

Jimmy Manyi questions corporate SA's willingness to invest in its human capital

# Tackling the **skills crisis**

EDUCATION IS THE NEW OIL. IN TODAY'S GLOBALISED KNOWLEDGE ECONOMY, A COUNTRY'S INTELLECTUAL CAPITAL IS ITS MOST PRECIOUS STRATEGIC ASSET – AND A VAST, BEWILDERING WAR FOR PROFESSIONAL SKILLS IS BEING WON AND LOST ACROSS THE PLANET. CARLOS AMATO DISCUSSES THE ISSUES

Even some of the world's richest countries – the US, the UK and Germany – are failing to produce the quantity and quality of scientific and financial talent their economies need to evolve. In an era where energy and resources are increasingly unreliable and expensive, innovation and adaptation are the keys to economic survival. Hence bold, inventive young minds are in unprecedented demand.

For South Africa, the educational challenge is even greater, given the structural weaknesses in our schools system and the ever-increasing mobility of professional skills.

Are our universities and technikons equipping graduates to meet the rapidly evolving needs of modern business? And just as importantly, are corporations giving newly employed graduates the time, responsibility and tutelage they need to realise their potential and drive growth?

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One encouraging sign of skills growth is the rapid rise in the numbers of MBA graduates. And since MBA programmes are competing fiercely for applicants, they are necessarily becoming more attuned to the details of the corporate landscape.

Professor Karl Hofmeyr, director of company-specific programmes at the Gordon Institute of Business Science (GIBS), works at the coal-face of curriculum change in the MBA market. GIBS attracts between 500 and 600 applications for its MBA programmes every year, and all the major South African business schools are experiencing rocketing demand.

'Business schools are paying far more attention to understanding the strategy and needs of companies,' says Hofmeyr. 'There are fewer generic off-the-shelf curricula on offer, and far more time is being spent talking to companies about their needs.'

Hofmeyr believes that change-management skills are the most critical output in business education today, and his programmes are designed to produce executives capable of negotiating the extreme fluidity and complexity of the South African business world.

'Leadership issues are often neglected at undergraduate level. Finance, operations and human resources are all well covered, but by the time graduates start their MBAs, they still don't know much about themselves, or about each other. They need to learn how to talk across cultural lines, and have authentic conversations with each other over sensitive issues around race, gender and identity.'

Another emphasis at GIBS is on bridging the stubborn gap between business theory and practice. 'Business simulations and experiential learning are increasingly important,' says Hofmeyr.

'We take participants off campus, to visit companies and look at best practice. And we also try to get participants to understand the value of social responsiveness in business, by taking them

*'People are expected to be competent in areas in which they don't have any experience.'*

into areas such as Alexandra. They need to learn about what non-governmental organisations are doing and obtain insights into the business opportunities that the development process offers.'

All this sounds a bit woolly and irrelevant to Jimmy Manyi, president of the BMF. He has expressed strident views recently on the issue of corporate South Africa's willingness to invest in our human capital. Manyi has accused white-led business elite of failing to trust skilled black graduates;



Pumeza Bam says business can't afford to let skilled people lounge around.

he cited the abundance of black bank tellers with BCom honours degrees.

Manyi's rhetoric has softened lately, because he has noticed a shift in boardroom attitudes. 'I am very encouraged,' he says. 'The penny is dropping. Young black people are getting into operations now, but the pace will always be the issue.'

The crux, he feels, is the role of shareholders in authorising executives to invest in black talent.

'Employers, rightfully, have a responsibility to ensure they don't squander shareholders' resources. But the solution that's emerging is shadowing and understudying – in that process you break the ice. You see the new talent in action without taking the risk of leaving them all by themselves. It's the best model for transition, because it mitigates the risks and reduces anxiety, and it's better than sitting and waiting for someone to pop out of heaven with all the bells and whistles required to do the job.'

'That expectation slowed down the recruitment and advancement of black people,' says Manyi. 'Our gripe at the BMF is that people are expected to be competent in areas in which they don't have any experience.'

Pumeza Bam, HR director at SAP South Africa, disputes Manyi's view that highly skilled graduates are being ignored or wasted – in the IT business, at any rate. 'In our organisation and our

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Sandra Burmeister says corporates must quickly integrate and develop their new recruits

industry,' she says, 'we can't afford to let skilled people lounge around. We'd be shooting ourselves in the foot if we did that. IT graduates are rare, and they get poached from abroad. So while we focus on recruiting locally, sometimes we can't find the particular skill required and have to hire someone from China or India on a contract basis.

'We have a strong base of consultants in South Africa, but we can never produce enough of them. We estimate that the world is short of 30 000 SAP-skilled people. That's a big number, so we have to make sure we are feeding the pipeline.'

'We fund graduate programmes and learnerships in partnership with other companies and with SETAs. For example, we've established a training programme with Gijima AST and the Tshwane University of Technology.'

Bam says SAP bridges the inevitable chasm between theory and practice with a six-month training programme for new interns. They have the necessary system knowledge, but we give them practical project-management and interpersonal skills. For those six months, they see no clients.'

Given the desperate shortage of hard skills – felt much more acutely by less prestigious firms than SAP – does the MBA deserve its cachet as the calling card of the future business leader? Sandra Burmeister, CEO of leading recruitment firm Landelahni Business Leaders, is well placed to answer the question.

'The MBA is valuable,' she says, 'but it's a generic business management degree, and currently there is too low a proportion of graduates with hard skills to accompany their MBAs. We don't have enough MBAs coming through who have the right undergraduate degrees: in accounting, engineering or law.

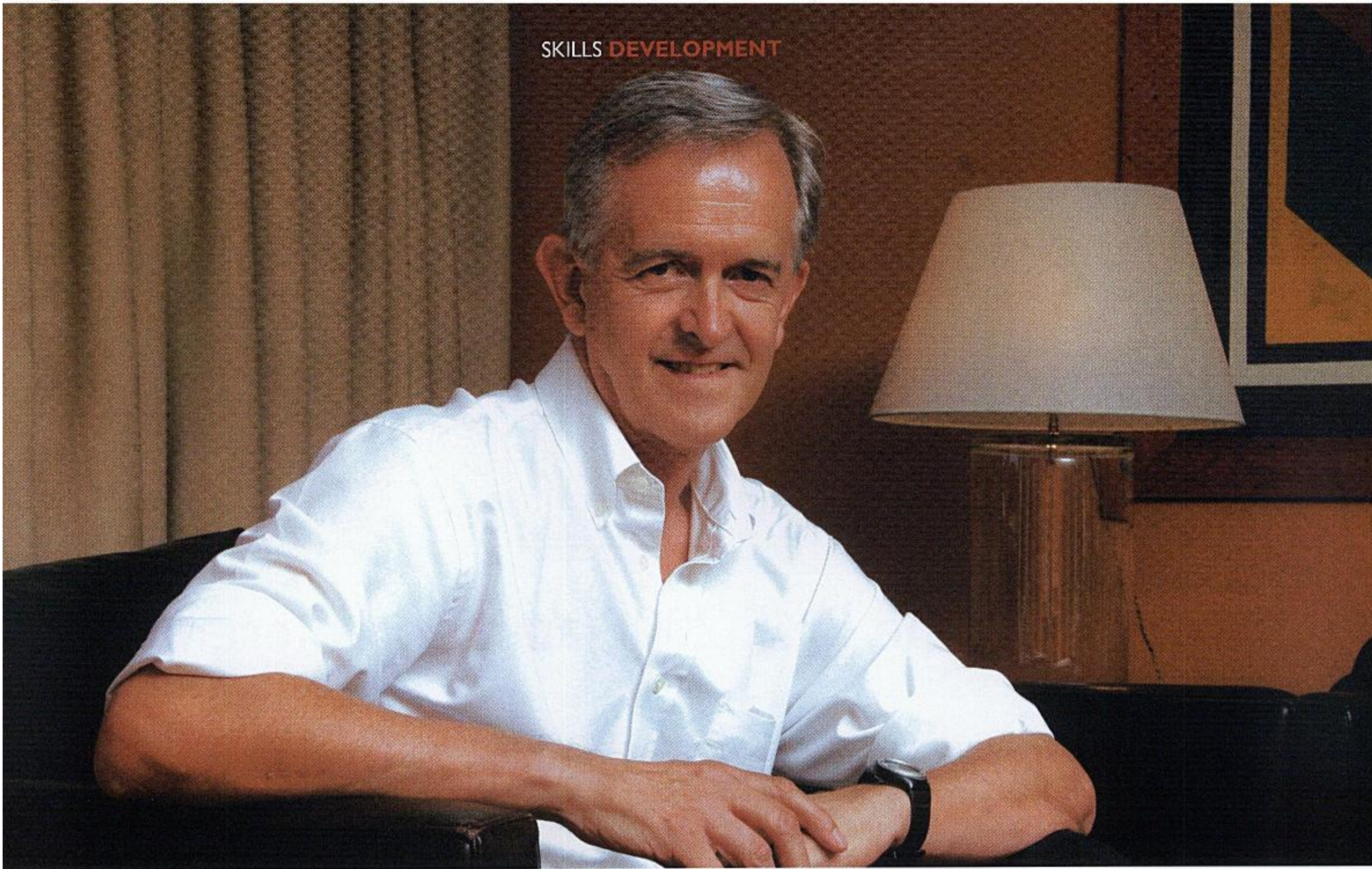
'And even in those specialised, very marketable fields,' says Burmeister, 'there is always a leap between the skills you have as a graduate and the competencies you need to deliver in the workplace. That's partially the reason why so many graduates are unemployed.'

*'Engineers can choose to work practically anywhere on earth ... the same is true of chartered accountants.'*

But the onus, says Burmeister, is on corporations themselves to quickly integrate and develop their new recruits, thus enabling them to deliver real value. 'Too many companies are not geared to do that,' she says.

Manyi agrees. He says companies are risking their futures by neglecting the nurturing process. 'On the business side, we

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Karl Hofmeyr believes experiential learning is increasingly important in preparing graduates

have been cooperating with government, but improvement can happen, because there's still a lot of short-term thinking which prefers skills importation to growing home timber,' says Manyi.

'The problem is with shareholders who exert pressure on managers to produce a return. Executives are not being given the space by shareholders to provide skills development, and shareholders are putting their own interests at risk in favour of quick returns. Hence long-term succession planning is not taking place,' he says.

But some skills are already near impossible to find. SA's infrastructure boom has exacerbated a long-standing shortage of engineering graduates, and Burmeister cites Landelahni research that shows that the educational response to the under-supply has been frustratingly slow.

In 2004, the number of students who enrolled in engineering courses was still lower than the 1998 figure of 22 500. Enrolments may have risen since 2004, but the engineering graduation rate – 17% at universities, 10% at technikons, and 12% overall – is so low that there is little hope for an imminent solution.

'There is no hard data on why the drop-out rate is so high,' says Burmeister. 'We can assume that maybe 10% of students simply decide "It's not for me" before they graduate – but what's happened to all the others?'

Much of the blame can reasonably be apportioned to South Africa's schools, most of which produce far too few matriculants with a solid foundation in science and mathematics. The scarcity of experienced teachers in these subjects makes it desperately difficult to break the pattern, but Burmeister argues that schools

are being incentivised to neglect maths and science.

'The scorecards for teachers and principals reward overall pass rates, and not the output of matriculants with passes in these difficult subjects. Anecdotal evidence suggests pupils are being encouraged to drop maths and science too early in favour of easier subject choices,' she says.

South Africa's infrastructure drive is stretching our shallow knowledge base to the limit – and to make matters worse, that base is itself vulnerable to an army of recruiters serving a far larger global infrastructure boom. 'Emerging market spending on infrastructure over the next decade is projected to reach \$21 trillion, much of that in China and India,' says Burmeister. 'To contextualise, South Africa's spend will amount to 1% of that total.'

Engineers can choose to work practically anywhere on earth, and following the adoption of global accounting standard – the Generally Accepted Accounting Principles (GAAP) – the same is true of chartered accountants.

Hence the challenge for South African business is threefold: to actively and creatively help universities to produce many more excellent professional graduates; to retain these talents in the face of global competition; and to poach many more foreign professionals to cover the inevitable domestic shortfall.

And while businesses and universities tend to agree that the quality and quantity of graduates is slowly rising, they also share the conviction that only a massive and visionary reform of public schools will vault South Africa into the charmed circle of the global knowledge economy. **AL**