



LABOUR MARKET
INTELLIGENCE PARTNERSHIP

The Sectoral Nature of Our Economic Growth Trajectory: Three Observations

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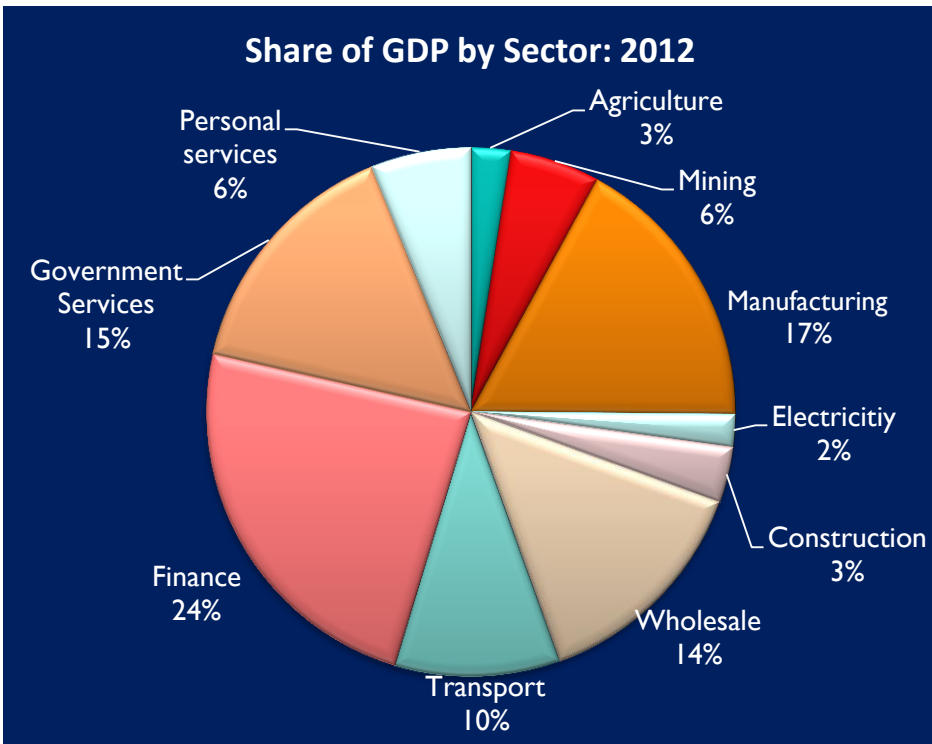
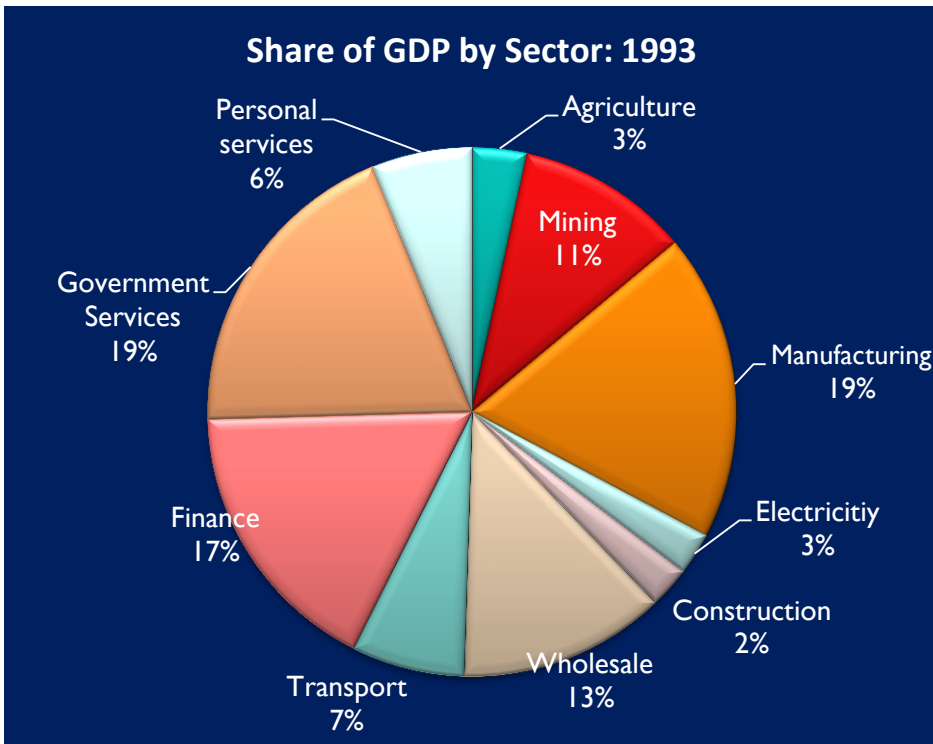
Outline



1. The Skills Implications of a Growth Path Dependency
2. The Structural Transformation Challenge: From Sectors to Skills
3. Are our Education and Training Institutions Growth Enhancing?

1: A Growth Path Dependency

Main Sector Share of Real GDP, 1993 & 2012



Source: SARB , Quarterly Bulletin, Various issues and Authors' Calculations

I: Growth Path Dependency and Skills

Employment Shifts by Sector-Skill Cells, 2001-2012

		<i>Proportions</i>		<i>Change in Prop</i>	<i>Change in No</i>
		2001	2012	2001-2012	
Primary	High-Skilled	0.03	0.08	0.05	27,602
	Med-Skilled	0.54	0.37	-0.17	-571,229*
	Unskilled	0.43	0.56	0.13	-175,392*
	Total	1	1	-719,232*	
Secondary	High-Skilled	0.14	0.18	0.04	188,518*
	Med-Skilled	0.70	0.62	-0.08	136,140
	Unskilled	0.16	0.20	0.04	214,002*
	Total	1	1	537,376*	
Tertiary	High-Skilled	0.27	0.29	0.02	931,498*
	Med-Skilled	0.42	0.43	0.008	1,214,349*
	Unskilled	0.31	0.28	-0.03	576,288*
	Total	1	1	2,720,821*	

Source: StatsSA (LFS 2001 and QLFS 2012), Author's Calculations

II: The Structural Transformation Challenge: From Sectors to Skills

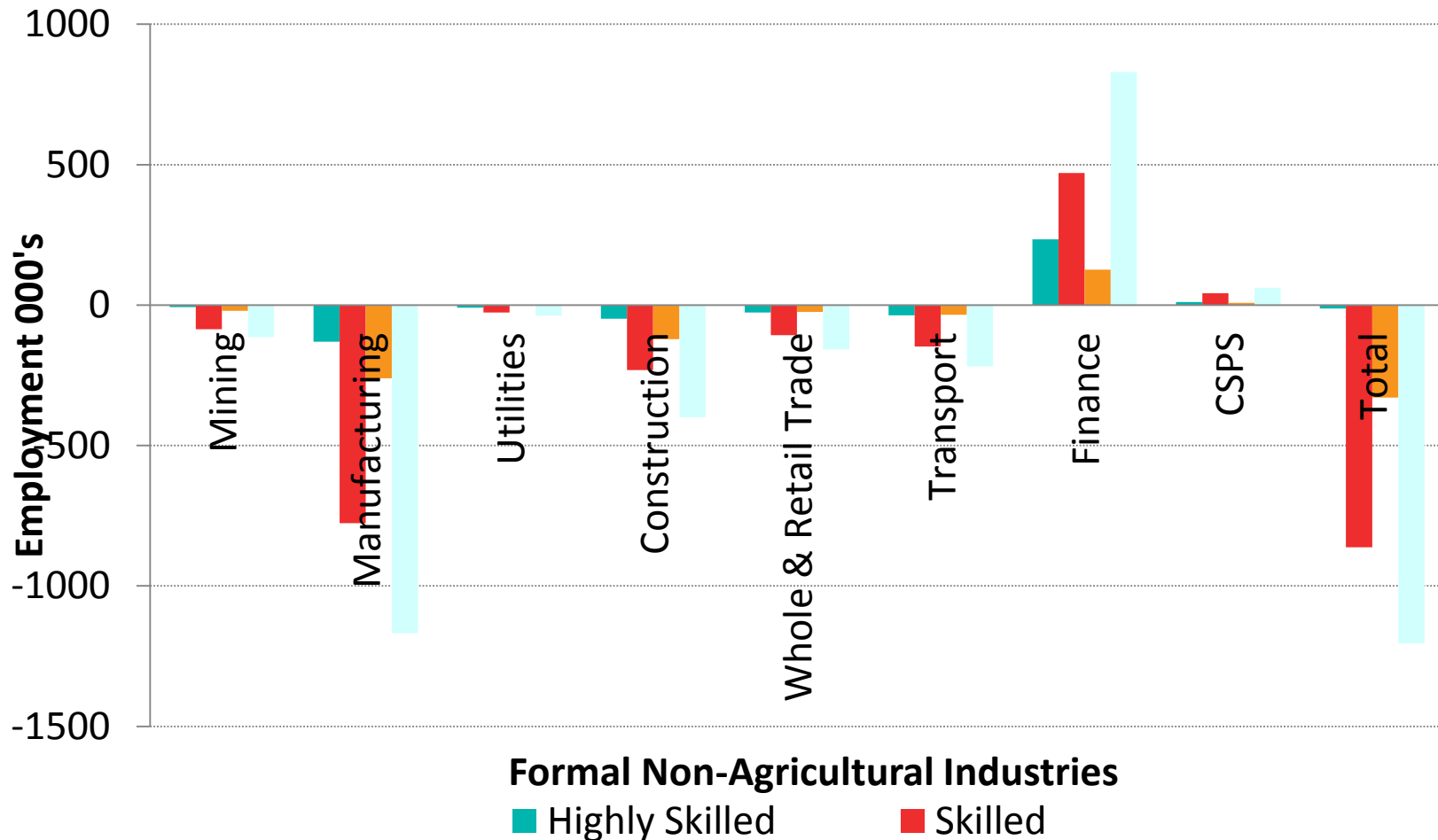


Employment Targets of Job Drivers in the National Growth Plan

	2012		2020	
	000's	Share	000's	Share
<i>Primary</i>	519	6.1%	659	5.8%
Mining	519	6.1%	659	5.8%
<i>Secondary</i>	1645	19.4%	3331	29.5%
Manufacturing	1154	13.6%	2381	21.1%
Utilities	62	0.7%	100	0.9%
Construction	429	5.1%	850	7.5%
<i>Tertiary</i>	6297	74.4%	7291	64.6%
Whole & Retail Trade	1709	20.2%	1885	16.7%
Transport	383	4.5%	616	5.5%
Finance	1841	21.8%	2002	17.7%
CSPS	2364	27.9%	2788	24.7%
<i>Total</i>	8461	100.0%	11281	100.0%

II: The Structural Transformation Challenge: From Sectors to Skills

Skills Gaps By NGP Forecasts



III: Are Our Institutions Growth-Enhancing?

Cobb-Douglas Production Function Estimates



Variables	Coefficient
None	-0.024
Primary	-0.023
Secondary	0.145
Matric	0.159
Certificate	-0.05
Degree	0.104**

Source: PALMS, 1995-2012. Authors own calculations.

Notes: Standard errors in parentheses, ** $p < 0.05$

Summary Stories



- Collapse in Primary Sector Employment & a cluster of employment growth in Manufacturing
- Growth within tertiary sectors such as financial services and community services & Temporary Employment Service have increased
- Employment gains in high- and medium-skilled occupations

Summary Stories

- By 2020, there will be a skills shortage of 1.2 million jobs on NGP targets
 - 860 000 skilled workers
 - 330 000 unskilled workers
 - 13 000 highly skilled workers
- Shortage almost entirely accounted for by the Manufacturing industry
- Structural transformation is vital for job generation (light manufacturing sector for job creation)
- The FET system is an insignificant contributor to economic growth, based on production function estimates