

There's more to the

SKILLS

SHORTAGE

than

EMIGRATION

FOLLOWING FIRTH
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Corporate South Africa has been talking about – and worried about – a “brain drain” resulting from the emigration of skilled individuals for over 20 years. Anecdotal evidence seems to suggest this remains a serious concern, and we regularly see headlines highlighting skills shortages that are partly being blamed on the number of skilled individuals leaving the country.

A recent article in Business Day entitled “Emigration widens skills gap in SA’s national payment system” is a perfect example. Quoting the Payment Association of SA (Pasa), the article states that SA’s national payment system, the backbone of the country’s financial system, is grappling with a skills shortage dilemma, worsened by the emigration of skilled personnel.

This is a common refrain in the financial services and IT industries, with annual studies by various recruitment organisations listing these two sectors as those struggling most to fill skilled positions regularly. And yet, MIP Holdings, which spans both industries, is producing more skills than the company can use on its own, seemingly bucking the trend.



The bigger picture

Since the inception of MIP's internship programme, the company has introduced hundreds of highly skilled developers with specific experience in the financial services industry to the local job market. All have not only been trained in the latest technologies and boast the skills needed to ensure the continued success of financial services organisations in South Africa, but they are also previously disadvantaged individuals, ensuring that they are among the most sought-after candidates.

Every one of these developers would be a great addition to any company working with the national payment system, already having most of the skills required. The fact that there is a skills shortage, according to Pasa, points to a far more systemic issue than just skilled individuals emigrating.

While there is no doubt that emigration numbers are concerning, many South African businesses have neglected to build a skills pipeline that would help alleviate the strain of those in more senior positions leaving. Those that have invested in building the skills they need, and are still finding themselves lacking the skills they require, need to take a look at the benefits they offer employees to identify why they are losing valued staff.

Those benefits shouldn't start and end with remuneration packages. A white paper from payroll services group Playroll, in partnership with tech and developer jobs marketplace OfferZen and executive recruitment firm Aims International, states:

“An attractive job package people are willing to stay for means more than just take-home pay. Make sure to consider non-pay-related factors like work arrangements flexibility, and you could have a winning recipe to retain your best people”.

This research highlighted that the skills crisis isn't only playing out through South Africans emigrating, and that many skilled and qualified professionals who are choosing to stay in the country are now also taking advantage of the remote work opportunities provided by global organisations. According to Playroll, remote work arrangements that were fuelled by Covid-19 have ensured that many skilled South Africans are not available for local employment because they can access high-paying work opportunities with international companies while still staying in the country. For example, the group's research showed that an alarming number of local software developers are working for overseas companies while still being based in South Africa. It estimated that 40% of the 120,000 developers in the country are working remotely for foreign companies.



By the numbers

The argument that emigration is causing the skills shortages we hear about from every sector of South African business seems to be backed by irrefutable statistics. According to the UN Department of Economic and Social Affairs' 2020 International Migrant Stock report, published in 2022, 914,901 South Africans were living in other countries and territories by the end of 2020, up from 786,554 in 2015. The data also indicated that three times as many people emigrated from South Africa between 2015 and 2020 – over 128,000 people – than between 2010 and 2015 (43,000 people).

However, the numbers, when looked at from a different angle, can also paint a different picture. The UN's dataset points to the fact that the number of South African-born persons residing outside of South Africa increased from 330,000 in 1990 to just over 900,000 in 2020. This averages out to 21,000 South Africans leaving per year.

A similar figure was reported in a private study conducted in 2017 by Professor David Kaplan and Thomas Höppli, from the UCT School of Economics, which drew directly on national statistics data in 31 countries. The researchers estimated that the number of South Africans residing included in those countries had increased from 435,000 in 2000 to 820,000 in 2017, again implying an average of 23,000 people per year. Taking the jump to 914,901 in 2020 into consideration, the average increases slightly to 23,725 people per year.

The facts in Stats SA's latest report could be seen to correspond with this view. Last year saw the country's PAYE collections contract by R0.4bn due to emigration, compared to R1.3bn as a result of retrenchments, R1.1bn for share incentives, and R1.0bn due to deaths.

In light of these numbers, it becomes much harder to blame South Africa's skills shortages on emigration. Corporate South Africa needs to take a look not only at its hiring policies, but at the entire approach to the skills problem, not to mention creating more attractive workplaces to ensure skilled individuals stop looking for greener pastures. Banks, insurers and retailers should look investing in IP rather than just poaching or recruiting the same people at higher costs from the same pool – a plan that is not good for anyone, and is helping to exacerbate the current skills crunch.



RICHARD FIRTH
*CHAIRMAN & CEO, MIP
HOLDINGS*