

Understanding history of artisan training in a macroeconomic environment

NC Mbatha; A Wildschut; X Ngambizi;
B Mncwango; T Twalo

Context

- **Artisan** training is in the **spotlight** because of government's efforts to address social & economic **transformation** through expanded skills development
- To achieve transformation artisan training would address the **gap in labor markets** at the **intermediate skills** level
- Hence the **training (supply)** & how it would close the **market gap (demand)** forms part of the mechanism for **skills planning**
- But there are challenges with the **validity of the training system/s** – leading to skills shortages which also **constrain economic growth**

Main aims of the report

1. Bring **historical lens** to the **training** systems and **demand** schedules (economic growth path/s) within **racial/gender exclusion**
2. Reveals features of artisan training with a **negative discourse** about **Vocational Education & Training**
3. Concludes: artisan training must account for **shifting sectoral & employment** trends in a fast **restructuring economy**

Key sections of the report

1. Presentation of **historical storyline** of political & economic **events & impact on technical and artisan training before and after 1994**
2. Why **1994** is important at least in terms of **policy shifts**
3. **Macroeconomics trends** in the country & consideration of available data on artisan skilling & employment
4. **Implications for skills planning** in the future

Technical training in economic and political development context before 1994

- **Economic organisation around industrialisation** gives **context to vocational** education & training and **artisan system** in SA
- Selected features of early 1800s & before:
 - Laws governing **relations between white employers & black employees** in colonial era
 - Included: **Masters & Servants Act (1856)**; **Native Labour Regulation Act (1911)**
 - Even earlier 1600s – **Dutch traders imported slaves** for artisan labour
 - **Apprenticeship** concept introduced in 1775 – **as part of slavery**
 - In this sense, from inception **artisan skilling happened in racial inequality & subservience**

Technical training in economic and political development context before 1994

- **Late 1800s & early 1900s:**
 - The **mineral revolution** in late 1800s & **World War I** - led to **labour market shifts** towards **more formalised & strategic** skills training
 - **Gold (1886) transformed** economy from an **agricultural to an industrial** base
 - Growing **demand** meant **expansion** of training and **importation** of skills (e.g. UK, Australia)
 - **Immigrant** white labour: brought **better skills & unionisation**
 - This was **negative for local white** Afrikaner labour
 - Hence an increase of **protectionist policies**
 - **Restricting** type of work for **black labour**
 - Webster (1994) says: this set the **tone** for reliance on large supply of cheap African labour & **class and race conflict** for the next 100 years
 - The **wage colour bar** was a **salient feature** of the **mining industry** (Johnstone, 1994)
 - Moreover: **these events** changed the **understanding** of TVET
 - Agriculture remained NB – but **mining formed the foundation** for most TVET

Technical training in economic and political development context before 1994

- **Mining** labour markets **mirrored general SA markets** (e.g. Mines Works Act (1911))
- **Wage colour bar & Job colour bar**: was dependent on large supplies of black labour
- And could prevent employment & training of Blacks **locking them in unskilled & low paid employment**
- But **migrant labour** cost would **become unprofitable**
- Mine owners began to **de-skill/fragment jobs** to save
- This led to **revolt among whites** for the *status quo agreement-1918*
- From early on - while the economy suffered - **political pressures & legislation** drove the disempowerment of black labour
- Numerous laws were enacted to this effect: Civilised Labour Policy (1924); Industrial Conciliation Act (1924); minimum Wages Act (1925), and many more

Technical training in economic and political development context before 1994

- **WWII:**
- **Skills** from mining & other sectors **lost to military**
- **Unmet demand** - formation of National Technical Education (**NATED**) system & **Technical Colleges** organised under **Central Organisation of Technical Training (COTT)** (HSRC, 1985)
- COTT: dealing with skills munitions, civilian defence, & armed forces
- And **contributed to institutionalization** of a system **supported by firms & government**
- In 1943: the **wartime experiences** led to formation of **National Apprenticeship Board**
- To **design curricula** for artisans & creation of **National Trade Testing Board**
- 22 417 artisans - **trained quickly** under system in 1943 (Yudelman, 1983)
- Lundall (1997) says the secondary aim of system was to solve the poor white problem – beyond 1945

Technical training in economic and political development context before 1994

- The **war** training **efforts** and demand for inputs also **contributed to** high **economic growths** **beyond mining**
- Growing **manufacturing had positive spin offs** for black labour
- Between 1917 and 1949: black **labour force increased by 564% VS. average of 415%**
- Black wage rose from R313 to R599 in the same period
- In this sense, **WWII** – drove economic **growth**, some racial **diversification & inclusion** in production & training

Technical training in economic and political development context before 1994

- **Apartheid:**
- **National Party** government responds – solidifies separated & differentiated & unequal development to race
- **Endless list** of laws to institutionalise racial discrimination
- On VET and Labour Markets: the Vocational Education Act (1955) & Industrial Conciliation Act & Labour Relations Act **all cemented** racial **segregation** in **training & work** places
- The Bantu Self Government Act (1959) **physically removed** people from certain **geographical** spaces
- Black would receive poor homeland training (Bantu Investment Corp Act (1959))
- These laws led to **huge increases in mass resistance & international pressure** on SA gov
- By the early 1970s – the **superficial dressings** of economic inefficiencies: e.g. job fragmentation etc – were no longer adequate
- The Rietkert Commission (1977) recommended recognition of African Unions, repealing of job reservations
- Changes legislated in the **Industrial Conciliation Amendment Act** (1979)

Some of the racial effects of segregation on apprentice training

- **Firstly**: between 1951 & 1979: only 3019 attained **artisan status** (compare to WWII efforts)
- **Secondly**: the **apprenticeship** training was itself racially biased
- Compared to Whites (37600) **only 560 Blacks, mostly in building**
- Blacks - not in metal engineering
- More data in the report

Table 1: Percentage distribution of apprentices by occupational sector and race group, 1969–1979

Occupational sector	Coloured (%)	African (%)	Asian (%)	White (%)
Building	55	35	45	9
Metal and engineering	11	7	13	40
Furniture	11			
Motor	9	28	10	20
Electrical		14	17	18
Other	14	16	15	13
Total	100	100	100	100
Average per annum	6 700	560	1 380	37 600

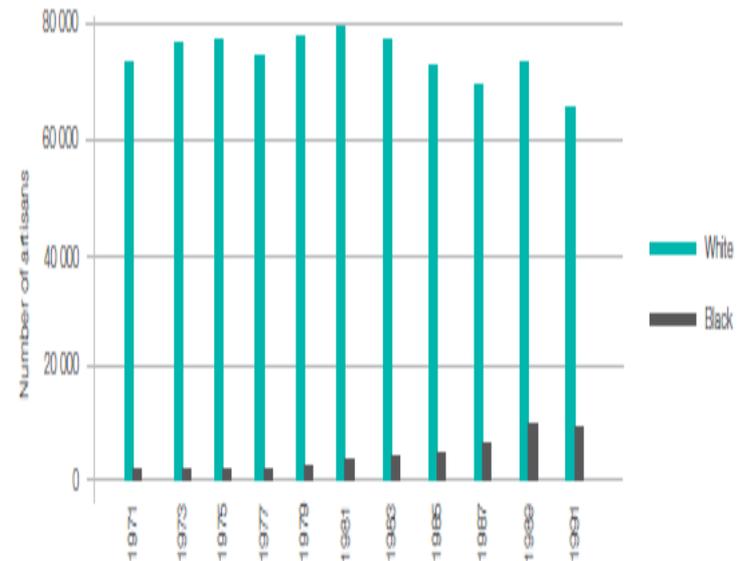
Source: Lundell & Kimmie (1992)

Some of the racial effects of segregation on apprentice training

- Although **improvements** were observed after 1981 – **they were not enough**
- The formalised training of Black artisans in the 1980s (Manpower Act) was too little too late
- The **economy** was already **falling apart**
- With jobs being shed – especially in mining & agric sectors in the mid 1980s to mid 1990s

- Too late in the 1980s

Figure 3: Artisans in the metal and engineering trades, 1971-1991



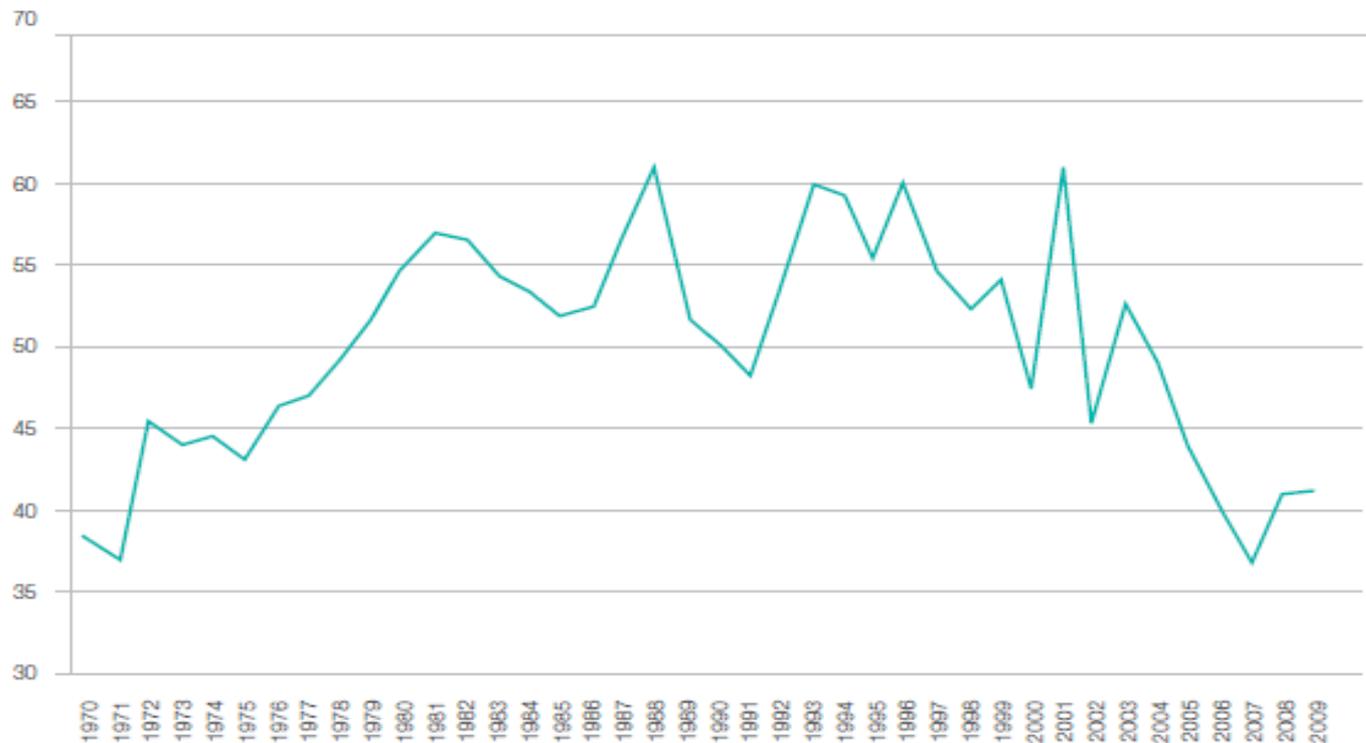
Source: Lundal (1997: 80)

How was the economy doing?

- Initially (1960s to mid 1970s), **the economy was growing**
- BUT only superficially at the **back of the gold price**
- All **other sectors were struggling** with an unstable political environment & economists warned government (time boom)
- Government **increased gold mining taxes** to increase revenues for **poorly managed public spending**:
 - Motorways;
 - Railways;
 - Electricity
 - The **state owned enterprise grew** – for political reasons - while the private sector suffered
 - The economic cracks were clear **in the 1980s** – although rooted in the 1960s
 - In **1984 there was ZERO growth**
 - In the late 1980s to 1991 (**there was negative growth**)
 - Gold **revenues** to fiscal dropped **to 6% from 38%** in 1992
 - Some attempts at saving apprenticeship training (Amendment of manpower Act 1990– **not enough**)
 - The pass rates data (Indlela: 1970-2009) shows this

From the late **1980s** pass rates have been **unstable** and **on a decline** – leading to new reforms

Figure 4: Historical pass rates of artisans at INDLELA testing centre (1970–2009)



Source: Janse van Rensburg et al. (2012)

Technical training in the context of economic & political development: after 1994

- Post 1994, the policies have been remedial - **pro transformation & redistribution**
- Aimed at deracialising socio-political and labour markets
- But **depth of challenges** have meant policies have had to be **revised and fine tuned** to be effective in short time
- **On economic front:** RDP (1994), GEAR (1996) AsgiSA (2005), NDP (2011), etc)
- **Labour market front:** Labour market relations (1995); Basic conditions of employment (1997); Employment equity Act (1998)
- **Education & training front:** SAQA (1995); FET (1998) Skills Development Act (1998), and various amendments
- The Skills Development Act: **a vision** of employment **equity** incorporated througha focus on **HDIs** & increased **quality and quantity of artisan** skilling

Technical training in the context of economic & political development: after 1994

- **SETAs**: to **plan and coordinate** skills development processes in **specified sectors**
- **NSD** : **introduction** of **learnerships** to address weakness in the apprenticeship system
- **JIPSA**: focused specifically on **technical skills**
- **Identified artisans** as a specific occupational category that **experienced rapid decline**
- Elliot (2009): **shortage of 40 000** artisans
- **50 000 targeted** for training by **2010**

What are implications on the plans - given a structurally shifting macroeconomy

- The drivers of shifts are **local and international**
- We were lucky - growth rate was **positive & growing (1993-2007)**
- But we **still experienced rapid declines** in artisan numbers
- The economic environment is **less favourable from 2008**
- In 2014 - 1.6%
- Revised from 3 to 2 % for 2015

Figure 5: GDP growth rate, 1990-2012



Sources: Mohr (2003); Du Plessis & Smit (2006); Trading Economics (2014)

What are implications on the plans - given a structurally shifting macroeconomy

- What were the challenges in a growing economy?
- (formal) **jobless growth** thesis
- A **shift** from **primary to tertiary formal** activity & employment
- Job losses **in mining & agricultural** sectors
- As seen in declining GDP shares since 1984

Table 3: Structural change in terms of percentage share of GDP, 1984–2004

Sectors	1984	1994	2004 (2011)
Primary sector (e.g. agriculture and mining)	17.5%	11.9%	10.4%
Secondary sector (e.g. manufacturing, electricity, construction)	30.5%	27.7%	24.7%
Tertiary sector (e.g. wholesale, accommodation, transport, financial, private and public services)	52.0%	60.4%	64.9% (65.9%)

Source: Du Plessis & Smit (2006)

What are implications on the plans - given a structurally shifting macroeconomy

- Formal jobs - **replaced by informal jobs**
- Informal jobs **doubled between 1996 & 2001**
- Formal on-the-job training **difficult to implement in informal sector**
- Difficult to **account for through data** and difficult to **manage** for transparent transformation
- Informality: has **potentially contributed to declines** in formally trained & qualified artisans

Table 5: Informal-sector employment growth, 1996–2001

Year	Informal sector employment
1996	996 000
1997	1 136 000
1998	1 316 000
1999	1 907 000
2000	1 933 000
2001	1 873 000

Source: Devvey et al. in Kraak (2004: 41)

Shifts by sector in the last 10 years

- Sectors **not strong for apprenticeships & growing artisans** have grown
- Employment (formal & informal) has **grown only in finance, construction, services**
- Employment formal & informal has **declined in mining, manufacturing, electricity**
- In traditional sectors: **only construction still presents growing opportunities** for formal artisan training
- Hence, **a need for strategic thinking** of not reinventing a dying wheel

Strategic planning cannot be localised

- The **structural shifts** in the local economy - **influenced by international forces**
- For example, **decline of manufacturing** - owed to trade liberalisation & **strength of Asian production**
- Hence: strategic planning **must respond to international** competitive forces
- The **motor industry** is hardly internationally competitive
- It is superficially **supported by the MIDP**
- So massive skills **investments** in that sector **cannot be sustainable** in the long run
- Sectors in which **imports are growing** are **not viable for skills** investments incl. artisan training
- The **production & employment** wont take place locally
- But sectors in which **exports are competitive /growing** indicate sustainable future **opportunities**
- Think of historical mining exports & opportunities it provided for training
- From this report: questions that need to be asked for opportunities to train (in/formally) are multi-facet:
 - **Is the sector** targeted for artisan training **on a decline**?
 - **Is the sector informalising?** If so, is it possible to manage quality informal training there?
 - Is the sector competitive (**not because of protection**) internationally?
- A yes **to most of these questions** indicates potential opportunities (a no means no)

Strategic planning – which sectors to go?

- A **high number report** to be working as artisans – but **without qualifications**
- Does this reflect the informalisation process of the whole economy? Probably YES
- If so, **how is this managed within a transformation mandate?**
- From data:
 - **construction remains the only traditional sector** in which artisan **opportunities** for formal & informal training exist
 - **Transport** has growing **informal opportunities**
- Although most of our **exports are still dominated by mining & agriculture** – that **does not mean** future **opportunities lie there**
- Recently future opportunities for competitiveness have been identified in **light manufacturing (e.g. footwear; textiles)** – now in Minister of Finance radar
- DTI; DED, etc., need to **identify a list of similar sectors** (Demand) which the planning mechanism must respond to
- For **macro alignment** - mechanism with NDP/Cabinet – which of the **9 priorities areas** meet the **criteria discussed** here (formal & informal)?
 - Energy sector? YES
 - Agriculture? Not in the long run
 - Mining? Not in the long run
 - Infrastructure? YES – especially if related to construction & transport
- Thinking about future artisan development & management must consider national macroeconomic forecasts & plans
- **All these must make sense** in an **international environment**