

# Government, private sector must co-operate

Local strategies must be put in place to avert looming skills shortages before it is too late, writes **Mike Holmes**

**N**UMEROUS strategies have been proposed to help SA in an intensifying global war for talent.

Among suggestions made by business leaders and management and executive recruitment consultants are that:

- Government and the private sector co-operate more closely;
- The retirement age be raised;
- Scarce skills be rationalised;
- Greater use be made of advanced technologies;
- More maths and science teachers be imported and rehired;
- More companies use their "A" teams to build Springbok-style "benches";
- CEOs do more to retain talented people; and
- Local organisations "twin" with expertise-rich multinationals on major contracts.

Government and the private sector must join hands now and take action to get on top of the country's skills needs, says Con Fauconnier, past president of the Chamber of Mines and former CEO of Exxaro Resources and Kumba Resources. "What worries me is we are great at talking, not so great at doing."

"If we don't wake up now and move, then in four to six years, when a lot of things like the new power stations are starting to kick in and the economy is continuing to grow, we are going to hit a brick wall."

He says a lot of experienced people have retired and are "sitting at the coast fishing".

A concerted effort has to be made to bring back as many as possible so they can impart some of their experience to the next generation.

Of all the scarce skills, he believes the shortage of artisans is the most critical. "Without an engineer you can still get by for a month or two — but if an artisan doesn't pitch at work and there's an electrical problem an entire factory can stand idle."

"We've also got to find a way of freeing up the billions of rands sitting in the Setas (sectoral education and training authorities) and get that money into industries willing to train more artisans, more engineers, send more people to universities."

"Yes, there must be controls and good governance, but in SA we have excessive bureaucracy — and it's killing us, tying us down so much we cannot move forward as a country. We mustn't plan ourselves into a state of inactivity."

Fauconnier says he is still hopeful that Deputy President Phumzile Mlambo-Ngcuka "will be able to move Jipsa (Joint Initiative for Priority Skills Acquisition) along. She needs to take hands with big business. The biggest cost is not so much in the rands and cents that you have to spend; it's in the lack of output. You're losing out on opportunities, on growth. I don't understand why it's so difficult to say to a company, 'Okay, you commit to training 100 extra people for us and we will pay you to do that.'"

He says this is where the government must move from a talking mode to a doing mode. With funding assistance from the government many big companies can commit to training a lot of people over and above their own needs, to the enormous benefit of the economy.

For almost 10 years PPC, Africa's largest cement maker, has been building a strong foundation of talent from within. As part of the process the company continuously built a bench — like the bench for the Springbok team.

The purpose of the integrated programme, says CEO John Gomersall, was to care for and grow all its people. It has involved affirmative action, people development, mentoring, training and skills upliftment.

**F**IRST prize, he says, was for PPC to be the best employer it could be. "It's very rare that it's just the money that will lure people away. Of course we expect our people to help create value for customers and shareholders ... and for employees themselves. But it's a lot more than that. It's the recognition and the growth of people, and the fact that the company really cares for them, that makes people think twice when someone tries to poach them."

"Through this process we've empowered our people," he says. "Basically you start at the lower end and the philosophy works its way right through the organisation."

The message that permeated the PPC factory environment went something like this: "We will take away the supervisors and the foremen. You guys will have the responsibility. You will run this department."

"If you don't know or you can't cope you put your hand up and we bring in the 'A' team to assist."

This bold approach was a winner. First, it took out several layers of tra-

ditional South African factory management, people who used to spend their working lives supervising people. Second, the liberating new culture — introduced years before the government's own black economic empowerment policy — brought new pride at all levels. Now most people would go to the ends of the earth for their company.

It's a challenging but rewarding environment, he says. "In any particular year something like 80% of all promotions have been affirmative action appointments, mostly from within. From time to time we have had to bring in people from outside to take up more senior positions."

The new philosophy has freed up the organisation's executives in another important way. It has given them more time to think and plan and lead.

**G**OMERSALL adds that the issue of raising retirement ages is one that is going to have to be addressed sooner or later — in SA and elsewhere. Thus far the argument for revisiting the retirement age has been pension-related. In the US and Europe there are huge potential company liabilities for unfunded pensions. People are living significantly longer and confounding actuarial calculations done years ago.

But many people who are whiling away their days in retirement are still perfectly capable of making a contribution — passing on their experience and mentoring the younger generations.

"In Japan," he notes, "you don't get to be president of a large corporation until you're about 70. That's when you have wisdom and lots of younger people around you who can benefit from that."

To fight the war for talent effectively SA must put in place four main building blocks, says Derick Boshard, senior South African partner of management consultants Heidrick & Struggles. These building blocks are education, technology, management and co-operation between business and government.

Boshard urges "a massive increase in funding" for education. The pay and service conditions for teachers need to be improved dramatically so that the best people are attracted to the profession. "Let's get every person who's been trained as a

Continued on Page 4



# Government, private sector must team up

Continued from Page 3

teacher back into teaching. Let's make teaching a desirable career."

He says more quality teachers are needed so schools do not have 50-60 pupils to a class, and we need to ensure that they teach, not administer. The emphasis has to change to develop the logical, reasoning skills required to do well in maths.

"Government has recruited a number of teachers abroad recently, specifically from India. People with science and maths backgrounds. And that's to be lauded. We need to do a lot more of that."

Given a crippling shortage of teachers skilled in English, maths and science, SA needs to harness technology effectively in every way and at all levels of education. Technology can deliver information and top-quality teaching instantly to the furthest corners of the country and to all learners, simplifying the role of classroom teachers.

Technology can also do great things for talent-short companies. Getting people in different countries and continents to meet across a "virtual desk" rationalises resources and minimises skills shortages. "It's got to be used in the right context. You can't manage people like that — but you can get design work done," says Boshard. It also helps with research and information exchanges. A prime example: the call centre.

Too many companies still believe talent development and retention is about money. "If you're going to compete with money you are going to lose," he says. "There's always going to be someone who needs their talent more than you — and can pay more."

How do you retain their loyalty? That responsibility must be placed clearly on the chief executive's desk. "High-performing people want to work for high-performing companies. And the company needs someone at the top who can look at each talented person and say, 'What do we need to do to move this person up to the next level?'"

"If you talk to them about their ambitions and how the company can help them develop their career, they are more likely to stay."

A lot of negative talk about the government failing doesn't help get things done. The corporate world and government need to engage more on education and other issues relating to talent development and retention. Collaborative initiatives are in everyone's interest.

**G**OVERNMENTS worldwide are developing strategies to position their countries as "winning nations" in the war for talent, says Chris van Melle Kamp of Spencer Stuart.

Speaking at the 2007 Rand Merchant Bank conference in Sandton, he said a recent survey by his firm in Europe and the US identified four main factors having an impact on the world of work. These are: ageing populations, widening skills gaps, increasing diversity and changing priorities.

In the next decade Europe and the US will produce 3% of the world's entering labour force whereas Asia will produce 75%. Ageing populations in established economies will open a skills gap in the 25-39 age group. Older employees will need retraining and upskilling.

Younger people may want two or

three careers in their lives, increasing the retention challenge.

Talent is particularly short in the engineering, sales, accounting, teaching, banking and medical fields. The forced retirement of experienced managers coinciding with inadequate succession planning has created a shortage of new generation management and leadership skills.

Current leaders have to change their "command and control" techniques for a younger generation more focused on issues such as ethics, how they are managed and developed, time flexibility, entrepreneurial ventures, working from home and work-life balance.

As workforces become more global and diverse, companies driving best practice are introducing diversity management programmes.

Managements need to respond quickly and to "dramatically review" their talent management strategies. Finding, attracting, retaining and training people will absorb more and more financial resources. Human resource management and skills acquisition strategies will have to be innovative, highly focused, cost-effective and results driven.

**A**BOUT 10 years ago companies worldwide changed the terms of the work contract fundamentally, notes Sandra Burmeister, CE of Landelahn Business Leaders.

As they pushed for higher productivity the focus switched from lifetime employment and loyalty to employees to short-term contracts. At the same time they stopped investing in skills, viewing "human capital" as another kind of just-in-time resource.

Now, she says, they are reaping the consequences and are striving to find a balance between efficiency and investment in people, without reverting to lifetime employment.

More and more skilled professionals are working on projects around the globe, and for them the keywords are flexibility and mobility. Countries in Asia, Eastern Europe and the Middle East have many technically skilled people available for short-term project or contract work — at a price.

But 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.

Rationalisation of scarce skills is another strategy being increasingly advocated. The housing department is planning to speed housing delivery through a special housing development agency. It believes the agency will help overcome a critical shortage of skills and capacity in some provinces and municipalities.

KPMG director Errol Macaulay has also suggested that the government urgently consider creating a top-level project management unit to facilitate delivery of major public projects. He notes that in SA and elsewhere there's a serious shortage of experienced project managers. Thus many projects are finished late and overrun budgets.

In addition, Robert Best, chairman of Project Management SA, suggests that project management training for government officials be included as part of contractors' obligations when they carry out public sector capital projects.

The suggestion has already gone to the government.

