

# Africa Rising and Skills Needs

REGENT BUSINESS SCHOOL

**Paresh Soni**  
**Mark Hay**  
**Anis Karodia**  
**Ahmed Shaikh**

**Press Release**  
**July 2014**

---

Throughout the world, education is widely accepted as a leading instrument for promoting economic growth. For Africa, where growth is essential, education is an imperative, especially in terms of reducing poverty. More specifically, skills development for employability has been identified by countries in Africa as a priority area for educational policy and practice. This is not surprising since there is overwhelming evidence to demonstrate that skills development can play an essential role in promoting sustainable economic growth and the socioeconomic development of countries, with benefits accruing to individuals, their families, local communities, and society in general.

Therefore, improving education for the world of work can help improve the incomes of poverty-stricken peasants, provide citizens with more choices in their lives, help alleviate poverty, and help empower individuals who would otherwise be marginalised. Technical and vocational education and training therefore has a major role to play in achieving inclusive and sustainable growth in developing the African continent.

Whilst the need for skills development in Africa is not unique, it is an issue which is currently regarded as critical by leaders of African states as well as a range of international organisations. For example, this was exemplified by the G20 Employment and Labour Ministers Meeting in 2010. At this meeting recommendations were made to prioritise education, lifelong learning, job training and skills development strategies linked to growth strategies. The G20 policy on training strategy is based on the premise that the effective utilisation of skills in the workplace both depends on, and contributes to, conditions conducive to innovation and enterprise development, effective labour market orientation and mediation services and well-informed decisions about education and training policies.

Even the International Labour Organisation (ILO) underscores the importance of skills development as articulated by the outcomes of G20 Labour Ministers meetings. Africa is not alone in aspiring to improve on its skills development. South Africa in 2014, for example, through the auspices of the Department of Higher Education and Training (<http://www.saga.org.za/docs/news/2014/Scarce%20skills%20list%20gazette%20call%20for%20comments%202014.pdf>) identified a hundred skills that were critical to

enhance its new growth strategy and national development plan. Consequently, countries, enterprises and persons perceive skills development as strategic, and consequently seek to step up investments in skills. In aspiring to realise the potential of skills development, they all face universal challenges.

Appropriate policies and practices for skills development currently also occupy a dominant place in the *Africa Rising* narrative. As countries in Africa readjust their growth models to consolidate their positions in a globalised economy, availability of a highly skilled and technically qualified human resource base will be a crucial determinant of success. In their quest to gain market shares in manufacturing and services, governments and other stakeholders are paying close attention to developing the requisite technical and scientific capabilities.

On another front, if emerging economies in Africa are to maintain their robust economic growth rates and simultaneously compete with other more developed economies, they need to respond commensurately to the challenges posed by the skills needs of both the manufacturing and service sectors, as well as the predicament of the relatively new knowledge economies. Therefore, further advancement in the economic growth of African countries is predicated on putting knowledge and innovation to work and developing new products and new services. This will definitely require governments to have suitable policies and incentives to deepen skills pools and to expand access to market-relevant skills development to the precariat.

Equipping the emergent workforce and especially the precariat with the skills required for the jobs of today and those of tomorrow is a strategic concern in the national growth and development strategies of all countries in Africa. Ultimately, each country's prosperity will depend on how many of its people are in work and how productive they are, which in turn rests on the skills they have and how effectively those skills are used. Skills are a foundation of decent work and are the cornerstones of a policy framework for developing a suitably skilled workforce.

Moreover, the process of skills development does not happen in a vacuum. There is need for availability of good-quality education as a foundation for future training and a close matching of skills supply to the needs of enterprises and labour markets. When applied successfully, this approach nurtures a virtuous circle in which more and better education and training fuels innovation, investment, economic diversification and competitiveness, as well as social and occupational mobility and more work opportunity.

Good-quality education complemented by relevant vocational training and skills development opportunities, as a result, prepares future generations for productive lives, endowing them with the core skills that enable them to continue learning. Young work-seekers are better prepared for a smooth transition from school to work when they are given adequate vocational education and training opportunities, including in-work

apprenticeships and on-the-job experience. In this regard, lifelong learning for lifelong employability should be the central guiding policy principle.

### ***African Skills Requirements***

In order to critically understand the development growth path and the skills needs of most African countries, it is necessary to understand their history, especially in terms of education. The legacy of colonialism is deeply etched into also every aspect of the African education system. Without going into a detailed account of the colonial history, let it suffice to mention that the extraction of natural resources by the colonial powers did not require a skilled labour force. During the colonial period, education was never a priority in any African country. It was only after independence that most African countries began to chart a new path in terms of their education system.

In respect of the above, one is reminded of the famous statement uttered by Kwame Nkrumah, the first president of an independent Ghana, when he stated “Education is the passport to development”. Indeed, today, education is the defining passage to development in Africa.

Similar to most emerging economies of the world, the issue of skills needs has become a major challenge in Africa. The World Bank, for example, declares that the continent “faces a serious shortage of skilled workers in fast-growing sectors such as extractive industries, energy, water, and infrastructure, as well as in the fields of health and telecommunications”. Makhtar Diop, vice president of the World Bank, Africa division, also emphasises this point by suggesting that he can think of no better way to grow African economies than creating new jobs and educating the young.

Various recent research reports reinforce the problems and challenges of education in Africa, particularly in terms of skills requirements for growing economies. As much as the *Africa Rising* storyline alerts us to significant growth in many African economies, the lack of adequate skills seems to restrict further development. The lack of appropriate skills comes at a critical time in African development. Wage employment in the modern sector is largely stagnant, and unemployment among educated youth is substantial and increasing.

If this issue is not dealt with timeously and decisively, the rising expectations of the youth precariat could contribute negatively to development trajectory of African state and possibly lead to destabilization of many economies.

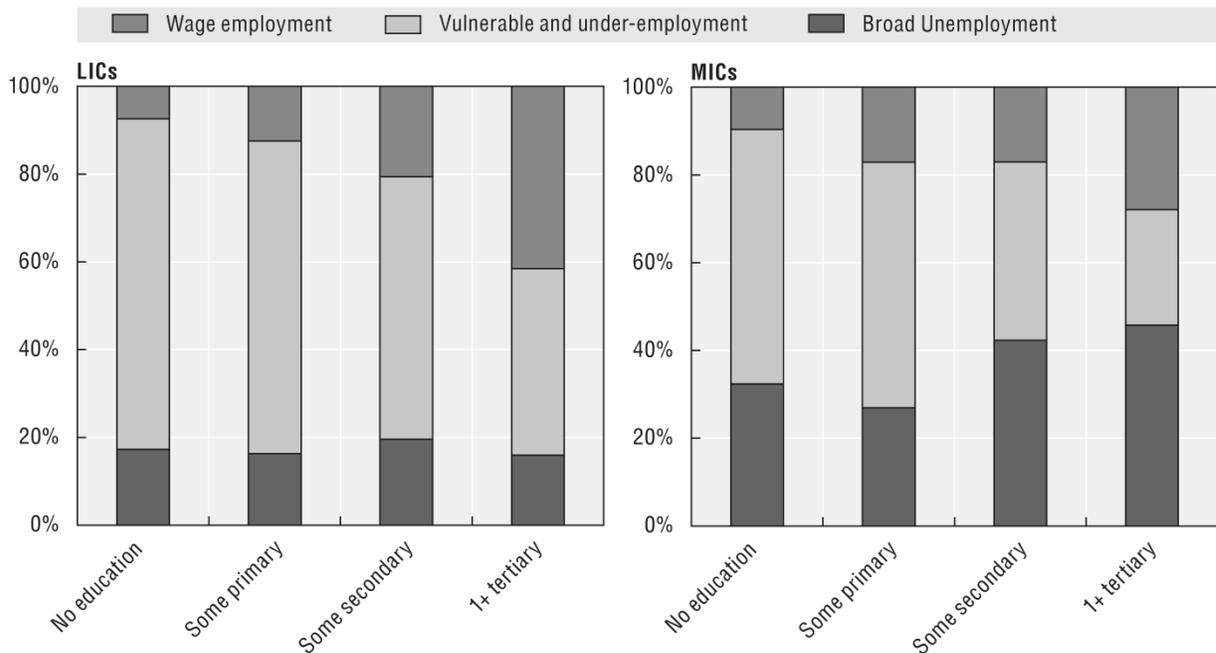
Although education is not the biggest bottleneck to youth employment, it is a cause of major concern. Towards this end, African Economic Outlook (AEO) country experts consider lack of education and skills mismatches to be principal obstacles for young people in labour markets in about half the countries they surveyed.

The AEO 2012 survey made some rather interesting observations:

- That lack of proper training is another important reason cited by young people as to why they do not find jobs.
- The chances of being wage employed rather than in vulnerable employment are significantly higher for young people with more education. For those in employment wages are higher.
- Higher education is linked to higher unemployment among young people but lower unemployment among adults.
- Among those with higher education the unemployment rate varies by type of educational degree.
- Young people with education face a higher likelihood of unemployment and discouragement in Middle Income Countries (MICs) than in Lower Income Countries (LICs).
- Discouragement and being out of the labour force are higher among young people with no, or only a little, education.

Furthermore, the AEO survey, as reflected in Figure 1 shows that broad unemployment is higher among the young with secondary education than those with tertiary education in LICs and just slightly lower in MICs. Unemployment rates are highest for youth with secondary education. Given that broad unemployment is much lower among adults with secondary education than among those with primary education or less, mismatches seem to be a serious problem for young people with secondary education.

**Figure 1: African Youth Employment and Unemployment by Education and Country Income Groups - 2012**

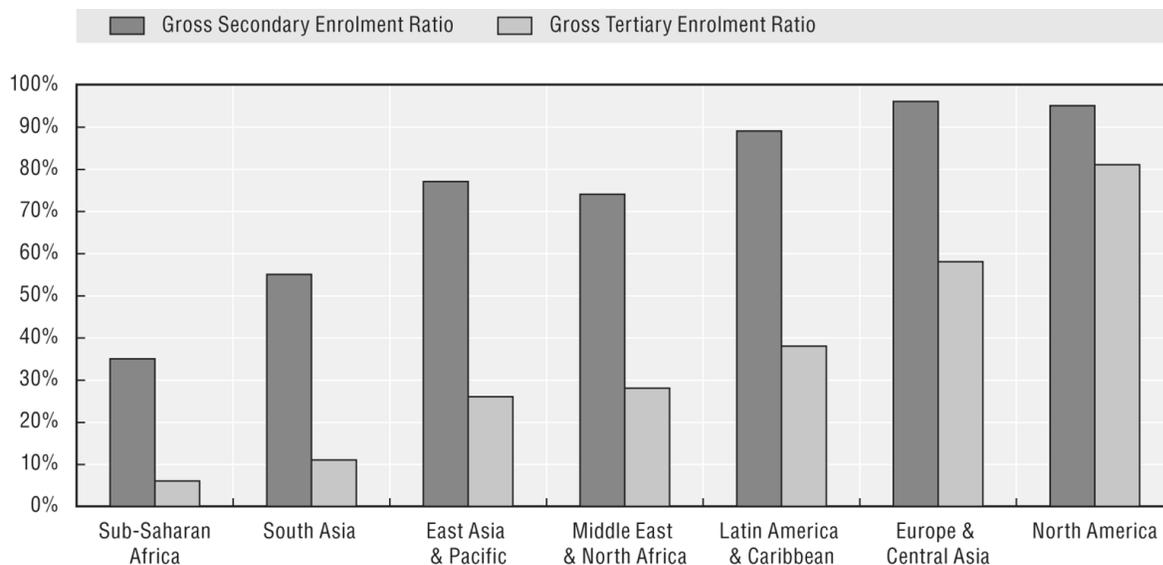


Source: African Economic Outlook - Country Experts Survey 2012; 37 countries

As reflected in Figure 2, generally, young people in Africa have a very low educational profile compared to other regions in the world. In most of Africa, the gross enrolment ratio at secondary level is 35 percent and that at tertiary level just 6 percent. Although these levels are very low compared to other regions, they reflect rapid growth over the last few decades. Based on current trends 59 percent of 20-24 year olds will have secondary education in 2030, compared to 42 percent today. Given Africa’s high population growth this translates into 137 million 20-24 year olds with secondary education and 12 million with tertiary education in 2030. In spite of this vigorous expansion large gaps remain in the quality of the education provided.

The increase in the number of higher education graduates has often been at the expense of quality, as expenditure per student has been decreasing throughout Africa. Despite this situation, the number of higher education graduates in African countries almost tripled, from 1.6 million to 4.9 million in the last decade. It is expected that this figure will reach 9.6 million in 2020.

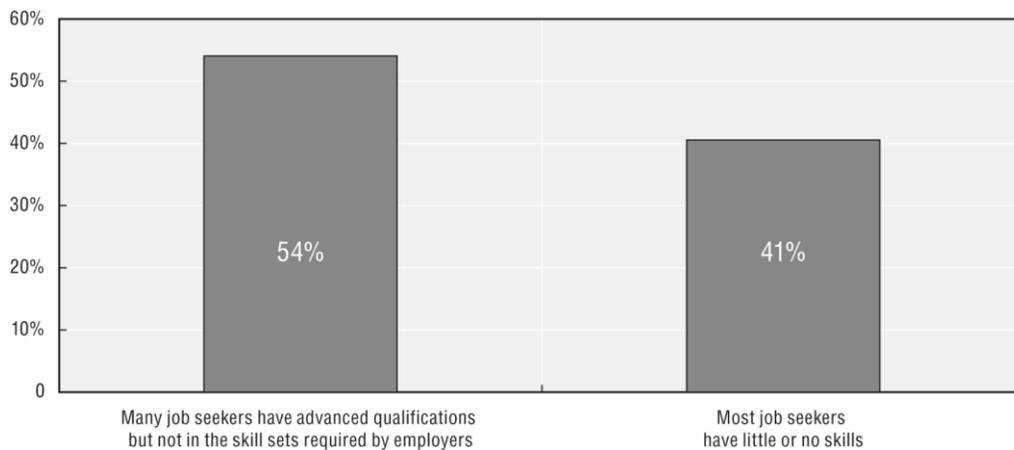
**Figure 2: Secondary and Tertiary Education Enrolment Ratios by World Region**



**Source: World Development Indicators**

Skills mismatches also indicate a poor quality of education and the absence of linkages between education systems and employers as underlying problems (Figure 3). There is a general lack of targeted education and frequent major discrepancies between employee profiles and the skills required for a job. For example, in manufacturing, in particular, many of the positions that go unfilled are at a level that does not require tertiary education and does not pay the salaries that university graduates expect. Employers emphasise what is required, rather, are the technical skills necessary to maintain equipment and supervise unskilled workers. In this respect, higher education systems in Africa are not attuned to meet the needs for a variety of levels of skills and education.

**Figure 3: Lack of Skills versus Skills Mismatching**



*Source: African Economic Outlook - Country Experts Survey 2012; 37 countries*

### ***Higher Education and Skills Needs in Africa***

The higher education sector and especially universities have been criticised for not educating the youth for skills needs in Africa. It is claimed that often a degree from a tertiary institution is an entry requirement for government employment, with little attention paid to a specific skill set. At the same time higher education in ‘technical’ sciences tend to be significantly more expensive than in the social sciences and this has serious financial implications. For example, the impact would make expansion of such faculties more challenging for higher education institutions.

As a result, it is claimed that African universities do not educate for African needs. Graduates in technical fields such as engineering and information technology (IT) have less problems finding employment than those from the social sciences or humanities. At the same time these latter fields have much higher enrolment and graduation numbers and consequently much higher unemployment numbers.

The AEO study of 2012 claims that many African recruitment agencies believe that the most difficult sectors in which to find candidates with tertiary education are those that need specific technical qualifications, such as the extractive industries, logistics, the chemical and pharmaceutical industries, manufacturing in general and agri-business. It is disappointing to note, though, especially given Africa’s comparative advantage in agriculture and the great potential for international trade in processed agricultural products, the low number of graduates in the area of agriculture is conspicuous. A World Bank report of 2011 highlights this point when it states that only 2 percent of students in this sector (agriculture) occupy the same rank among as it does in Europe, yet agriculture contributes 13 percent to Africa’s GDP compared to 1,4 percent to that of Europe.

Many recruitment agencies also claim that management skills in the agri-business sector is one of the few areas for which finding high level managerial candidates is almost impossible in Africa. Likewise, given the important role extractive industries play in many African countries, the lack of graduates available to work in the sector is similarly striking.

However, there are sectors where the skills needs are being met. The fields with the fewest problems in finding candidates are banking, education, commerce and IT and telecommunications. Banking and IT and telecommunications, in particular, are fast growing sectors, suggesting that the link between industry needs and tertiary education seem to match.

### ***Looking Ahead and Back to the Future***

Finally, as this brief analysis suggests there is much to be done in terms of skills needs in Africa, especially if credence has to be given to the moniker, *Africa Rising*. While education and training and its impact on skills development for productive employment and opportunities for income generation continues to ignite further debate, providing the right macroeconomic context remains the essential first step in focusing on skills development. Training does not create jobs. Skills are a derived demand and that demand depends on policies for growth and employment creation.

In fact, in no region other than Africa is the trade-off drawn more sharply between the achievement of skills development and the provision of education. Both are important to economic growth and poverty reduction, but the fiscal and administrative capacity of the state to meet both goals is limited. The presence of complexities, such as HIV/AIDS and the attendant deskilling of the labor force only serves to compound the problem.

Education and training are sound investments for the individual, the employer, and the economy. Skills development for participants in the labor force is important in Africa for several reasons. Technological change and the increased competition flowing from trade liberalisation require higher skills and productivity among workers. Skilled workers are more readily able to adapt existing knowledge and processes. Growing, competitive economies benefit from their presence and their movement to more productive employment. Investing in the productivity and skills of people contributes ultimately to the overall development of a nation.

The prime challenge for African economies over the next few decades is to find productive employment for the millions of annual new entrants to the labor force.

The roles and responsibilities of all stakeholders, i.e. the public, private and non-governmental sectors need to be identified. Broad participation in policy development for critical educational and training needs is essential to developing effective policies to

which all parties can be committed, and building a consensus around these policies is expected to take time, as will their implementation.

The phenomenon of *Africa Rising* must be given its due attention and opportunity to succeed. Simultaneously, let us not forget the rising precariat and its quest to find gainful employment and a decent quality of life. Education has to be given its rightful place in the upliftment of all who live and work in Africa. As Nelson Mandela said, “Education is the most powerful weapon which you can use to change the world.”

The authors welcome your comments.

***Paresh Soni*** is Institutional Researcher at the Management College of Southern Africa (MANCOSA)

***Professor Mark Hay*** is Acting Dean at REGENT Business School

***Professor Anis Karodia*** is Senior Faculty Member and Researcher at REGENT Business School

***Mr. Ahmed Shaikh*** is Managing Director of REGENT Business School

***All authors can be contacted at [www.regent.ac.za](http://www.regent.ac.za)***