980s and 1990s and now faces a situation where engineers and artisans are in short supply, both locally and globally. In addition, the industry has suffered from being seen as male dominated, unglamorous and lacking career growth opportunities.

For these reasons, the construction industry is not shaping up well when it comes to employment equity. According to the Department of Labour reports,

only 15% of top management in the sector is black, against 27% across all industries. Not surprisingly, only 4% of top management is female, compared to an all-industry average of 17%. Of far greater concern, is the lack of successful skills development initiatives in the sector. The fall-out rate among tertiary education students is alarming.

Between 1998 and 2004, 50 570 people enrolled at South African universities for engineering courses and only 8 900 graduated, according to Engineering Council of SA (ECSA) statistics. That's a graduation rate of 17.5% across all engineering disciplines.

The graduation rate for engineers is even lower at former Technikons (now Universities of Technology). Between 1998 and 2004, there were 139 820 enrollments and 14 250 graduates – a graduation rate of 10% across all disciplines. Construction-specific disciplines display the same trends.

Artisan training has dropped dramatically over the past 30 years. Whereas in 1975, there were 33 000 apprentices in training across all industries, by 2005, the number of apprentices had dropped to 1 440.

More encouraging, is the increase in Engineering Council registrations of new candidates, particularly black people, indicating that companies are registering a diversity of employees. The 2004 intake is balanced, with 907 blacks and 940 whites registering across all disciplines.

However, by far the greatest numbers of registered engineers in all disciplines, are in the professional category. This trend is even more evident in the construction sector.

This means that the industry consists predominantly of professionals who are aging out of the system. Add to this the fact that the average age of artisans is 53, and we get a measure of the magnitude of the skills challenge.

This trend has been evident for years. So, the question is: What are we going to do to turn it around?

Under its Accelerated and Shared Growth Initiative of South Africa (Asgisa), the government plans to spend R372 billion on infrastructure over the next three years, so there is no shortage of capital.

The Joint Initiative for Priority Skills Acquisition (Jipsa), with its focus on developing and recruiting priority artisan and technical skills and, in the short-term, developing a graduate-employment strategy and recruiting retired specialists and expert mentors, is a huge step in the right direction.

The private sector, however, needs to join government in implementing far reaching training and skills development initiatives if we are to meet development goals ahead of the 2010 Fifa Soccer World Cup – and beyond. The construction industry is already ahead of the all-industry average in training at management and professional levels. This is appropriate, given the growth in the sector.

Training at technician level, however, lags the industry average. When it comes to training black employees, construction lags the industry average across all levels.

Those in the construction industry need to think more creatively about skills acquisition and employment equity and embark on a multi-pronged strategy.

Importing skills at a significant cost is a short-term solution, and needs to be balanced by more effective use of local project and contract labour. We need to accept that more and more skilled professionals will be working on projects around the globe, and to encourage this as a way of accelerating skills development.

A solid graduate programme that goes beyond merely providing bursaries to black candidates is also required. Graduate development

programmes need to focus on ensuring we achieve a higher number of graduates. Business can then play a more significant role to provide the necessary support, guidance, career planning, mentoring and coaching.

Once they have graduated and are employed, a fast-track programme for black candidates with management potential is needed so they can achieve executive status within the company, particularly on the operational side.

Beyond that, external recruitment strategies need to be developed to address both the skills shortage and to ensure that senior positions are occupied by black people.

Often, potential candidates exist at executive and management level to other industries, with transferable skills.

It is important to remember that, particularly at senior level, construction is not just about engineers. It is about introducing fresh leadership and management talent into the industry. That's one way of giving the sector a capability boost in the short term, so as to help the country achieve its immediate infrastructure development goals. **A**

Established in 1997, Landelahni Business Leaders was the country's first black-owned and women-owned executive search company, and is Africa representative of the Amrop Hever Group, the world's largest executive search group. The group consists of a number of companies offering specialised but synergistic recruitment services across all levels of employment in both the public and private sector.

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Sandra Burmeister, CEO of the Landelahni Recruitment Group,

CONSTRUCTING A SKILLS PARTNERSHIP

FET colleges and industry partner to develop skills for the construction sector

In the wake of a recent report that highlighted the almost crisis proportions of the skills shortage in the construction industry, a joint skills development initiative between major players in the industry and

[*Leon Alberts*]

Further Education and Training (FET) colleges has been launched.

In early November, Education Minister Naledi Pandor announced the formation of a partnership between a consortium of leading players in the construction sector and her department that will see designated FET colleges being assisted in the training of artisans.

During 2007, five leading construction companies will assist designated FET colleges with this training.

The five listed companies in the partnership are Murray and Roberts, Aveng (Grinaker-LTA), Wilson Bayly Holmes-Ovcon's (WBHO), Group Five and Basil Read. The benefit of the partnership agreement is that increased numbers of skilled artisans will become available for the entire construction sector. There will be an attempt in future to bring more companies on board.

Part of the partnership is financial

assistance. In the first year, 50% of the intake will enjoy industry bursaries – in addition to the FET bursaries that will be available. The industry will support the recruitment of learners, the quality of the education and teacher assistance.

Mike Lomas, CEO of Group Five, recently graphically illustrated the impact of increased government infrastructure spending on available skills in the construction sector.

Speaking at the annual conference of the Bureau for Economic Research in November, he said spending on infrastructure is set to increase by 89% over the next few years.

If the workload goes up by the same percentage and Group Five is to retain its present market share, the company will have to appoint a further five managing directors, 12 directors, 25 contract managers, 100 engineers, 400 artisans and 4 000 semi-skilled workers.

He also highlighted the fact that, due to an international upswing in big construction projects, opportunities for South African companies are not restricted to local markets. Construction projects in the Middle East and especially Dubai have opened up huge possibilities for South African companies.

In Dubai alone, some 1 000 cranes form part of the city's skyline, compared to 20 in Sandton. The pressure to find competent construction companies to do work is so huge that in a country like Zambia they are offered share in the income of mines as incentive to take on and to complete projects.

Lomas also predicts that the construction boom in South Africa will continue well after 2010 due to government's plans to upgrade and expand rail transport and plans to build power stations.

Although exact numbers for the shortage of skilled workers in the construction sector are not available, a recent report by the Landelahni human resources group stated that: "Overall, there is a major skills shortage at the professional and technical level within the construction industry."

The report was based on a national survey sample drawn from the Construction Industry Development Board's 2006 list of registered contractors tendering for projects in excess of R30 million, and also included consulting engineering firms employing more than 200 people.

A total of 65 companies, totalling some 80 000 permanent employees, was surveyed. The report was further based on research of employment trends in the construction sector at both national and international level. (A comprehensive article on the report appears on page 46)

"...increased numbers of skilled artisans will become available for the entire construction sector."

One of the sobering facts emerging from the report is that across all industries between 1975 and 2004, the number of apprentices in South Africa has dwindled from 33 000 to a mere 1 440. The average age of artisans in the country is also presently 53 years, and unless this trend can be turned around very soon, the shortage of technical skills can increase drastically over the next few years.

At the level of professional training at both academic and technology universities, the picture is less encouraging. It shows student dropout figures above 80% before graduation.

The situation is further adversely affected by the fact that the skills shortage in the construction sector is a global trend; resulting in large numbers of South Africans in all skills categories and at all skills levels selling their labour abroad. The Landelahni report state amongst its findings that this has "resulted in increased mobility amongst professionals and artisans globally."

In the construction sector, which is traditionally very sensitive to economic up- and down turns in the economy, low economic growth in the past "has shown a flat industry that has invested little in skills development for the past decade.

"We will need consistent training and skills development to meet projected economic growth trends and infrastructure demand. The construction industry needs to think more creatively about skills acquisition and employment equity and embark on a multi-pronged strategy which includes transferable skills and contract labour," the report states.

It also highlights the fact that since there are such limited numbers of skilled people in the construction sector, "poaching from competitors, when such a limited base exists, simply rotates the same skills in the industry, rather than increasing the skills and knowledge base."

In response, this labour mobility and the high costs associated with it has become an international trend, also in South Africa, to make use of fixed-period employment contracts, as opposed to permanent employment contracts. Sixty-two percent of the South African construction sector workforce was permanently employed in 2005, which is higher than the international trend, which is closer to 50%.

Amongst others, the report recommends that construction companies – as part of their human resources strategies – should develop short, medium and long-term retention strategies. It also states that they should formulate strategies to "actively attract and retain top quality persons in the face of more alluring prospects elsewhere."

As part of the joint initiative announced by Minister Pandor, two colleges have been selected as the flagship sites for offering the Building and Civil Construction programme. The sites are the Belhar Campus of Northlink College in Cape Town and the Atteridgeville campus of Tshwane South College.

In 2007, 100 students will be enrolled at each campus, an additional 300 in 2008 and a further 600 students in 2009. From 2009, there will be approximately 1 000 students enrolled at each campus on the Building and Civil Construction programme.

The partnership, announced by the minister will go some way in meeting these challenges. Upon completion of a three-year programme, students will, for instance,

be eligible to become supervisors on construction sites.

Bursaries offered to them should also assist in terms of retention strategies. The report, however, states that "a solid graduate programme goes beyond merely providing bursaries to designated persons. Graduate development programmes need to focus on ensuring that each graduand has the support, guidance and career planning necessary to ensure extended employment within the organisation.

The partnership is a national project. The Department of Education will determine the allocation of funding while the provincial departments will ensure the alignment of the project to provincial objectives. Depending on the province, this may mean roads, dams, railways, etc.

This approach also echoes the findings of the report, which states that accelerating the skills development in this sector "is ideally achieved through working on projects where and when they occur."

The FET colleges will be responsible for developing their sites and staff to offer the high level programme. They will recruit and screen students and ensure that they have supervised workplace experience.

At the launch of the programme, Minister Pandor said that the "construction industry needs many more skilled staff and our colleges need industry support and interventions to ensure that the courses offered are relevant and up to date."

She called on other business sectors to follow the example set by the construction sector and to partner with the Education Department to "ensure that the skills that we produce don't become moribund and irrelevant." **A**

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