

The role of skills immigration in addressing skills shortages in South Africa

by

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ABSTRACT

South Africa is in the throes of a skills crisis. This situation is seriously hampering the country's economic progress and global participation. This study focuses on the analysis of skills migration in South Africa, and specifically aims to provide a conceptual framework for better cognition of the skills situation in South Africa. The study is presented in a series of four articles with a final chapter that incorporates these articles in a cognitive unit and, therefore, provide a cognitive map to better understand skills migration in South Africa.

Article one of the study provides an in-depth discussion on the serious shortage of skilled workers and its impact on the progress of the country. This crisis is largely due to the failure of the national education and training system to supply the economy with much needed skills required to support economic growth and job creation. The findings of this study indicated that there are various factors that are contributing to the skills shortages in the country. Some of the factors include: poor education standards, emigration, crime and HIV. It must be noted that these factors cannot be addressed overnight. Hence, this study emphasised the role that skilled foreign workers can play in alleviating the skills shortages in the country. The contribution of foreign workers could be viewed as a short to medium solution to the skills crisis. Finally, this study has confirmed the findings of similar studies undertaken by the Centre for Development and Enterprise that opening the doors to high-skilled immigration can only serve as a means of supplementing the skills pool and hence contributing to the economic growth of the country.

In relation to the above, that is, a means to address the skills shortages, article two supported the view that a more expansive and robust policy approach to skills immigration can be part of the larger solution of addressing the skills shortages of the country. This would allow for economic progress and make South Africa globally competitive. Hence, the primary purpose of this article was to determine the effectiveness of South Africa's immigration policy to support skills immigration. Attempts to recruit foreign skills to work in South African firms is proving to be a challenge as there are a number of issues in South Africa's immigration policy that makes it restrictive for organisations when recruiting skilled foreign workers. The following are some of the consequences of this restrictive policy: due to major infrastructural growth and development during the 2010 period, there is tremendous strain on the construction industry as a result of shortage of engineers, quantity surveyors, technicians and architects. Problems in retaining skilled mining staff combined with insufficient new graduates and an aging workforce is affecting the South African industry. A dearth of engineering skills at Eskom has also contributed to the power crisis. Thus it could be concluded that South Africa's skills immigration policy is problematic and not helpful in addressing the skills shortages of the country.

In addition and in relation to factors that are contributing to skills shortages in the country, article three of the study focused specifically on factors that either push or pull people into a country. Push factors are generally regarded as negative factors as they push people out of the country. These factors include affirmative action, which contributes to emigration of skilled individuals, crime, HIV, economic instability, poor health care and dissatisfaction with the political situation of the country. Pull or positive factors on the other hand draw skilled South Africans to a country. These factors include: attractive salary packages, early retirement within the education sector, an opportunity to gain international work experience, an improved lifestyle and variety of career choices. Certain immigrants are pulled to South Africa as they see it as offering them economic opportunities that are not available in their home country. However, these immigrants range largely from unskilled to a limited number of

highly skilled workers. This is inadequate to address the skill shortages. Hence, this situation also points towards recruitment of skilled foreign workers as a short to medium term solution.

The final article of the study confirms that skills shortage is a global phenomenon. As a result there is fierce competition amongst countries to attract skilled labour so as to alleviate these shortages and improve their competitive footing in the global economy. One major way that these countries strive to achieve their goal, is through promoting targeted skills immigration programmes to attract skilled workers. In order to alleviate these skills shortages and be part of the global economy, South Africa has to take lessons from these countries. Therefore, the main purpose of this article in the study was to indicate the advantages of having a competitive skills immigration policy. It also highlighted practices that make certain countries skills immigration programmes successful. In doing so, these suitable practices could be offered to policy makers so that they can make informed decisions on improving the skills immigration policy of the country.

Finally, there is a general consensus that South Africa's policy on skills immigration is in need of radical review due to the fact that it is highly restrictive, bureaucratic, user-unfriendly and costly to administer. Moreover, it serves as an impediment for business and industry to recruit skilled foreign labour into the country as a result of excessive, and often, unnecessary regulations and procedures. As a consequence, South Africa tends to attract a higher proportion of unskilled and semi-skilled foreign workers when, in actual fact, it should be attracting highly skilled immigrants.

Key words: Emigration; immigration, brain drain; push and pull factors; migration; globalisation

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LIST OF ABBREVIATIONS

ASGISA	Accelerated and Shared Growth Initiative for South Africa
CDE	Centre for Development and Enterprise
CTFL	Clothing, Textile, Leather and Footwear
DEST	Development of Education, Science and Training
DHA	Department of Home-Affairs
DOE	Department of Education
DPRU	Development Policy Research Unit
ECSA	Engineering Council of South Africa
EFA	Exploratory factor analysis
FET	Further Education and Training
GDP	Gross Domestic Product
HSRC	Human Sciences Research Council
JIPSA	Joint Initiative for Priority Skills Acquisition
KMO	Kaiser-Meyer-Olkin measure of sampling
NEDLAC	National Economic Development and Labour Council
NQF	National Qualifications Framework
OECD	Organisation for Economic Cooperation and Development
SACISIS	South African Civil Society Information Service
SAQA	South African Qualifications Authority
SARB	South African Reserve Bank
SETA	Sector Education and Training Authority
SPSS	Statistical Package for the Social Sciences

CHAPTER 1

NATURE AND SCOPE OF STUDY

1.1 INTRODUCTION

The migration of skilled labour across national boundaries and continents is a growing trend fuelled primarily by globalisation and technological advancements. This development is creating huge global labour market imbalances with developing countries experiencing growing levels of skills shortages and an ever-increasing threat of skills flight (Maharaj, 2004:2). These countries are losing skills to developed countries in North America, Western Europe and Australasia who possess robust skills immigration regimes (Bisseker *et al.*, 2005:19; Crush *et al.*, 2000:10 & Rodrik, 2006:4).

Developing nations are responding to this flight of skilled labour in various ways. Some measures include expansion of national education and training systems, increased investments in vocational education and training, reviewing industrial policy to increase growth and reduce unemployment, tax incentives and attractive immigration policies to lure skilled labour to a country (Kraak, 2008:7; CDE, 2007a:11; JIPSA, 2006:1 & DOE, 2005:15).

Historically, the benefits of skilled immigration have been greatly valued by developed countries. They regularly recruit engineers, doctors, teachers and nurses to their countries. For instance, Singapore, USA, Germany and Ireland have turned to India to recruit information technology engineers, while the United Kingdom has programmes to attract nurses (Bernstein, 2000:4). These countries see migration as one means of alleviating labour market shortages (OECD, 2003:103).

South Africa is also a victim of skills emigration. Common South African destinations for the flight of skilled labour include the United Kingdom, United States, Canada, Australia, New Zealand and the United Arab Emirates. This “brain drain” is proving to be a major impediment to economic growth, social stability and job creation. Although the country’s skills shortages are largely the product of a poor education and training system, skills emigration is exacerbating the problem (Rodrik, 2006:3-5; Bernstein, 2000:4; & Crush *et al.*, 2000:2).

One of the government's policy initiatives for growth, the Accelerated and Shared Growth Initiative for South Africa (ASGISA, 2006:1-7), identifies skills shortages as a binding constraint for economic growth. Concern over this issue and the failure of the national education and training system to supply the economy with much needed skills is leading to a debate about creating a pro-skills immigration policy regime to support economic growth and job creation.

A number of terms and concepts are used in the entire study. For the purpose of clarity, these terms are explained below.

1.2 CONCEPTUAL DEFINITIONS

The following definitions are commonly used in this study and are defined as follows:

- **Emigration:** to leave one's country of normal residence and settle permanently in another country (Scruton, 1982:144).
- **Immigration:** The movement of a person to another country with the intention of making it one's permanent residence (Du Preez, 2002:80).
- **Migration:** it means to travel so as to change one's place of residence. It also includes moving to another area in order to seek better living conditions (Du Preez, 2002:80). Thus, the term includes both immigration and emigration (Oxford English Dictionary Online, 2009).
- **Brain drain:** A permanent or temporary loss of skilled or professional people belonging to various fields which are vital to the functioning of the country (McDonald & Crush, 2002:6).
- **Globalisation:** refers to increased cross-border trade, liberalisation and advances in information technology with the intention of creating a borderless world economy (Scholte, 1997:431).

- **Push factors:** factors that drive people out of their home countries due to their unhappiness with the situation in the country (Mattes & Richmond, 2000:28)
- **Pull factors:** factors that draw people into a country due to lucrative job offers or to conditions that are better than their home-country (Rogerson & Rogerson, 2000:47-48).
- **Skills shortage:** “A skills shortage occurs when any one of the following situations arises or a combination of them: shortage of workers in a particular occupation, labour demand exceeds availability of skills, or workers lack appropriate qualifications” (Barnow *et al.*, 1998:59; Shah & Burke, 2005:44 & Trendle, 2008:4).

1.3 PROBLEM STATEMENT

The issue of skills shortages presently is receiving considerable attention in South Africa. There appears to be a general consensus that the South African labour market is characterised by a skills mismatch with large numbers of unemployable people, including graduates, and concomitant large numbers of job vacancies (Kraak, 2008:1; Bissekar & Paton, 2005:18-20; Rodrik, 2006:3; and Hausmann, 2007:66).

The labour market, in line with international trends, is witnessing a significant decline in the relative demand for low skilled labour, particularly in mining, agriculture and manufacturing which constitute the least skills intensive parts of the economy (Rodrik, 2006:4). For example, in 2004 mining employment was 29% lower than in 1994 and 43% below its historical peak in 1986, a loss of 177 261 and 323 603 jobs respectively. Agriculture lost 112 352 jobs between 1994 and 2004, a fall of 12.1%. During the decade between 1994 and 2004, manufacturing jobs fell by 11.7% or 165 448 jobs and by 21.0 percent or 332 441 jobs since its 1982 peak (Hausmann, 2007:75).

In contrast, the labour shortages are prevalent at the intermediate and upper-end of the skills spectrum, particularly in the financial and services sectors which have recorded steady growth in recent years. This pattern is aggravating the impact of the skills constraint on the economy (JIPSA, 2006:4).

In addition, skills migration is also contributing to skills shortages in South Africa. The country is losing artisans, technicians, doctors, nurses, teachers and accountants in increasing numbers. A recent study found that 40% of skilled South Africans are considering emigrating across all race groups. In 2000 the comparative number was a mere 18% (Bissekar *et al.*, 2005:18-20). Therefore South Africa, like other countries, is concerned about skills emigration.

According to the Centre for Enterprise Development (CDE, 2007a:17), population pyramids between 1995 and 2005 reveal that there is large-scale emigration of whites between the ages of 25 and 34 years, the most economically active and skilled group. This is supported by figures from receiving countries such as United Kingdom and Australia confirming large-scale emigration from South Africa for the period has taken place (CDE, 2007a:17).

The reasons cited are varied. Push factors include employment equity, crime, political instability, declining educational standards and power outages. Pull factors include attractive salaries and working conditions, promotional opportunities, safer living environment and better education.

The education and training system's failure to produce sufficient number of graduates is viewed as a primary reason for modest growth rates in recent years (Kraak, 2008:17; Hausmann, 2007:79 & JIPSA, 2006:9). According to the Department of Education (DOE) (2005:18), 50% of university students, 32% of technikon students and 9% of distance education students who had enrolled for studies in 2000 did not complete their degrees in the 5 years between 2000 and 2004. This represents a huge dropout factor, with 38% of university students, 58% of technikon students and 71% of distance education students leaving these institutions in this period. The report also found that the supply of skills has flattened out and in some areas even fallen from levels in the late 1990s (DOE, 2005:21).

The country is experiencing an average loss of more than 4 000 skilled people a year. This is disguised by serious data deficiencies. There is a shortage of skilled managers and experienced professionals in almost all sectors (Bernstein, 2000:6). Hence, concern about skills shortages has led to renewed calls to establish a more competitive skills immigration regime in the global race to attract talent. According to one business institute, South Africa's skills shortage is so critical, that the country should allow entry of any skilled person who wishes to enter (Crush *et al.*, 2000:2).

One of the key recommendations of the Harvard Group, an international advisory panel appointed by National Treasury to identify binding constraints in the economy and propose growth strategies, is to encourage immigration of highly skilled people to ease skills shortages (Hausmann, 2007:101). The Harvard Group is of the view that encouraging the retention of all high skilled South Africans and the attraction of foreign high skilled persons will be crucial to limit wage inequality and facilitate the creation of jobs for the less skilled and thus achieve shared growth.

One of the major criticisms levelled at government is at the level of immigration policy. It is argued that our policy is characterised by an irrelevant and unworkable quota permit system with its reliance on unrealistic enumeration and restrictive definitions of scarce skills (CDE, 2007b:5).

According to the Centre for Development and Enterprise (2007a:3), South Africa needs a well-managed immigration policy that seeks human capital in much wider senses than restrictive categories of elite priority skills. Immigration policies should be built into a long-term plan for growth and job creation. South Africa's immigration policy should be revised if the country wants to benefit from migrants (Taylor, 2009:4).

1.4 OBJECTIVES OF THE STUDY

The primary objective of this study was to identify and conceptually analyse the role of skills immigration in addressing skills shortages in South Africa

The secondary objectives of this study were to:

- Identify the nature, extent and impact of skills shortages in South Africa;
- Empirically address the adequacy and efficiency of the existing immigration policy of government;
- Conduct an empirical study of the effectiveness of South Africa's immigration policy for addressing skills shortages;
- Undertake an analysis of immigration programmes of selected countries with a view to offer propositions to make the South African immigration policy competitive;
- Construct a conceptual framework to better understand the concept of skills immigration in South Africa; and ultimately

- Draw conclusions and make recommendations in the context of the research.

1.5 RESEARCH METHODOLOGY

The research methods used in all the articles includes an extensive literature study on the specific topics related to the article, and an empirical study (survey research). Quantitative statistical analysis was employed to analyse the data.

1.5.1 Literature study

A literature study was undertaken in the first article in order to identify the nature, extent and impact of skills shortages in South Africa. In accomplishing the aim of this literature study, a wide spectrum of primary and secondary resources was consulted in order to acquire an in-depth understanding of the research problem. The literature included:

- Books and research papers;
- World Bank studies, reports;
- Journal article, dissertations;
- A wide array of electronic databases and Internet sources;
- Published papers, periodicals, newspapers; and
- Government policy documents.

The purpose of the literature study was to enable the researcher to:

- identify the nature, extent and impact of skills shortages in South Africa;
- establish a theoretical context by examining migration models;
- determine the advantages and disadvantages of skilled immigration;
- review the Immigration Act of SA;
- critically analyse the efficacy and adequacy of the existing immigration policy of government;
- determine the extent of skills migration and its impact on the labour market;

The literature study provided a theoretical framework for an empirical study to measure the effectiveness of South Africa's immigration policy for attracting skilled labour.

1.5.2 Empirical study

Survey research was employed in articles two, three and four in order to determine the effectiveness of South Africa's immigration policy with regard to skills requirements. A questionnaire was used to obtain information from a sample of organisations and businesses who are actively involved in recruiting skilled foreign labour.

1.5.2.1 Research design

A survey-based research design was adopted for this study as it allowed for the gathering of data from a relatively large number of cases at a particular time. It uses distinct methods of data collection with a special form of data analysis by statistical means. It is not concerned with the characteristics of individuals as individuals. Rather, it is concerned with the generalised statistics that result when the data is abstracted from a number of individual cases (Best & Khan, 1986:106; Field, 2007:4).

The survey method requires expert and imaginative planning, careful analysis and interpretation of data gathered and the logical and skilful reporting of findings (Seaman, 1987:214).

Survey research serves many purposes. The three main purposes are description, exploration and explanation. These purposes were apt for this study. Description allows the researcher to observe and describe phenomena. Exploration enables the study of persistent phenomena. Explanation enables the researcher to address questions such as: what, when and how with respect to the research problem (Babbie, 2004:217). Hence, the outcome of this research offered propositions for the revision of the skills immigration policy for the country. Against this backdrop, it was appropriate to use survey research.

1.5.2.2 Method of research

As a means of confirming the outcomes of the literature study, the researcher used survey research which took the form of a questionnaire. The purpose of this survey was to gather information in order to verify and substantiate the findings of the literature study. Various components formed part of the research method. These included: the research instrument, sampling, data collection and statistical analysis.

1.5.2.2.1 Research instrument

A closed questionnaire was drafted from the concepts, classifications and different measuring items that were discussed in the literature review. The questionnaire was used to determine the effectiveness of South Africa's immigration policy with respect to skills immigration. It was e-mailed or posted to various organisations. In this form of data gathering, participants are more willing to be honest as their anonymity is assured (Salkind, 2007:138). The questionnaire posed immigration issues on a five-point Likert scale.

1.5.2.2.2 Sample population

It was decided to use a sample of 800 organisations/businesses that seek to employ skilled foreign labour in South Africa. This sample was determined after contacting several organisations/businesses either electronically or by telephone to determine whether they employ skilled foreign labour. Further, it was ensured that the respondents belong to various organisations as reflected in section A of Appendix A so as to get feedback from varied sources. Hence, the selection of the respondents was done by means of stratified random sampling. This method is primarily used to ensure that different groups of a population are adequately represented in the sample so that the level of accuracy is increased (Babbie, 2004:426). Further, a large sample is significant and advantageous to the research because of the following (Best & Kahn, 1986:214):

- the larger the sample the smaller the magnitude of sampling error; and
- survey type samples should preferably have larger samples than needed in experimental studies.

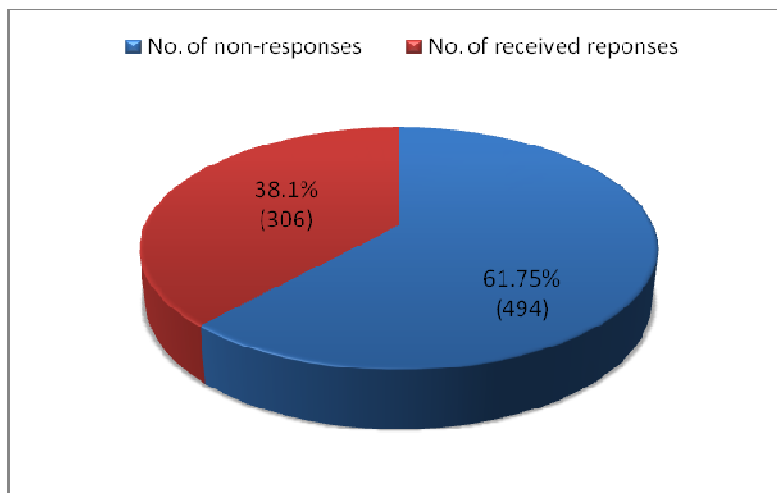
However, it must be noted that there are no fixed number or percentage of subjects that determine the size of an adequate sample. Stoker (1989:316) concurs that the decision on the sample size to be used is often a matter of judgement rather than of calculation.

1.5.2.2.3 Data collection

The mailed questionnaire, a self-completion method of collecting of information, was used to gather data for this study. Three weeks after the initial mailing of the questionnaires, a follow-up

letter was dispatched to the various organisations which had not responded. A week later a telephonic follow-up was done. By the due date when the researcher proposed finalising the computation of the information, a total of 306 questionnaires had been received from an initial 800 questionnaires that were mailed. This represented a satisfactory response rate of 38.1%. There was a non-response of 494 questionnaires, representing 61.75% of the sample. This outcome is represented in figure 1.1 below. Perhaps this response rate could have been maximised if there was the use of incentives.

Figure 1.1: Questionnaire Responses



Nevertheless, the mailed questionnaire was the only feasible approach for this study as this choice of method was prompted by the wide geographical spread of the population and financial constraints.

1.5.2.2.4 Statistical analysis

Quantitative analysis was used to analyse the data for all the articles. The statistical analysis for this study was performed by the Statistical Consultation Services of the North-West University using the Statistical Package for the Social Sciences (SPSS). A range of calculations were undertaken in order to ensure that the data analysis was effective (Du Plessis, 2009:27).

In order to determine the reliability of the collected data, Cronbach alpha coefficients were calculated for each factor. This is one method of estimating the reliability and internal

consistency among the items. Cronbach alpha values of 0.70 are deemed to be satisfactory (Field, 2007:666).

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy as well as the Bartlett test of sphericity was examined, in order to determine the appropriateness of principle components analysis for the collected data (Field, 2007:640). The objective of using the KMO measure of sampling adequacy was to examine whether the relationship between variables is strong enough to proceed with a factor analysis. The larger the KMO value, the more reliable the factor analysis for this particular sample size. However, the factor analysis is likely to be inappropriate for values smaller than 0.5, thus more data should be collected or different factors selected. The Bartlett test on the other hand, would only be significant for data reduction by principle components if $p < .00001$ (Field, 2007:640, 642 & 648). These two measures were used to test whether the sample employed was adequate for data analysis (KMO), and to ensure that the data was suitable and that it could be subjected to a factor analysis (Bartlett's test of Sphericity).

Finally, the data was subjected to a factor analysis in order to confirm the constructs that had been identified from the literature (such as the Immigration policy, the Immigration procedures and the Push and Pull factors). Factor analysis was also used when these constructs did not confirm as single entity, to identify the underlying entities or sub factors within. The factor analysis also purified the statements from the measuring instrument by identifying the less important statements that could be deleted. The Varimax rotational method was used as it maximises the variance explained by factors if there is a low correlation coefficient between the factors (Du Plessis, 2010; Field, 2007:749). Finally, the factor analysis provided the variance explained of each construct as an indicator of relative importance (Field, 2007:667).

1.6 LIMITATIONS OF THE STUDY

In undertaking the research, the researcher acknowledges that:

- A limitation of this study to be noted is the use of a single-method approach to data collection. However, the purpose of the study and the widespread of the sample population precluded the use of an additional method of data collection such as interviews. Furthermore, the resources available favoured a mailed questionnaire as other methods are labour intensive.

- Another concern is the issue of validity, that is, the extent to which the questionnaire satisfies its intended purpose. Here it needs to be pointed out that the study does not identify all possible causes of skills shortages but that it identifies some of the major causes. However, the construct validity and reliability pertaining to the questionnaire is statistically evaluated and reported on in the discussion of the empirical results. These results were satisfactory, and resultantly, the questionnaire is deemed to be a valid measuring tool.
- The relative high proportion of non-replies could also have a negative influence on the validity of the results. Although theory suggests that a 30% response rate is satisfactory on mail questionnaires, it is wise to quantify the sample's suitability for analysis. In this regard, satisfactory results have been obtained from the KMO measure of sample adequacy. It proved that the sample was adequate and that the data was suitable for quantitative statistical analysis. It is, therefore, not suspected that the findings may have been different had more responded to the questionnaire.
- There is very limited data on emigration statistics in South Africa; and
- There is a paucity of labour market data in relation to skills shortages.

1.7 LAYOUT OF THE STUDY

The study consists of six chapters: an introductory chapter, four article-format chapters, and the final chapter that provides a summary of the study as a whole. It is also noteworthy that the four articles contain the respective conclusions and recommendations. As a result, the final chapter draws conclusions and makes recommendations on additional aspects of the study (such as research methodology) while basically summarising the conclusions and recommendations already drawn within the articles itself. The chapters more specifically deal with:

Chapter 1: Introduction, Problem statement, Objectives, Research Methodology and the Layout of the study.

Chapter 2: Article 1: *The nature, extent and impact of skills shortages on skills immigration in South Africa*

In this article, it is evident that there are a number of diverse factors that contribute to skills shortages in South Africa. Some of the main factors revolve around the economy, education, social issues and emigration. These major causes of skills shortages in SA are primarily of a medium-to long-term nature. Given the urgent need to address skills shortages in the immediate-term, a review of the effectiveness and efficacy of skills immigration policy is a priority.

Chapter 3: Article 2: *The effectiveness of South Africa's immigration policy for addressing skills shortages*

Skilled labour is increasingly viewed as an important element to support national economic growth. As a consequence, many countries are adopting competitive migration regimes to attract talent from the global labour market. In South Africa there is also a realisation that the shortage of skilled labour is proving to be a major impediment for growth and job creation. Concerns over this issue and the failure of the national education and training system to meet the demand-side needs of the labour market has led to a debate about establishing a more expansive and robust policy approach to skills immigration (Bhorat *et al.*, 2002; Bernstein, 2000:9).

Chapter 4: Article 3: *Push and Pull factors in relation to skills shortages in South Africa*

This article cites various reasons for the movement of skilled individuals into or out of a country. This movement is generally classified into two categories: namely push factors and pull factors (Baruch *et al.*, 2007:100). Push factors are generally associated with negative factors as it is seen to drive a person out of their home country. Dovlo and Martineau (2004:19), concur, that push factors are influences that arise from within the source country and facilitate a person's decision to leave. As a result of a range of push factors, there is a large exodus of skilled workers as they can afford to offer their skills to other countries. Pull factors on the other hand, are positive factors that attract a person to another country (Mattes & Richmond, 2000:32). These factors reflect the actions of receiving countries that create the demand for, or encourage people to leave home (Dovlo & Martineau, 2004).

Chapter 5: Article 4: *Developing a competitive skills immigration policy for South Africa*

New perspectives on skills immigration policy were discussed in this study. Attractive skills immigration destinations have created innovative immigration policies and programmes designed to attract highly skilled immigrants. Such policies serve as a tool to gain or retain an advantage over competing nations in the "race for talent". If South Africa wants to compete for

such talent, it has to focus on making the immigration policy more competitive. The empirical study revealed a positive attitude towards recruiting skilled immigrants. Respondents appeared to understand the manifest benefits of skilled immigration for the country.

Chapter 6: Conclusions and Recommendations

This chapter summarises the main findings of the study, draws conclusions and makes recommendations. The chapter also summarises all the findings and provides a conceptual framework for skills immigration in South Africa.

1.8 SUMMARY

This first chapter sets the scene for the study. It explains the concept of skills immigration, examines the problem at hand via the statement, lists the objectives of the study, provides in detail the research methodology employed and explains the layout of the study. The next chapter provides a strong literature review on the concept of skills immigration. This chapter is also the first article of the study.

CHAPTER 2

ARTICLE 1:

THE NATURE, EXTENT AND IMPACT OF SKILLS SHORTAGES ON SKILLS IMMIGRATION IN SOUTH AFRICA

ABSTRACT

South Africa is presently experiencing a serious shortage of skilled workers. This situation is negatively impacting on the economic prospects and global participation of the country. The main focus of this study was to determine the causes of this skills shortage and what impact is this shortage having on the country.

Due to the failure of the national education and training system to supply the economy with much needed skills required to support economic growth and job creation, this study was undertaken to highlight the role that skilled foreign workers can play in alleviating the skills shortages in the country.

A literature study was undertaken to identify the nature, extent and impact of skills shortages in South Africa. A wide spectrum of primary and secondary resources was consulted in order to acquire an in-depth understanding of the research problem.

The findings of this study indicated that there are various factors that are resulting in serious skills shortages in this country. Some of the factors include: poor education standards, emigration, crime and HIV. These shortages cannot be addressed overnight, hence, the need to recruit skilled foreign workers.

This study has confirmed the findings of similar studies undertaken by the Centre for Development and Enterprise that opening the doors to high-skilled immigration can only serve as a means of supplementing the skills pool and hence contributing to the economic growth of the country.

Key words: Emigration; brain drain; push and pull factors; migration; globalisation

2.1 INTRODUCTION

The issue of skills shortages is receiving considerable attention by the South African government since the advent of democracy in 1994. This is reflected in a proliferation of new legislation aimed at developing the skills and employability of all citizens in order to alleviate poverty, address historical inequalities, create employment opportunities and improve the competitiveness of the national economy (Du Toit & Van Tonder, 2009:20-21).

The promulgation of the *Skills Development Act, No.98 of 1999* created an enabling institutional and regulatory framework for expanded strategic investment in education and training across all economic sectors. This act led to the establishment of Sector Education and Training Authorities (SETAS) run by representatives of organised labour and business to promote skills development. The *South African Qualifications Authority Act, No.58 of 1995* created a new national qualifications framework (NQF) to increase the accessibility and portability for learners to improve their qualifications.

Despite a number of education reforms, the country is still facing considerable skills shortages. This is highlighted regularly in the media and draws vociferous criticism from social partners such as employer bodies, trade unions and government. According to Bhorat *et al.*, (2002:4), the Centre for Development and Enterprise (CDE) (2007b:7) and Kraak (2008:9), there appears to be consensus that skills shortages are a major obstacle to economic growth and job creation in South Africa.

Recently, the Accelerated and Shared Growth Initiative for South Africa (ASGISA), a project under the leadership of the Presidency, identified a number of binding constraints to economic growth. These constraints which are presently receiving attention in all spheres of government are the following:

- currency volatility;
- infrastructural bottlenecks;
- regulatory burdens on business;
- weak service delivery;
- skills shortages; and
- import parity pricing (ASGISA, 2006:7).

A similar finding was drawn by the Harvard Group (2008) appointed by the National Treasury to analyse growth prospects for South Africa. This group concluded that human resource deficits are a major limitation to advancing economic growth prospects for the country. The Human Resource Development Review (Kraak, 2008:22) also identified skills shortages as a major impediment to socio-economic growth and development.

Skills shortages in South Africa are a consequence of an inter-play of several complex socio-political and economic factors. With the advent of democracy in 1994 the new government inherited a divided education and training system comprising 15 education departments established along racial and regional lines. The apartheid education and training system produced super-structural chaos aggravated by wastage of funds, inefficiency and very poor graduate outputs (Hofmeyr & Buckland, 1992:26).

The lifting of sanctions against South Africa in the 1990s, in effect, meant that the economy was exposed to the global winds of international economic competition. The initiation of China and India as globally-competitive export economies, together with tariff reduction by the World Trade Organisation, placed further pressure on the domestic economy (CTFL, 2006:28).

The inability of the education and training system to meet the growing demands of local firms for skilled graduates as well as the rising aspirations of the previously disadvantaged majority of the population for better jobs further compounded the demand-side needs of the labour market (Kraak, 2008:1). From 2002 onwards, the South African economy experienced growth momentum resulting in a shortage of skilled labour in virtually all economic sectors as indicated in Figure 2.1.

Figure 2.1: Economic growth outpaces employment growth



Source: SARB (2008)

Economic growth rates after 2004 increased to levels of 5% after averaging 3% during the preceding ten years. Growth increased to average 3.4% from 2000 to 2004, but increased almost 50% between 2004 and 2007 (SARB, 2008). Although growth was accompanied by an increase in jobs during the latter period, employment growth was not high. Although the economy grew between 2004 and 2007, employment trended downwards.

Apart from shortage of skills, factors such as affirmative action, emigration and employment equity also contributed to unemployment during the above period. Many skilled individuals affected by affirmative action are of the view that their talents or skills are not appreciated by government or certain organisations. Hence, emigration is a major option taken by such individuals. Further, the results of a survey undertaken by the Southern Africa Migration Project indicate that approximately 83% of whites and 20% blacks are opposed to the government's affirmative action policy (McDonald & Crush, 2002:40)

While affirmative action is one factor that contributes to emigration of skilled individuals, other factors include: crime, better wage offers, better quality of life and future for their children, economic stability and improved health care (Bezuidenhout *et al.*, 2009:212; Bornman, 2005:387). Thus, it is evident, that despite the number of efforts being made to address the preceding challenges confronting the country, it continues to be afflicted by skills constraints (McCord & Borat, 2003:137).

2.2 PROBLEM STATEMENT

Currently there is a strong debate by various interest groups about the chronic skills shortages in the country and the inability of the education and training system to meet the demand-driven needs of the economy. Despite these debates and ongoing policy reforms, the nature of skills shortages in South Africa remains poorly defined (CDE, 2007a:11). There is no single agreed upon definition of what is a skills shortage and how should government respond appropriately. As a consequence, the nature, scale and severity of skills shortages are often miscalculated, misunderstood and misused resulting in bad public policy choices with concomitant high levels of wastage (Benjamin, 2008:5 & Ellis, 2008:117). In addition, the reliability and validity of labour market data is a source of concern.

According to McCord and Borat (2003:116), skills shortages are exacerbated by poor labour market information systems and outmoded occupational forecasting models. The quality of labour force data in South Africa is generally poor and occupational statistics are of even poorer quality. Van Aardt (2009:144) concurs that in many situations these statistics are available only in highly aggregated form such as senior officials, managers, professionals, technicians, labourers, and so on. Admittedly, a considerable amount of labour market research is undertaken by various private and public agencies, but it fails to give a holistic picture of the true state of skills shortages in this country.

One prevailing misconception is to view the concepts of ‘scarcity’ of skills and ‘shortage’ of skills as the same. The National Scarce Skills List (Department of Labour, 2006/7) of the Department of Labour makes reference to ‘scarce’ skills when in actual fact it is referring to skills ‘shortages’ (refer to the definition of “skills shortage” on page 24).

There is a tendency to perceive the problem of skills shortages purely from the perspective of a weak education and training system. Thus, it is argued, the only way to address skills shortages is through an increase in public investments in education and training. Training is a necessary, but insufficient response to alleviating skills shortages. An increase in the public provision of training may only be appropriate if there is evidence of a decline in the ratios of persons being trained to total employment. The Development Policy Research Unit (DPRU) (2007:12) offers a range of other possible responses to alleviate skills shortages. These include freeing wages, developing a progressive skills immigration policy, reviewing labour market policy and

nuancing industrial policy, to list a few. Issues such as foreign direct flows, trade penetration, technological advancements, competition policy, and monetary and fiscal policies also determine what skills sets are demanded in the labour market.

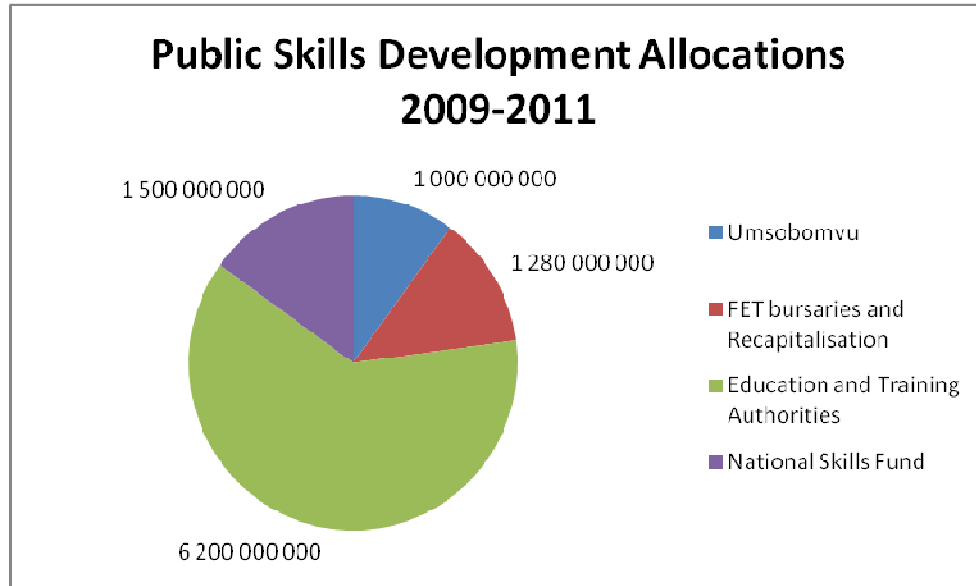
From another perspective, Ellis (2008:121) states that whilst upgrading the educational system is necessary, this would not be sufficient to produce adequate entrants into the labour market to eliminate skills shortages in the short-term. Likewise, Nzimande (2009) concurs, that education and training by itself cannot resolve the problem of skills shortages.

Government appears to be committed to addressing skills shortages. Presently, the state's contribution to public education remains the single largest investment in public services. Education spend has grown 14% annually for the past three years and accounts for R140.4 billion in provinces and national government for 2008/2009 (Manuel, 2009).

According to former Minister of Finance, Trevor Manuel (2009) in his budget speech (2008/2009), close to R9 billion has been allocated to public skills development programmes. This includes:

- R1 billion for the Umsobomvu Youth Fund;
- R1.28 billion for Further Education and Training (FET) bursaries and recapitalisation;
- R6.2 billion for sector education and training authorities; and
R1.5 billion to the National Skills Fund.

Figure 2.2: Public Skills Development Allocations 2009-2011



Source: Manuel (2009)

For 2009, the baseline funding for FET colleges includes R995 million for bursaries for 162 360 students. There is also a further R285 million to recapitalise technical high schools over the next three years. A further budget provision of an additional R700 million for higher education subsidies is allocated to accommodate the expected growth in student numbers from 783 900 in 2008 to 836 800 in 2009. There is also an extra R330 million for the National Student Financial Aid Scheme for poor students (Manuel, 2009). Thus, it is evident, that government is setting aside large sums of money for education upliftment.

While the government is trying desperately to increase valuable skills output through its increased education budget, skills shortages are further exacerbated by the structural changes in the economy. There is less emphasis on the mining, manufacturing and agriculture sectors as compared to services and financial sectors. The latter sectors generally employ highly skilled people who are in demand globally compared to mining which employs large numbers of low-skilled and semi-skilled labour (Statistics SA, 2008). Table 2.1 below provides information on occupational category movements between 1997 and 2008.

Table 2.1: Growth of selected occupational categories, 1997 - 2008

Occupational category	1997	2008	Average growth p.a. (%)
Administrative and managerial	370 007	687 044	5.79
Artisanal and related	1 032 927	1 083 155	0.43
Clerical and sales	2 915 161	2 437 955	-1.61
Production and mining	1 728 057	1 934 197	1.03
Professional and technical	1 285 313	1 807 504	3.15
Service	1 501 695	2 279 322	3.87
Transport and communication	458 053	779 749	4.96

Source: South African Advertising Research Foundation (2008)

As evident in Table 2.1, there are considerable increases in employment for managerial and administrative, professional, service-related and transport occupational categories, whilst there is a decrease for sectors such as artisans, clerical and sales and production and mining. The latter sectors which show a decline in demand, largely requires unskilled and semi-skilled workers. In other words, as the economy moves towards greater capital and skills intensity, the demand for unskilled labour is diminishing (McCord & Borat, 2003:115). This is indicative of structural changes in the economy with a growing demand for skilled workers.

From a different perspective, the demand for skilled workers is acquiring a global dimension. Highly skilled South Africans with high levels of education and advanced occupational skills are recruited by firms in developed countries such as Australia, New Zealand, USA, Great Britain and Canada (Van Rooyen, 2000:62-68).

This emigration of skilled labour is termed the 'brain drain'. South Africa is also affected by this movement as thousands of skilled South Africans leave the country every year. Some of the factors influencing emigration include: crime, affirmative action, black economic empowerment, poor education standards and inadequate government provisions for health care. A net inflow of immigrants in the 1980s has become a net outflow in the 2000s. This is a major contributing factor to the skills crisis. The unofficial number of emigrants is estimated at three times the official number (Bhorat *et al.*, 2002:10 & CDE, 2008:9).

Attempts to recruit foreign skills to work in local firms are proving to be a challenge. From a service delivery perspective, the Department of Home Affairs is battling to process approximately 35 200 quota work permit applications made available in 2007 to attract foreign workers to help alleviate these shortages in South Africa. To date, only 1 010 work permits have been issued in areas of scarce and critical skills. South Africa's restrictive skills immigration policy and regulations are also very problematic (Bhorat *et al.*, 2002:18; CDE, 2008:9; & Ellis, 2008:119).

As a short to medium-term measure, immigration policy reform is necessary to address skills shortages. Added to this, the government should also promote a Homecoming Revolution as a means to lure skilled South Africans back to the country.

2.3 OBJECTIVES

The objectives of this article are the following:

- To identify the nature, extent and impact of skills shortages in the economy; and to
- Determine the implications of skills shortages for immigration policy.

To achieve these objectives, the following outcomes are prevalent (Seaman, 1987:87):

- Determine the extent of research undertaken in the field, as well as what remains to be learned;
- Establish the nature, extent and impact of the research problem;
- Distinguish what is relevant and irrelevant to the study;
- Identify different perspectives to the study;
- Provide a theoretical framework for the empirical investigation in article two; and
- Interpret findings.

2.4 RESEARCH METHODOLOGY

A literature study was undertaken in this article to identify the nature, extent and impact of skills shortages in South Africa. The literature research for this article was based largely on primary research and sources whilst various secondary sources (books, periodicals, reports, journals,

documents and newspaper articles) were also consulted. The aim of this literature study was to acquire an in-depth understanding of the research problem.

2.5 THE NATURE AND EXTENT OF SKILLS SHORTAGES

In order for one to understand the nature of skills shortages in South Africa, one has to have a working definition of the term ‘skills shortage’. There is considerable literature providing varying perspectives on what is a “skills shortage”. Studies use different definitions according to the objectives of the study.

According to Trendle (2008:9), the term “skills shortages” would be applicable when the quantity of labour demanded within particular work-related categories exceeds the available supplies of these skills. Shah and Burke (2003:6), on the other hand, associate a skill with professional qualifications, or, occupations. Hence in this context, a skills shortage may be defined as workers lacking certain qualifications or there is a shortage of workers in a particular occupation. The Department of Education, Science and Training (DEST) (2002:3), acknowledges the existence of a skills shortage when an employer is unable to fill or experiences considerable difficulty in filling vacancies for an occupation at present levels of remuneration and conditions of service.

A traditional definition that appeals to economists is one offered by Arrow and Capron (1959:307), where a shortage is “a situation in which there are unfilled vacancies in positions where salaries are the same as those currently being paid to others of the same type and quality.”

According to Barnow *et al.* (1998:7), a skills shortage is "*a market disequilibrium between supply and demand in which the quantity of workers demanded exceeds the supply available and willing to work at a particular wage and working conditions at a particular place and point in time.*" For the purpose of this study, the following definition of skills shortage will be used:

“A skills shortage occurs when any one of the following situations arises or a combination of them: shortage of workers in a particular occupation, labour demand exceeds availability of skills, or workers lack appropriate qualifications” (Barnow *et al.*, 1998:8; Shah & Burke, 2005:44 & Trendle, 2008:4).

The above definition is appropriate for this study as it encompasses the core situations that may give rise to skills shortages in this country. The following are a few major factors that are contributing to an extensive shortage of skills in South Africa:

- Globalisation;
- A dysfunctional education system;
- Structural changes in the labour market;
- A general under-investment in skills development; and
- Emigration (Anderson, 2008:81; Barker, 2003:216; DPRU, 2007:67 and Du Toit & Van Tonder, 2009:18).

The issue of persisting skills shortages resurfaces in the media regularly with an ever-growing call for government to do more to address this problem. There are frequent comments from political parties, employers and unions citing skills shortages as a major obstacle to economic growth and job creation. According to Kraak (2004:70), there is a growing realisation by government that the path to national economic prosperity depends fundamentally on a highly skilled workforce. The discussion to follow will provide an in-depth insight into the factors that are contributing to these shortages.

2.5.1 Education

The education and training system of this country is viewed as the main contributor to the national skills crisis. The system is characterised by low education standards, inadequate provision for early childhood development, declining matric pass rates, decline in enrolments at FET colleges, lack of resources, decline in national education budget, under-qualified teachers, weak management, poor teacher morale, and high failure rates in schools, colleges and universities offer little hope of addressing the skills shortages. These developments are seen as obstacles to the production skills required by our economy (SACSI, 2009).

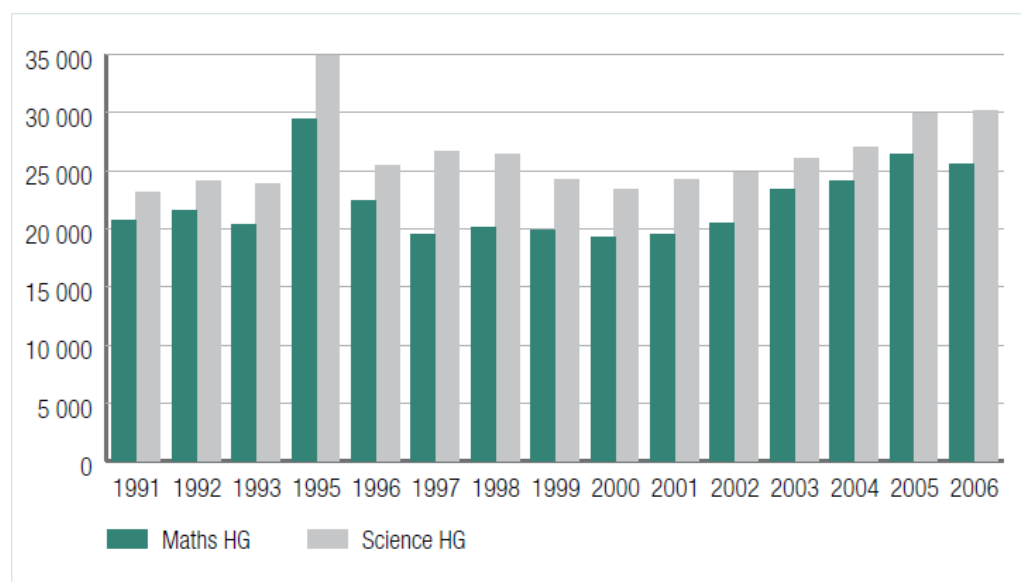
Despite large sums of money being spent on education, the outcome is grossly inadequate. According to Pandor (2008), a survey released in 2008, indicated a literacy rate of 36% and numeracy rate of 35% amongst grade three children. Only 10% of the children scored above 70%. Further, having grade six pupils perform at grade three levels and a vast majority of pupils not completing their schooling is very wasteful. Benjamin (2008:5) indicates that South Africa had come last in global studies on literacy and reading, mathematics and science in the past 12

years compared to other African countries such as Ghana, Botswana, Morocco and Tunisia that have been outperforming it. The number of South Africans completing school was also below the norm compared to other developing countries. Only 30.9% of South African adults completed high school while 69.8% of adults in developed countries completed high school.

Together with the low achievement rates in 2006 only 13% of learners enrolled for science and 9% for mathematics at the higher grade level. Figure 2.4 below, indicates the decline in the quality of matric mathematics and science schooling since 1991. This situation has continued to prevail right until the 2008 matric results and is thus viewed as a hindrance to the supply of quality skills and the availability of required talent, in a way betraying the economy. In this regard, the economy can only prosper if there are more educated individuals (CDE, 2008:13). In the view of the South African Civil Society Information Service (SACISIS, 2009), skilled immigrants can temporarily remedy this situation.

The figure below gives an indication of the declining trends in the matric mathematics and science results in the period 1991-2006. (1994 results were not available when this figure was compiled).

Figure 2.3: Decline in matric mathematics and science results from 1991-2006



Source: CDE (2007a:12)

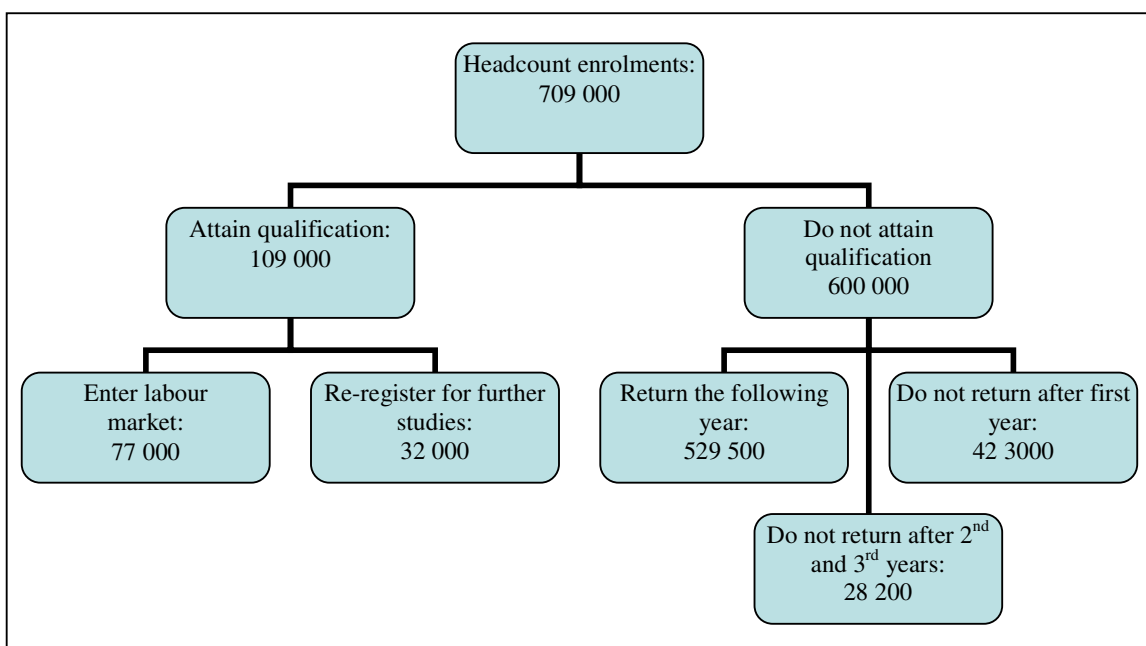
The above situation is largely due to historical reasons when the quality of schooling for black learners was poor. This problem was compounded by the poor results and low standards, particularly in mathematics and science as evidenced in the above figure. Therefore, many black students entering tertiary education are reluctant to pursue careers in the science and technology fields (Pandor, 2008). Further, a large number remain marginalised because they lack the specialised skills required in this economic turn-around. A university study found that nearly 50% of all dropouts aged between 18 and 20, were black first-year students (Ray, 2009:11). The March 2005 Labour Force Survey reveals that 42% of African youth who are between 15 and 24 years of age had stopped their studies and entered the labour market, more than 60% of these youth have less than a matric qualification, while 33% have nothing more than a complete matric. This is a matter of great concern as a paucity in youth education is bound to impact on their labour market preparedness in the form of actual employment opportunities (Kraak, 2004:13).

Furthermore, it is estimated that each year about 1.1 million children start grade one. However, only 589 912 pupils sat the matriculation examinations in 2008. This implies that half a million children contribute to the school drop-out rates. The impact of this situation is extensive on any country especially in the employment category. Although the matric pass requirements have been lowered, only 20% attained university-entrance qualification. Furthermore, a total of 63 038 matriculants achieved an overall 50% in mathematics while 42 323 achieved 60% and better.

Mathematics educators have questioned the standard of the mathematics examinations papers. If this is the standard to be used in the future, then the students would not be able to pursue mathematics-related careers such as engineering, business science and architecture (Ramphela, 2009:19).

If the issues at the schooling level are not addressed urgently and adequately, then the high dropout problems at higher education institutions cannot be addressed. According to the Human Sciences Research Council (HSRC) study, only a small percentage of students in the period 2002-2004 completed their studies in the expected time. Figure 2.4 below indicates the annual outflows from the public higher education (universities, technikons). This high dropout rate is costing the national treasury R4,5 billion in grants and subsidies to universities, up from R1,3 billion in 2002. This rate does not argue well for replenishing skills shortages.

Figure 2.4: Annual outflows from public education, 2002-2004



Source: Compiled from the Department of Education HEMIS study (2002-2004)

According to Kraak (2004:23), another shortcoming in the education and training sphere, is the major inefficiency of the Further Education and Training (FET) sector. Here, students who have completed grade 12 are expected to undertake courses that are on grade 10 and 11 level. In this way, they will receive certificates N1 to N3. This qualification is actually lower than their highest level of achievement and it shows a regression in their level of learning. Despite this

additional vocational qualification, employment opportunities were still very low. Only 33.6% of FET graduates found employment (Kraak, 2004:24).

The tertiary education system needs to be much more closely linked to developments in industry. According to Richardson (2007:17) tertiary institutions are not producing sufficient graduates with relevant qualifications to keep up with the demands of the labour market. They are producing graduates in fields where the demand for these skills is not growing. There appears to be a mismatch between supply by the tertiary institutions and demand by the labour market.

Since the national education and training system is not able to meet the immediate demand for skilled labour, several researchers are of the view that skills immigration is a potential solution in the short- to medium-term to addressing the country's skills shortages (Barker, 2003:146; Benjamin, 2008:5; & CDE, 2002:2).

2.5.2 Structural impediments

The structural changes in the South African economy also contribute to skills shortages. According to Borat *et al.* (2002:6) and Ellis (2008:128), employment in some sectors has expanded while in others it has contracted resulting in large numbers of job losses. For instance, the GDP contribution of the mining and agricultural sectors is declining in comparison to the services sector which includes finance and business services. Factors that contributed to mining reduction include the numerous strikes by labour, electricity shortages and the global economic crisis. Trendle (2008:3) concurs that the growth of the services sector, which is now world-wide, is resulting in a demand for skilled people, while there is a diminishing demand for unskilled and semi-skilled labour in mining and agriculture.

Hence, together with structural change, new products, new technology and new workplace arrangements comes a shift in skills needs. These skills, according to Richardson (2007:9) are occupation specific and take years to acquire. Therefore, this explains the persistent concern in South African business and policy circles with a "skills shortage". Hence, the shortage of skilled personnel in South Africa is going to mean that achievement of 6% annual GDP growth is highly unlikely in the next five years (Borat *et al.*, 2002:6; CDE, 2007b:5 & Kraak, 2008:14). However, according to Manuel (2009), issues such as education and skills training and what the government does about them will determine whether GDP growth of 6% will be sustained by 2010. This can only be achieved by an educated and efficient workforce.

2.5.3 Emigration

Another factor of major concern in South Africa is the role of emigration in the skills crisis. Official figures of 2001 indicate that South Africa lost six times more professionals and technicians than it gained. Approximately 20% of South African skills have been lost through emigration (SAE, 2003). To add to the worsened situation, 70% of skilled South Africans consider emigrating (CDE, 2002:5). While the white skilled professionals form the majority who leave the country, there are also black individuals who go overseas. However, due to the history of the country, the skills are concentrated in the white population. In 1997 alone, the emigration of skilled professionals cost the government about R68 billion of investment in human capital due to the loss of skilled South Africans. Bhorat *et al.* (2002:4) are of the view that this huge loss of skills is of great concern. Further, statistics from South African sources does not truly reflect this “brain drain”, but emigration statistics received from foreign countries reflect the size of the problem (Van Rooyen, 2000:26-29). Reasons cited for inaccurate emigration statistics include:

- emigrants not filling out forms at South African airports so as not to complicate issues should they decide to return home;
- the travel allowance of R500 000 covers their savings and thus does not necessitate them to emigrate officially; and
- the younger skilled workers do not possess large amounts of money; hence, official emigration is of no concern to them (Mitchell, 2003; World Bank, 2003).

Various reasons are cited for the emigration of these skilled individuals. Push factors include: crime, employment equity, poor working conditions, poor service delivery, high living costs, declining education standards, unfriendly business environment, low income levels, political events. Threat of affirmative action was a large concern held by whites (Mattes & Richmond, 2000:32; Rogerson & Rogerson, 2000:48). Due to affirmative action many white South Africans have left their country to seek greener pastures (Ramphele, 2008:19). According to Rogerson and Rogerson (2000:49), 74% of people who emigrated were unhappy with the level of taxation, 68% were concerned with family safety and security, and 71% were unhappy with living costs.

Major pull factors are those positive factors that attract a person to another country (Mattes & Richmond, 2000:32). These factors include: attractive salary packages, early retirement within the education sector, an opportunity to gain international work experience, an improved lifestyle and variety of career choices (Du Plessis, 2009:49; Rogerson & Rogerson, 2000:50).

2.5.4 HIV and AIDS

South Africa is experiencing the largest HIV and AIDS epidemic in the world. An estimated 5.6 million South Africans were HIV positive in 2008, the largest number of any country in the world (Provincial HIV/AIDS statistics, 2008). Almost one in five South Africans between the ages of 20 and 64 is HIV positive (Solomon, 2006:14). Increased attrition rates through HIV/AIDS are going to adversely affect the country in the 21st century in the form of diminishing the future skills pool (Mitchell, 2003). According to Maritz (2002:2), people from all walks of life are affected. Loss of professionals such as engineers, doctors, managers, teachers and lawyers has an impact on service and delivery. Table 2.1 below indicates the impact of a no-AIDS scenario as compared to an AIDS scenario to the labour force.

Table 2.2: Projected changes in the size of the labour force, 2000-2015

Year	No-AIDS scenario (millions)	AIDS scenario (millions)	% difference
2000	14.5	14.4	-0.7
2005	15.8	15.1	-4
2010	17.2	15.1	-12
2015	18.7	14.8	-21

Source: Vass (2003:191)

While the HIV/AIDS epidemic is largely affecting the working age population, the number of orphans is increasing as many of them are quitting school to take care of their younger siblings. This is partly made possible by the social grants they receive from the government.

2.5.5 Crime

The high crime rate is also costing South Africa much in the form of loss of lives, revenue and skills. Thus, it makes no sense for the Commissioner of Police, Bheki Cele (2009) to support a moratorium on the release of crime statistics. He offers the following reasons for the moratorium instead of going public on crime statistics and making every attempt to enlist support to eliminate it rapidly:

- Criminals use the statistics for their own purposes; thus if it not released, it gives police the advantage to better handle crime;
- Crime statistics in certain countries are released at certain intervals and not all the time;
- Thirdly, the statistics would be used for political mudslinging.

Further, Maritz (2002:3) indicates, that the financial costs incurred through crime are extensive. It costs approximately R250 000 to replace a skilled worker in South Africa. Furthermore, the World Bank Investment Climate Survey for 2006 indicates that the average cost of crime for companies in the formal sector is actually 1.1% of sales, 3% of net value-added, and 5% of labour costs (World Bank, 2006). These figures negatively influence investments by large international companies in the country. According to McDonald (2008:27), a study of small businesses indicated that at least half of the companies had experienced a crime related incident in the past year. Apart from business-related crime incidents, an average of 25 000 people are murdered each year in the country (South African Emigration, 2003). This affects the functioning of certain sectors and also results in a decrease in the brain pool, not to forget the psychological impact of crime. Hence, Du Preez (2002:83) and Du Toit & Van Tonder (2009:23), confirm the view of other research that crime is a major factor for the emigration of skilled labour.

According to Bailey (2003:249), countries with extensive skills reserves have many advantages. They handle the challenges and opportunities of globalisation with much ease. This is primarily due to their workforce that is better equipped to work with new technologies and equipment. Bailey (2003:249) further adds that another factor that makes these countries successful is that they are the main benefactors of skills migration as they have expansive skills immigration policies for highly skilled professionals. These countries have long understood the benefits of encouraging skilled immigration. It can serve as short-term solution and at the same time add value to the economy.

From the above, it becomes increasingly clear that South Africa has to turn to importing of skills as one short to medium-term solution of addressing inadequacies in various sectors.

2.6 THE IMPACT OF SKILLS SHORTAGES

The shortage of skills has an extensive impact on any country. It affects the level of economic productivity as well as reduces the country's capacity to develop a knowledge society which in turn impacts on the country's functioning in the global economy (Glass & Choy, 2001:8; Kaplan *et al.*, 1999:4). Furthermore, the loss of high-skilled labour through emigration 'would deplete the source country's level of human capital and thus reduce the capacity of that country to achieve as much technological progress as other economies' (Glass & Choy, 2001:9). The shortage of skills in this country is affecting it in many ways. The discussion to follow will focus on the major impacts.

2.6.1 Impact 1: FIFA World Cup

According to McKechnie (2008), with the Fifa 2010 World Cup just been completed, the shortage of engineers, quantity surveyors, technicians and architects in the construction industry is placing great pressure on infrastructural growth. According to the latest figures, South Africa has only 473 engineers per million people while Japan, a co-host of the 2002 World Cup, has 3 306 per million people.

2.6.2 Impact 2: Eskom

The present status of Eskom is not only as a result of power generation problems and the government's failure to recognise these problems but a dearth of engineering skills has also contributed to the power crisis. There appears to be a "*chronic*" shortage of engineers in the electricity industry. The inadequacies in the present education system together with the poor results in mathematics and science are definitely not going to increase the intake of engineering students. Furthermore, the apprenticeship system is on its way out with the levels of artisan training having dropped from around 30 000 registered artisan apprentices in 1975 to an estimated 3 000 in 2006 – a ten-fold drop. In addition to this situation, the Sector, Education and Training Authority (SETAS) were also not making a sufficient contribution to addressing the skills shortages (McKechnie, 2008).

2.6.3 Impact 3: Mining industry

According to Macartney (2008), in an Ernst and Young report, the international mining industry is also facing critical labour shortages at all levels. Approximately, a third of South Africa's engineers have been leaving the country. According to the Engineering Council of South Africa (ECSA), approximately 300 qualified engineers leave South Africa every year (ECSA, 2007). These figures are based only on engineers who are registered with ECSA. This growing labour shortage has become a significant threat to the industry in view of the fact that engineers fill a large segment of senior positions in the South African mining environment. When these engineers emigrate it is an impediment to the mining sector (Swart, 2009:1). Problems in retaining skilled mining staff combined with insufficient new graduates and an aging workforce are affecting the South African industry. These problems, according to Macartney (2008) are exacerbated by the massive demand in the resources and construction sectors. This poses a threat to the mining industry as it is also facing competition from other industries for engineers and other skilled staff. As evident in the construction industry, apprenticeship in the mining industry has also been neglected in the recent past. Apprenticeship programmes that were offered by both Eskom and Iscor had played a role in supplying skills (Macartney, 2008).

2.6.4 Impact 4: Global competitiveness

From the earlier discussion, it is evident that skills shortages is impacting on the economic growth of the country and thus limiting its global participation level. According to the Global Competitiveness Report (2008/2009), South Africa's world competitiveness ranking is 45th out of 134 countries. Smaller countries such as Bahrain and Lithuania are more competitive than South Africa. Consequently, South Africa is unable to secure direct foreign investment, a vehicle necessary to drive the country forward economically.

2.6.5 Impact 5: Unemployment

At the moment, South Africa has one of the highest unemployment rates in the world. As anticipated, unemployment is largely concentrated in the young, unskilled black population. This situation not only impacts on the economy but on the stability of the country as a whole (Rodrik, 2006:2). This high unemployment rate increases the poverty levels of people and subsequently leads to higher crime levels.

2.7 CONCLUSION

From the preceding discussion, it is evident that South Africa is losing a considerable percentage of its highly skilled and skilled labour to the global economy. This situation will only serve to retard South Africa's participation in the competitive global field. Furthermore, the education system is not moving fast enough to replenish these shortages. HIV/AIDS and crime are issues that also need urgent solutions. While giving the country and the new government time to put their plans and policies in order, a short to medium-term solution to the skills shortages would be welcomed. There are a range of possible responses to alleviate skills shortages. These include freeing wage price, reviewing labour market policy, improving education and training, nuancing industrial policy and developing a more robust skills immigration regime, to list just a few. The immigration issue should be addressed by government, members of business organisations and labour for the progress of the country. The need for skilled immigration was also fully supported by President Mbeki in his State of the Nation speech in 2001. The Harvard Group (2008) and Boswell *et al.* (2004:3) also recommended immigration of highly skilled people to ease skills shortages.

The guiding principle should be to allow the entry of people who have the necessary skills and experience to earn a living, be a tax contributor and consume the goods and services provided by the country. Evidence suggests that skilled immigrants not only contribute to economic growth but also create jobs and reduce the costs of worker training (CDE, 2007a:46). One qualified immigrant teacher of mathematics or science can actually 'create' many jobs. Finally, opening the doors to high-skilled immigration can only serve as a means of supplementing the skills pool and hence contributing to the economic growth of the country (Van Aardt, 2009:144).

2.8 RECOMMENDATIONS

It is in the interest of South Africa to address the issues contributing to the skills shortages in the country. In doing so, South Africa will increase its participation in the competitive global world. Hence the following are recommended:

- Improve education and training;
- Review labour market policy with regard to work quotas;
- Develop methods to curb crime;

- Offer suitable medical support to reduce the impact of HIV/AIDS;
- Develop a more robust skills immigration policy;
- The immigration issue should be addressed by government, members of business organisations and labour for the progress of the country; and
- Allow the entry of people who have the necessary skills and experience to earn a living, be a tax contributor and consume the goods and services provided by the country.

2.9 SUMMARY

It is clearly evident from this literature study, that South Africa is experiencing a huge shortage of skills. Factors such as poor education standards, structural changes in the economy, emigration and crime are amongst other factors that are contributing to this skills crisis. Furthermore, skills shortages are exacerbated by poor labour market information systems and outmoded occupational forecasting models. A case in point is the recent controversy surrounding the release of labour force data for the last quarter of 2008 showing declining unemployment in the face of a contracting economy. Solutions to overcome the skills shortages need to be found for the immediate to short-term as well as moving towards the medium to long term. In this way, it can be assumed that the country would strive towards higher economic growth and global competitiveness.

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CHAPTER 3

ARTICLE 2:

THE EFFECTIVENESS OF SOUTH AFRICA'S IMMIGRATION POLICY FOR ADDRESSING SKILLS SHORTAGES

ABSTRACT

South Africa is presently experiencing a serious shortage of skilled workers. This situation is negatively impacting on the economic prospects and global participation of the country. However, if South Africa chooses to be globally competitive, then a more expansive and robust policy approach to skills immigration can be part of the larger solution of addressing the skills shortages of the country.

The primary purpose of the study was to determine the effectiveness of SA's immigration policy to support skills immigration. Attempts to recruit foreign skills to work in South African firms is proving to be a challenge as there are a number of issues in SA's immigration policy that makes it restrictive for organisations when recruiting skilled foreign workers. This situation is problematic, as it does not help to alleviate the skills shortages of the country.

Firstly, a literature review of South Africa's immigration policy was undertaken with a view to evaluate its approach for skills immigration. Thereafter, empirical research was undertaken in this study. A survey-based research design was adopted using a closed questionnaire to determine the effectiveness of SA's immigration policy with respect to skills immigration. The sample consisted of 800 organisations/businesses that seek to employ skilled foreign labour in South Africa.

The outcome of this study indicated that South Africa's immigration policy is restrictive and has undoubtedly impacted on the shortage of skills in the country. The following are some of the consequences of this restrictive policy: due to major infrastructural growth and development during the 2010 period, there is tremendous strain on the construction industry as a result of shortage of engineers, quantity surveyors, technicians and architects. Problems in retaining skilled mining staff combined with insufficient new graduates and an aging workforce is affecting the South African industry. A dearth of engineering skills at Eskom has also contributed to the power crisis.

This study has confirmed the findings of similar studies undertaken by the Centre for Development and Enterprise that South Africa's skills immigration policy is very restrictive and is thus not helpful in addressing the skills shortages of the country.

Key words: Emigration; immigration, brain drain; push and pull factors; migration; globalisation

3.1 INTRODUCTION

South Africa has been a country of immigration for thousands of years. Many blacks from central Africa, together with the Dutch, Germans and French settled in the country in the 17th and 18th centuries. However, the government's immigration policy during the apartheid era, favoured the settlement of whites, especially skilled and professional workers (Kaplan, 1998:15). At the same time, low-wage migrant labour from surrounding African countries were allowed into the country and used largely on the mines. Added to this, the blacks were confined to living in townships while the whites lived in cities and towns (CDE, 1997b:3). Thus, the immigration policy served as a form of migration control.

While the apartheid government attracted many skilled foreign white workers, this flow of skilled migrants from 1970 to 1980 turned into a major outflow in the era of democracy, in the 1990s. This movement, which is often referred to as the 'brain drain' is adding to the skills shortage that is already prevailing in the country. Primary reasons cited for loss of skilled South Africans include: crime, decline in service delivery, poor quality of life, unhappiness with the political situation, declining education standards and inadequate government health care (Bailey, 2003:235). According to Borat *et al.* (2002:23) and Bernstein (2000:8), this shortage of skilled labour is a major impediment for growth and job creation in the country.

In contrast to this large outflow, there is a decrease in immigrant inflow. This can be largely attributed to the country's restrictive immigration policy as well as various socio-economic and political factors (Stern & Szalontai, 2006:123). When the new, democratic era emerged in 1994 in South Africa, the government amended the *Aliens Control Act No. 95 of 1991* which dealt with admission, control and expulsion of foreigners (CDE, 1997a:7). Thereafter, there was the passing of the *Immigration Amendment Act No. 19 of 2004* and the *Immigration Regulations* of June 2005. However, the regulations set out in the policy for skills immigration were restrictive in many categories which include: quota work permits, application backlogs, evaluation of qualifications, police clearance, business permits, intra company transfer work permits, permanent residence permits/applications, and documentation. Thus, the recruitment of skilled foreign workers to help reduce the skills shortages of the country proved challenging. This situation has significant economic and social implications for the country.

However, if South Africa seeks to be globally competitive, then a more expansive and robust policy approach to skills immigration can be part of the larger solution of addressing the skills

shortages of the country. The world economy has become largely global where the demand for skilled labour is increasing as compared to the lesser skilled. This global movement of skilled labour can be attributed to many factors (World Bank, 2003:343):

- Wage differences;
- Skills are interchangeable;
- Multinational companies now operate in global markets;
- Travel is cheap;
- Recruitment companies are more aggressive; and
- Information on jobs is easily accessible.

As a consequence of the above factors, many countries compete to attract skilled labour so as to develop a competitive edge in the international labour markets. Poor countries have a two-fold disadvantage in terms of competing for skilled labour. Firstly, they have limited capital and secondly their lack of necessary skills disadvantages their economies in the global arena (Wocke & Klein, 2002:441).

Economies that have employed immigrants have achieved tremendous economic and cultural development. Examples of countries with dominant immigrant economies include USA, Canada, Australia and Singapore. These countries have been the leaders in economic development and have become competitors to South Africa as they continuously source skilled South Africans.

Consequently, the empirical study in this article sought to determine the effectiveness of SA's immigration policy and its role in addressing skills shortages in SA. This study was done through a review of the *Immigration Act No.13 of 2002*, the *Immigration Amendment Act No. 19 of 2004* and the *Immigration Regulations of June 2005* with specific reference to skills immigration. During this review, shortcomings of the policy were also discussed. Another purpose of the empirical study was to ascertain the views of organisations and businesses that recruit skilled foreign workers. Finally, this study offered recommendations to improve the policy.

3.2 PROBLEM STATEMENT

The issue of skills shortages is receiving considerable attention by the South African government since the advent of democracy in 1994. Despite a number of education reforms, the country is still facing considerable shortages. This is highlighted regularly in the media and draws vociferous criticism from social partners such as employer bodies, trade unions and government. According to Borat *et al.* (2002), CDE (2007a:3) and Kraak (2008:1), there appear to be consensus that skills shortages are a major obstacle to the progress of the country in terms of uplifting the economy and creating increased employment.

Hence, skilled labour is increasingly viewed as an important element to support national economic growth. As a consequence, many countries are adopting competitive immigration policies to attract talent from the global labour market. Industrialised countries have long recognized the benefits from immigration and have continued to regulate their immigration policies according to the needs of the country (Wocke & Klein, 2002:445). Thus, it is evident, that many countries are relaxing immigration controls for skilled workers. For example, the USA is offering tax cuts as a means of attracting skilled immigrants to local firms while Australia, New Zealand and Canada have well-targeted selection processes; as a result they have been highly successful in attracting skilled workers to their countries (Stern & Szalontai, 2006:137).

While the above countries acknowledge the benefits of skills immigration, there is a tendency in some quarters in South Africa to view an expansive immigration policy as a contributor to domestic unemployment. However, evidence suggests that skilled immigrants not only contribute to economic growth but also create jobs and reduce the costs of worker training. According to Wocke and Klein (2002:445), it is also an advantage to the country if the immigration of skilled workers is properly regulated and matches the labour market demands of the country. A further view is that importing skilled foreign workers will lead to a lack of local skills development. On the contrary, Wocke and Klein (2002:442) maintain that this is not necessarily the case as the more skills there are, the better. Thus, there is an opposing view that skills immigration is a form of investment for national development (Absa, 2001a:16).

Attempts to recruit foreign skills to work in local firms are proving to be a challenge. From a service delivery perspective, the Department of Home Affairs is battling to process approximately 35 200 quota work permit applications made available in 2007 to attract foreign

workers to help alleviate these shortages in South Africa. To date, only 1 010 work permits have been issued in areas of scarce and critical skills. South Africa's restrictive skills immigration policy and regulations are also very problematic (Bhorat *et al.*, 2002; CDE, 2008:9; Ellis, 2008:117).

There are a number of issues in South Africa's immigration policy that makes it restrictive for organisations and businesses when recruiting skilled foreign workers. These include:

- Quota work permits;
- Application backlogs;
- Evaluation of qualifications;
- Police clearance;
- Business permits;
- Intra company transfer work permits;
- Permanent residence permits/applications; and
- Documentation.

From the preceding discussion, it is evident that South Africa's immigration policy pertaining to foreign skills immigration is problematic. This situation is not conducive for alleviating the skills shortages of the country.

The second section of this study involves a literature review, the execution of the empirical study, followed by the discussion of the results.

3.3 OBJECTIVES

The primary objective of the study is to determine the effectiveness of South Africa's immigration policy to support skills immigration. The secondary objectives of this article are thus formulated so as to:

- Review the *Immigration Act No.13 of 2002* with specific reference to skills immigration;
- Compile, from the literature, constructs to measure the effectiveness of the immigration policy in South Africa;

- Determine if any underlying or sub-constructs exist within the identified constructs, and if so, identify them and analyse the role they play in the South African immigration policy; and to
- Draw conclusions and make recommendations based on the findings of the empirical study.

3.4 SOUTH AFRICA'S IMMIGRATION POLICY

The period between 1991 to 2005 saw changes in the Immigration policy of South Africa. There was restructuring and reshaping of migration issues from the *Aliens Control Act No. 95 of 1991* through to the *Immigration Amendment Act No. 19 of 2004* and the *Immigration Regulations* of June 2005. Initially, the *Immigration Amendment Act of 1991* did not place much emphasis on skills immigration as it focused on the importance of stimulating employment for South Africans.

However, by 2002, the government realized that there is a need in the economy for skilled foreign workers in sectors such as information technology, finance and engineering. It became evident, that there is not a shortage of job-seekers but there is a major shortage of skilled workers (CDE, 2002:37). Therefore, this need became part of government's economic strategy, *Joint Initiative for Priority Skills Acquisition* (JIPSA, 2006). Added to this, there appeared to be an acceptance by government that immigration of skilled foreign workers will partly help to overcome this skills shortage and subsequently integrate South Africa into the global economy. Thus, the role of skilled foreigner workers was seen as having a dual nature:

- One, to enhance the economy; and
- Secondly, to transfer skills and experience to the local workforce.

Having acknowledged the role of skilled foreign workers, the government still presented an immigration policy that was largely problematic for prospective skilled workers and organisations and businesses that sought to recruit skilled foreign workers. The discussion to follow will provide a critical analysis of South Africa's current immigration policy.

3.4.1 A critical analysis of South Africa's current immigration policy

South Africa's *Immigration Act No. 13 of 2002*, was a subject of widespread criticism due to its lack of consultation during its drafting. Therefore, in developing and passing of the *Immigration Amendment Act No. 19 of 2004* and the *Immigration Regulations* of June 2005, there was consultation with government and non-government bodies which included the public and the Immigration Advisory Board (Willand, 2005:3). Although this brought about certain clarifications and positive changes to the immigration laws, this does not mean that South Africa now has a successful immigration policy (CDE, 2005:3). However, on a positive note, Willand (2007:7) states that certain issues relating to requirements for work permits were abolished and financial requirements for retirees was structured more logically. There are, however, still certain elements in the law, that make applications by skilled foreigners and organisations and businesses still very difficult. For example, the requirements for business permits have actually become more difficult than before 2003.

The discussion to follow will focus on problems confronting organisations and businesses with regard to recruiting skilled foreign workers as well as problems encountered by skilled foreigners with regard to their applications for working in the country.

- **Quota work permits**

The *Immigration Act No. 19 of 2004* stipulates the use of quota work permits. The use of this system for allowing immigrants into the country is problematic for various reasons. Skills needs are continuously changing due to the presence of newer technologies. Thus, accurate quota predications for certain skills would be doubtful. It is also difficult to work out quotas for certain skills where work experience is a part of the skills. Furthermore, locating South Africans who are capable of doing the jobs before sourcing a certain quota of immigrants, would be too time consuming (CDE, 2005:2). Related to the issue of calculating quotas, is the lack of correlation between the Department of Labour's (DOL) scarce skills list and the Department of Home Affairs' (DHA) scarce skill list. Thus, this makes importing of skills even more difficult (Development Policy Research Unit, 2007:24).

- **Application backlogs**

The DHA makes entry of skilled foreign workers very difficult. According to immigration lawyers, DHA is said to have a backlog of residence permits as well as approximately 35 200 quota work permit applications which were made available in 2007 to attract skilled foreign workers to help alleviate skills shortages in South Africa. According to Ellis (2008:79), this backlog is largely attributed to lack of capacity in the department. To date, only 1 010 work permits have been issued in areas of scarce and critical skills. Thus, Borat *et al.* (2002), CDE (2008:17) and Ellis (2008:80) regard South Africa's restrictive skills immigration policy and regulations as problematic. Hence, this makes development of a suitable labour recruitment policy look far-fetched.

- **Evaluation of qualifications**

According to Pokray (2006:2), all skilled foreign workers must have their qualifications evaluated by the South African Qualifications Authority (SAQA) irrespective of its relevance to the post being applied for. Due to the influx of applications for evaluation, which is now a statutory requirement, SAQA has been unable to keep up with the applications. Further, SAQA is taking approximately two months to process "priority" applications. This is resulting in immense time delays, expense and frustration for skilled workers as an application based on qualifications cannot be lodged unless it has been evaluated by SAQA (Pokray, 2006:2). This application process becomes more problematic if the skilled foreigner is still residing in his or her country.

- **Business Permits**

The following entry requirements in respect of business permits are too high:

The amount of capital investment required is very high; a comprehensive business plan is also required and five South Africans must be employed in new businesses. This is not practical as small businesses may start off with just one or two employees and later become larger (Willand, 2005:18 & CDE, 2005:12). The mentioned requirements will actually discourage prospective investors.

- **Police clearance**

Police clearance is another major obstacle for a skilled foreign applicant. According to CDE (2005:12), he or she has to get police clearance from every country that he or she has resided in for more than a year since turning eighteen. The clearance has to

accompany the application. This can be very time consuming for the prospective applicant and result in extended delays.

- **Intra company transfer work permits**

In terms of Section 19(5) of the *Immigration Amendment Act No.19 of 2004*, the time frame for an intra company transfer work permit was restricted to a period “not exceeding two years”. This is problematic for organisations and businesses as it implies that transfer work permits cannot be extended. Hence, careful planning is essential for staff deployment or secondment to their South African offices (Pokray, 2006:1).

- **Permanent residence permits/applications**

There is a backlog at DHA in respect of applications for permanent residence. There is an excess of 17 000 applications and this figure excludes new applications coming in. A lack of capacity in the DHA has led to this situation. It can extend to one or two years for the finalisation of applications for permanent residence (Pokray, 2006:2). This can be extremely frustrating and discouraging for prospective applicants (CDE, 2005:15).

- **Documentation**

Recruitment and large business organisations experience high levels of frustration in their attempts to obtain legal documentation.

Having reviewed rules and regulations stipulated for the recruitment process, the discussion to follow will indicate the impact of these regulations of the immigration policy in addressing the skills shortages of the country.

3.4.2 The impact of the immigration policy on addressing skills shortages

As evidenced above, the country’s immigration policy is restrictive and will undoubtedly impact on the shortage of skills in the country. The discussion to follow will comment on the consequences of this policy in relation to shortages in certain sectors. Through this discussion, the importance of skills immigration will become evident.

Due to the Fifa 2010 World Cup, major infrastructural growth and development has started in the country from 2007 to 2010. According to McKechnie (2008), this is placing a tremendous strain on the construction industry as a result of shortage of engineers, quantity surveyors, technicians

and architects. While the USA has 380 engineers per million people, China 225 and India 95, South Africa has only 45 engineers per million people (ECSA, 2007:6; McKechnie, 2008). The Engineering Council of South Africa (ECSA) views the engineering shortage as critical. According to ECSA, approximately 300 engineers emigrate every year. This is highly problematic as the country needs between 4 000 to 5 000 engineers urgently (ECSA, 2007:7). A short-term solution was to employ skilled foreigners as our present tertiary institutions are unable to replenish these shortages in the immediate as well as short to medium term (Department of Education, 2007:15).

Growing labour shortages has also become a significant threat to the mining industry. Problems in retaining skilled mining staff combined with insufficient new graduates and an aging workforce is affecting the South African industry. As evident in the construction industry, apprenticeship in the mining industry has also been neglected in the recent past. Apprenticeship programmes that were offered by both Eskom and Iscor had played a role in supplying skills (Macartney, 2008).

In addition, companies like Eskom are not only experiencing power generation problems but a dearth of engineering skills has also contributed to the power crisis. The inadequacies in the present education system together with the poor results in mathematics and science are definitely not going to increase the intake of engineering students. Furthermore, the apprenticeship system is on its way out with the levels of artisan training having dropped from around 30 000 registered artisan apprentices in 1975 to an estimated 3 000 in 2006 – a ten-fold drop. In addition to this situation, the Sector, Education and Training Authority (SETAS) were also not making a sufficient contribution to addressing the skills shortages (McKechnie, 2008).

Further, skills shortages is impacting on the economic growth of the country and thus limiting its global participation level. According to the Global Competitiveness Report (2008/2009), South Africa's world competitiveness ranking is 45 out of 134 countries. Smaller countries such as Bahrain and Lithuania are more competitive than South Africa. Consequently, South Africa is unable to secure direct foreign investment, a vehicle necessary to drive the country forward economically.

There are a range of possible responses to alleviate the above shortages. Reviewing labour market policy, improving education and training and developing a more robust skills immigration regime are just a few. Of these, the immigration issue, which is a quicker solution, should be addressed by government, members of business organisations and labour for the

progress of the country. The need for skilled immigration was also fully supported by President Mbeki in his State of the Nation speech in 2001. The Harvard Group (2008) and Boswell *et al.* (2004:3) also recommended immigration of highly skilled people to ease skills shortages. The discussion to follow will provide insight into the results of the empirical study.

3.5 RESULTS

This study aimed to provide insights into the difficulties that organisations/businesses encountered when recruiting skilled foreign workers to fill vacancies. In this respect, the results of the empirical research provided a valuable tool for informing policy responses to skills or labour shortages, including immigration programmes (Boswell *et al.*, 2004:55).

The empirical results of the study are presented per section similar to Appendix A. As such the following sections are subjected to exploratory factor analysis (EFA): Immigration policy issues, Immigration procedures, Department of Home Affairs, and In-Company Immigration. In each section, the suitability to factor analysis is tested by means of the Bartlett Test and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) measure. The Cronbach alpha is also calculated to show the level of reliability.

3.5.1 SECTION A: IMMIGRATION POLICY ISSUES

The first section of the empirical analysis refers to the first section in the questionnaire (see Appendix A: Section A). The statements in the questionnaire correspond numerically with the results shown here.

Table 3.1: The KMO and Bartlett Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.889494
Bartlett's Test of Sphericity	Approx. Chi-Square	1091.153
	Df	10
	Sig.	.000

The large values for the KMO measure indicate that the factor analysis pertaining to immigration policy issues is suitable. Values between 0.7 and 0.8 are excellent. The data for this factor returned a value of 0.7 signifying a good fit for factor analysis (Field, 2007:640).

The results of the Bartlett test indicate that it is suitable to proceed with a factor analysis because the data should yield a p-value smaller than 0.0001. This indicates that the correlation between the variables is sufficient for factor analysis (Du Plessis, 2009:58). The data sets for this factor returned values smaller than 0.0001, and as such the factor analysis was performed (see table 3.1). Since only one factor was extracted, no rotational method was required (Du Plessis, 2010).

Table 3.2: Factor loadings (Immigration policy issues)

STATEMENTS	FACTOR
	1
2	0.906
5	0.897
4	0.883
3	0.841
1	0.839
% of variance explained	76.38

Factor 1: Immigration Policy Issues

The factor analysis identified one factor. All five statements loaded heavily on this factor with all the factor loadings in excess of 0.83 (see Table 3.2). All the statements dealt with immigration policy issues as the central theme. This high loading confirmed the dissatisfaction of the respondents with the immigration policy. The factor explains a variance of 76.38% and has returned an excellent reliable coefficient of 0.92. No statement was discarded from the initial construct compiled from the literature review, and as such, the factor analysis also confirmed that only one construct exists in immigration policy analysis. The factor is thus labelled *Immigration policy issues*.

The reliability analysis of Section A: Immigration policy issues, appears in table 3.3.

Table 3.3: Reliability Statistics

Data Set	Cronbach's Alpha
Factor 1	.919

Cronbach alpha coefficients were calculated for each factor so as to estimate the reliability and internal consistency among the constructs (Field, 2007:666). All constructs have returned an

excellent reliable coefficient of 0.92%. This is well above the required 0.7 which shows high reliability and internal consistency.

3.5.2 SECTION B: South Africa’s IMMIGRATION PROCEDURES

Table 3.4: The KMO and Bartlett Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.699
Bartlett's Test of Sphericity	Approx. Chi-Square	1805.796
	Df	55
	Sig.	.000

The analysis regarding South Africa’s immigration procedures is suitable for an exploratory factor analysis, as the KMO measure and the Bartlett test returned values of 0.699 and smaller than 0.000, respectively. The factor analysis identified three sub-constructs or factors within the construct identified by the literature research as SA’s immigration policies. This means that the construct contains three separate constructs.

The second section (see Appendix A: Section B) contains data pertaining to South Africa’s immigration procedures. The exploratory factor analysis (EFA) identified two statements namely Q6 (our immigration procedures are complex) and Q13 (our immigration procedures are business-unfriendly) that did not clearly load on a specific factor. Resultantly, these statements were deleted from the questionnaire. In addition, since more than one underlying construct is prevalent in the component matrix, it requires rotation to maximize the dispersion of the factor loadings within the factors (Du Plessis, 2010), and as such a *Varimax* rotation proved to be the appropriate choice (Field, 2007:636). The rest of the statements loaded heavily (once again portraying factor loadings in excess of 0.8) on either one of the three identified factors (The results are evident in the tables below.)

The factor loadings of the three sub-constructs appear in table 3.5 below.

Table 3.5: Factor loadings (South Africa's immigration procedures)

STATEMENTS	FACTORS		
	1	2	3
9	.848	.183	.010
11	.813	-.005	-.138
7	.789	.239	.222
12	.778	-.113	.287
8	.756	-.026	-.268
10	.753	.207	.202
18	.030	.897	-.013
17	-.164	.831	.134
14	.329	.614	.429
16	-.058	.025	.887
15	.105	.218	.879
% of variance explained	36.62	23.38	12.61
Cumulative %	36.62	60.00	72.61

The three factors identified by the analysis are discussed below.

Factor 1: Unfriendly immigration procedure

Statements 9, 11, 7, 12, 8 and 10 loaded heavily on factor one. These statements are all related to the friendliness of the immigration procedures, and the factor is thus labelled as *Unfriendly Immigration Procedures*. All factor loadings were above 0.75 which shows good reliability and consistency. It gives supports to the view that the immigration policy of the country is problematic. The factor explains a variance of 36.62%.

Factor 2: Quota based immigration procedures

Three statements, namely 18, 17 and 14 loaded on factor two. All three portrayed heavy factor loadings. Statement 14 had a factor loading in excess of 0.60, while statements 18 and 17 exceeded 0.80 as factor loading. The statements that load onto factor two all relate to quotas, which indicate that many of the respondents were unhappy with the quota policy of South Africa. As part of the earlier discussion, mention was made of fixing quota work permits. The results indicate that the respondents felt likewise. The factor is labelled *Quota based immigration procedures* and explains a variance of 23.38%.

Factor 3: Attitudes towards fixed quota based work permits

Statements 16 and 15 loaded heavily on factor three with exceptional factor loading in excess of 0.85. Both these statements relate to issues regarding the country's policy for the quota work permits indicating, that it is not truly reflective and is also too rigid. Resultantly, the rigidity does not help to address the skills shortages present in the country.

The three factors (thus pertaining to Section B) explain a very favourable cumulative variance of 76.62%, while the reliability of all three factors is also high (in excess of 0.8) and is shown in table 3.6 below.

Table 3.6: Reliability statistics

Data Sets	Cronbach's Alpha
Factor 1	.877
Factor 2	.728
Factor 3	.811

3.5.3 SECTION C: DEPARTMENT OF HOME AFFAIRS (DHA)

The KMO measure of sampling adequacy, with regard to the Department of Home Affairs (DHA) returns a satisfactory value of 0.896 while Bartlett's test of Sphericity is also smaller than the required value of 0.000 (see Table 3.7). It is thus suitable to continue with a factor analysis on this section of the data.

Table 3.7: The KMO and Bartlett Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.896154
Bartlett's Test of Sphericity	Approx. Chi-Square	2692.2
	Df	45
	Sig.	.000

The statements pertaining to the construct DHA, as identified by the literature study, all loads onto one factor. The factor analysis thus confirmed that no sub-construct exists within the construct. In addition, no statement was discarded from the analysis as a result of unsatisfactory

factor loadings (below 0.40). The statements deal with the role of the staff at the DHA. All factor loadings were above the 0.7 which confirms that there are administrative problems at the DHA. The construct is thus labelled formally as *Department of Home Affairs*, and explains a satisfactory variance of 67.13%

Table 3.8: Factor loadings (Immigration policy issues)

STATEMENTS	FACTORS
	1
21	0.884
24	0.875
27	0.872
23	0.867
25	0.853
19	0.795
26	0.788
22	0.760
20	0.757
28	0.717
% of variance explained	67.13

The reliability coefficient of Factor 1 appears in Table 3.9.

Table 3.9: Reliability statistics

Data Set	Cronbach's Alpha
Factor 1	0.946

All constructs have returned an excellent reliable coefficient of 0.95%. This is above the required 0.7 which shows excellent reliability and internal consistency.

3.6.4 SECTION D: IN-COMPANY IMMIGRATION

Table 3.10: The KMO and Bartlett Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.715815
Bartlett's Test of Sphericity	Approx. Chi-Square	929.5536
	Df	21
	Sig.	.000

The analysis regarding South Africa's In-company Immigration is suitable for an exploratory factor analysis, as the KMO measure and the Bartlett test returned values of 0.716 and smaller than 0.000, respectively. The factor analysis identified two factors within the construct identified by the literature research as SA's In-Company Immigration. This means that the construct contains two separate factors.

The fourth section (see Appendix A: Section D) contains data pertaining to South Africa's In-Company Immigration. All the statements had suitable loading on either one of the two identified factors (The results are evident in the table below). More than one factor presented itself, and as such, a *Varimax* rotation was used to maximise the dispersion of the factor loadings within the factors.

Table 3.11: Factor loadings (In-Company Immigration issues)

STATEMENTS	FACTORS	
	1	2
32	0.884	-0.217
31	0.879	-0.061
33	0.851	0.195
30	0.693	0.280
29	0.564	-0.292
35	0.260	0.753
34	-0.275	0.739
% of variance explained	46.10	19.50
Cumulative %	46.10	65.60

The factors identified by the analysis are discussed below.

Factor 1: Communication, skills and knowledge

Statements 32- 29 loaded on factor one. These statements are related to communication, skills and knowledge of the recruitment staff. Statements 32-30 all have factor loadings above 0.7, while statement 29 also loaded satisfactorily with a factor loading of 0.564. Interpretation of the statements loading onto the factor indicates that organisations are not adequately equipping their staff to handle recruitment of skilled foreign workers. The staff lacks knowledge in the area of recruitment, hence their frustration during the recruitment process. The factor explains a variance of 46.10%, and shows good reliability with a Cronbach alpha coefficient of 0.853.

Factor 2: Recruitment of foreigners

Statements 35 and 34 loaded heavily on factor two. These statements are related to the recruitment of skilled foreign workers. Trade unions are not making it any easier for recruitment organisations/businesses to enlist skilled foreign workers. As per the discussion in the literature, there is always the concern that these skilled foreign workers take the jobs of the locals. All factor loadings were above 0.75. The factor explains a variance of 19.50%.

The two factors explained a favourable cumulative variance of 65.60%.

Table 3.12: Reliability statistics

Data Sets	Cronbach's Alpha
Factor 1	.853
Factor 2	.332

The reliability of factor 2 is not satisfactory. The factor returns a reliability coefficient of 0.332, indicating that the factor should be regarded as a lower order reliable factor (Field, 2007:668). However, in defence of the lower Cronbach alpha value, Cortina (1993) (in Field, 2007:668) states that even a reliability coefficient of 0.28 can be regarded as significant, especially if reverse scores (negative scores) are present within the factor (Field, 2007:669). A low Alpha coefficient simply indicates that the factor is less likely to present itself if the study is to be repeated when subjected in a different application setting. Therefore, factor 2 should be interpreted bearing this limitation in mind.

3.6 CONCLUSION

Solutions to the skills shortages in the country cannot be achieved overnight. However, introducing a flexible skills immigration policy could help to temporarily address these shortages in the form of skills transfer from skilled foreign workers, limiting the impact of HIV/AIDS on the economy, increasing the skills pool of the country and the development of new skills. In terms of policy development, South Africa can learn from policies and procedures of countries that have been successful in attracting skilled workers.

3.7 RECOMMENDATIONS

This section offers a set of recommendations in the context of the results obtained from the empirical survey. As is evident in the preceding discussion, South Africa is facing a huge shortage of skilled workers. This is only serving to restrict the growth of the economy and hence disadvantage the country in the global markets. Added to this, our education system is unable to deliver adequate qualified workers and our skills immigration policy is not adequately structured to address the skills shortages. Hence, revisiting the government's skills immigration policy and procedures could offer a certain relief to the skills crisis. The following recommendations are offered:

- The policy must be simple and comprehensible.
- The policy must take into account labour market needs.
- There must be caution in the implementation of quota-based work permits so as not to disadvantage the country in terms of the actual skills it needs.
- The staff at the Department of Home Affairs must be fully briefed on the importance of skilled foreign workers so that they can have a more positive approach in the processing of work permits for the skilled foreign workers.
- The government must inform the public of how the country can benefit from imported skills.
- Freely allow entry of skilled workers so as to strengthen South Africa's economy.
- Like other countries, it must offer certain incentives so as to attract skilled workers.

3.8 SUMMARY

It is clearly evident from this study, that South Africa's Immigration Policy with regard to skills immigration is problematic. As mentioned earlier, the country is experiencing a huge shortage of skills, a situation that cannot be resolved in the short term. Hence, looking at the success that other countries such as the United States, Canada, Australia and many others have obtained through use of skilled foreign workers, this country can no doubt follow this example. However, we can only be as successful as the others if we develop and adopt a more flexible and competitive skills immigration policy.

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CHAPTER 4

ARTICLE 3:

PUSH AND PULL FACTORS IN RELATION TO SKILLS SHORTAGES IN SOUTH AFRICA

ABSTRACT

There are many factors that push people out of the country. While affirmative action is one factor that contributes to emigration of skilled individuals, other factors include: crime, better wage offers, better quality of life and future for their children, economic stability and improved health care.

While the above are negative or push factors, there are also pull or positive factors that draw skilled South Africans to a country. These factors include: attractive salary packages, early retirement within the education sector, an opportunity to gain international work experience, an improved lifestyle and variety of career choices. Immigrants on the other hand are pulled to South Africa as they see it as offering them economic opportunities that are not available in their home country. These immigrants range from a large number of unskilled to a limited number of highly skilled workers. Job opportunities are also offered to professionals such as engineers, doctors, information technology experts and teachers.

The main purpose of this study was to determine the factors that push or pull skilled labour into or out of South Africa and the consequences of this movement. The outcome of this study was achieved through undertaking a brief literature review of push and pull factors followed by the empirical research. A survey-based research design was adopted using a closed questionnaire to determine the factors that either push or pull skilled labour to South Africa. The sample consisted of 800 organisations/businesses that seek to employ skilled foreign labour in South Africa.

The results of this study have confirmed the findings of other research and similar studies undertaken. These push and pull factors cannot be addressed overnight; hence, recruitment skilled foreign workers could be a short to medium term solution to the problem.

Key words: Emigration; brain drain; push and pull factors; migration; globalisation

4.1 INTRODUCTION

Due to globalisation, there is an increased movement of people across borders. A “borderless” world has created opportunities largely for skilled individuals (Baruch *et al*, 2007:99). Added to this, factors such as better job prospects, rapid advancement in technology, travel and communication are more affordable and skills are highly interchangeable, encourages people with skills to move beyond their national borders (World Bank, 2003:266). While these reasons may partly contribute to skilled South Africans leaving the country, there are other complex socio-political and economic factors which push them out of the country. With the advent of democracy in 1994, many South Africans felt insecure with the new political dispensation; as a result they moved to countries where they could feel safe and offer their skills (Bailey, 2003:235).

Apart from the political situation, other important push factors identified include: violence and crime, affirmative action, declining education and health care standards, cost of living, level of taxation and job security (Stern & Szalontai, 2006:123; Mattes & Richmond, 2000:28; Rogerson & Rogerson, 2000:47; Ramphela, 2008:19). These push factors are resulting in an increased loss of skills. According to the Harvard Group (2008), the loss of skills or human resource deficits is a major limitation to advancing economic growth prospects for the country. Kraak (2008:22) in the Human Resource Development Review, concurs, that skills shortages are a major impediment to socio-economic growth and development. Hence, this continuous loss is a source of serious concern and is thus receiving considerable attention by the South African government since the advent of democracy in 1994.

While negative factors push skilled workers out of the country, there are certain positive factors that pull skilled workers to a country (Mattes & Richmond, 2000:32). Although South Africa is a developing country, the economic opportunities and services it offers, attracts many immigrants from neighbouring countries (CDE, 2008:16). However, most of these immigrants range from unskilled to partly skilled. These immigrants include Nigerians, Malawians, Mozambiqueans and Zimbabweans. Immigrants from India, Pakistan, China and Europeans to a certain extent are also attracted to South Africa (CDE, 2008:7). The work opportunities for these immigrants include working as artisans, domestics, in services and other activities. The high profile job opportunities are offered to amongst others, engineers, doctors, information technology experts and teachers (CDE, 2008:7).

Apart from the economic opportunities that attract immigrants to the country, other pull factors include: attractive salary packages, early retirement within the education sector, an opportunity to gain international work experience, an improved lifestyle and variety of career choices (Du Plessis, 2009:49-50; Rogerson & Rogerson, 2000:48). Added to this, the demand for skilled workers is acquiring a global dimension. Hence, highly skilled South Africans with high levels of education and advanced occupational skills are recruited (pulled) by firms in developed countries such as Australia, New Zealand, USA, Great Britain and Canada (Van Rooyen, 2000:62-68).

4.2 PROBLEM STATEMENT

Various reasons are cited for the movement of skilled individuals into or out of a country. This movement is generally classified into two categories: namely push factors and pull factors (Baruch *et al.*, 2007:100). Push factors are generally associated with negative factors as it is seen to drive a person out of their home country. Dovlo and Martineau (2004), concur, that push factors are influences that arise from within the source country and facilitate a person's decision to leave. Most frequently, this movement is detrimental to the country because it is largely skilled people that leave. In other words, people may be forced to emigrate to countries that they find suitable in terms of perhaps, improved life-style and better work opportunities. These push factors cover a broad range of issues including:

- Crime and violence;
- Affirmative Action;
- Declining education standards;
- Economic instability;
- Poor working conditions;
- Poor service delivery;
- Low income levels; and
- Political events.

As a result of the above and many other push factors, there is a large exodus of skilled workers as they can afford to offer their skills to other countries. This movement has negative consequences for South Africa. According to Bhorat *et al.* (2002), the Centre for Development

and Enterprise (CDE) (2007b:9) and Kraak (2008:22), there appears to be consensus that skills shortages are a major obstacle to economic growth and job creation in South Africa. Pull factors on the other hand, are positive factors that attract a person to another country (Mattes & Richmond, 2000:32). These factors reflect the actions of receiving countries that create the demand for, or encourage people to leave home (Dovlo & Martineau, 2004). Enhanced working conditions, better business prospects and increased promotion opportunities are a few factors that encourage skilled individuals to come to a country. Other factors include:

- Attractive salary packages;
- Early retirement within the education sector;
- An opportunity to gain international work experience;
- Family networking;
- Globalisation;
- An improved lifestyle; and
- Variety of career choices (Du Plessis, 2009; Rogerson & Rogerson, 2000).

However, in the case of South Africa, being a developing country, it also has the potential to attract immigrants (CDE, 2008:16).

4.3 OBJECTIVES

The objectives of this study are to:

- Determine the factors that push skilled workers out of the country;
- Determine the factors that pull skilled workers into the country; and to
- Make recommendations based on the findings of the empirical study.

4.4 FACTORS THAT PUSH SKILLED WORKERS OUT OF THE COUNTRY

The discussion to follow will focus on some of the major factors that push skilled workers out of the country.

4.4.1 Crime and violence

The high crime rate is pushing many skilled workers out of the country. A common reason for their leaving is that they are looking for countries that are safe for their children and family. Hence, crime is costing South Africa much in the form of loss of lives, revenue and skills. It also affects the functioning of certain sectors and results in a decrease in the brain pool, not to forget the psychological impact of crime. Hence, Du Preez (2002:82) and Du Toit and Van Tonder (2009:23), confirm the view of other research that crime is a major push factor that results in emigration of skilled workers. They also state that severe crime such as assault, murder and rape is very high. An average of 25 000 people are murdered each year in the country (South African Emigration, 2003). Maritz (2002:3) indicates that the financial costs incurred through crime are extensive. It costs approximately R250 000 to replace a skilled worker in South Africa.

4.4.2 Affirmative action

Affirmative action and employment equity have pushed many skilled workers out of the country. These policies are a major source of concern held by whites (Mattes & Richmond, 2000; Rogerson & Rogerson, 2000). Individuals affected by affirmative action are of the view that their talents or skills are not appreciated by government or certain organisations. Hence, many white South Africans have left their country to seek greener pastures (Ramphela, 2008:19). Results of a survey undertaken by the Southern Africa Migration Project indicate that approximately 83% of whites and 20% blacks are opposed to the government's affirmative action policy (McDonald & Crush, 2002:40).

4.4.3 Promotion opportunities

In relation to the above policies, many skilled workers belonging to the minority race groups have been by-passed when company promotions were available. This is unacceptable to many such individuals. As a result these skilled workers become part of the emigration statistics.

4.4.4 Declining education standards

The standard of education is deteriorating. In this recent shift from Outcomes-based education (OBE) to what is now referred to as education for 2025, the standards have been largely compromised. Our public education system is characterised by low education standards,

inadequate provision for early childhood development, declining matric pass rates, decline in enrolments at FET colleges, lack of resources, decline in national education budget, under-qualified teachers, weak management, poor teacher morale, and high failure rates in schools, colleges and universities (SACsis, 2009). This situation is driving skilled people out of the country as evidenced in a study conducted by Bezuidenhout *et al.* (2009:214). It was noted that 50% of South African doctors that emigrated, indicated that better schooling opportunities for their children influenced their decision to leave the country. They are of the view that developed countries have higher education standards and increased career opportunities for their children. Further, emigration for these skilled professionals is advantageous as they will have good employment opportunities in their new country.

4.4.5 Economic instability

Many skilled workers are leaving the country due to the state of the economy (Bornman, 2005:388). Savings are eroded due to the high inflation rates and continuous fluctuation in the currency creates a considerable degree of uncertainty in the future of the country. According to Rogerson and Rogerson (2000:49), 74% of people who emigrated were unhappy with the level of taxation, and 71% were unhappy with living costs.

The discussion to follow will focus on factors that pull skilled workers to a country.

4.5 FACTORS THAT ATTRACT SKILLED WORKERS INTO A COUNTRY

There are many factors that pull skilled workers to a country. The discussion to follow will focus on certain common factors.

4.5.1 Globalisation

Due to globalisation, the mobility of skilled individuals has increased. Taking into consideration the push factors already mentioned, globalisation serves as an attractive force due to the fact that international standards are applicable in certain professions. As a result of the common curricular for medical practitioners, automatic registration within the British Commonwealth countries is possible (Iredale, 2001:10). Further, incentives offered by developed countries such as Australia,

New Zealand, USA, Great Britain and Canada, attract highly skilled South Africans with high levels of education and advanced occupational skills (Van Rooyen, 2000:62-68).

4.5.2 Salary opportunities

Many skilled workers are attracted by lucrative salary packages (Dzvimbo, 2003:6). These high salaries are generally offered by developed countries such as Australia, Canada, USA and Europe (Rogerson & Rogerson, 2000:48). These countries recognise the value of high skilled workers.

4.5.3 Family ties

Many skilled workers are also attracted to countries where there is some family link. Countries such as Canada, Australia and the United Kingdom have a large South African community. A friend or relative may have emigrated a while ago and this has now created an opening for the skilled worker not only in terms of family relationship but also creating work opportunities (Kuznetzov & Sabel, 2006:7). It also reduces the problems of moving and adjusting to the new country (Bhorat, *et al.*, 2002:2)

4.5.4 Quality of life

As mentioned in the earlier section crime is driving a large number of skilled workers out of the country. These individuals are attracted to countries that offer a safe and better quality of life not only for themselves but for their entire family especially their children. They see a better future for their children in terms of increased safety and security, better education opportunities and thereafter good work opportunities (Bezuidenhout *et al.*, 2009:214). These factors lead to a good quality of life.

4.5.5 Promotion opportunities

Many skilled workers are attracted to certain countries due to greater job mobility and promotion opportunities. They see such opportunities passing them in this country due to certain government policies such as affirmative action (McDonald & Crush, 2002:40).

4.5.6 Recruitment agencies

Certain countries have very active recruitment agencies within countries where there are high quality skilled workers such as in South Africa (Bhorat, *et al.*, 2002:2). These agents actively recruit skilled workers thus contributing to the brain drain in the country (Dzvimbo, 2003:6; Bhorat, *et al.*, 2002).

The discussion to follow will discuss the results of the empirical study.

4.6 RESULTS

The empirical results of the study are presented per section similar to Appendix A. The following sub-sections are thus subjected to an exploratory factor analysis: Factors that push skilled workers out of South Africa and factors that pull skilled workers into the country. In each section, the suitability of factor analysis is tested by means of the Bartlett Test and the KMO measure. A KMO value of 0.6 should be present before factor analysis is considered (Matlab, 2010). Generally values between 0.5 and 0.7 are mediocre (Du Plessis, 2009:26) while values between 0.7 and 0.8 are good. Values between 0.8 and 0.9 are considered excellent (Field, 2007:640). Finally, the Cronbach alpha is also calculated to show the level of reliability (see Table 4.3). All the factors have good internal consistency, and are regarded to be reliable since all of them returned Cronbach alpha coefficients in excess of 0.58 (Cortina (1993) in Field, 2007:668).

4.6.1 Push factors

The results of the analysis with regard to the Push factors appear below.

Table 4.13: KMO and Bartlett's Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.698
Bartlett's Test of Sphericity	Approx. Chi-Square	2082.322
	Df	120
	Sig.	.000

The analysis regarding factors that push skilled workers out of South Africa is suitable for an exploratory factor analysis, as the KMO measure and the Bartlett test returned values of 0.698 and smaller than 0.000, respectively. The factor analysis identified five factors within the construct identified by the literature research as 'push factors'. This means that the construct consists of five underlying dimensions which are identified as separate factors. Since the objective of the research is to identify factors and to simplify the data set, the orthogonal rotation *Varimax* was selected to load a smaller number of variables highly onto the factors (Field, 2001:749; Du Plessis, 2010). Five factors were extracted by rotating the component matrix. Table 4.2 below indicates the factor loadings.

Table 4.2: Factor loadings (Push factors)

STATEMENTS	FACTORS				
	1	2	3	4	5
51	.822	.204	-.385	.128	.156
45	.765	-.160	-.168	.314	.334
43	.752	-.260	-.148	.400	.183
37	.072	.886	-.112	-.148	.126
38	-.273	.835	-.107	-.061	.117
49	.032	.693	-.012	-.371	.306
39	.083	.058	-.917	.047	.040
40	.405	.072	-.838	.038	.051
41	.363	.186	-.667	.021	.392
46	.275	-.264	.105	.783	-.152
47	.100	-.314	-.396	.780	.221
48	.303	.103	.033	.719	.234
44	.345	.000	.046	.214	.776
42	.003	.261	-.314	-.094	.739
36	.126	.477	.215	-.036	.625
50	.485	-.035	-.207	.412	.586
% of variance explained	24.55	18.72	12.22	7.68	7.09
Cumulative %	24.55	43.23	55.44	63.13	70.22

In relation to table 4.2 above, the factors below, push skilled people out of the country:

Factor 1: Employment issues

Statements 51, 45 and 43 loaded heavily on factor one. These statements have factor loadings above 0.75. These statements are all related to employment issues. High levels of taxation, cost of living and lack of work recognition are factors that push skilled people out of the country. This outcome gives support to the earlier discussion on economic instability. The factor explains a variance of 24.5% which makes it the most important of the five factors.

Factor 2: National Policies

Statements 37, 48 and 49 loaded heavily on factor two. All three portrayed heavy factor loadings. Statement 49 had a factor loading in excess of 0.69, while statements 37 and 48 exceeded 0.80 as factor loadings. The statements that load onto factor two all relate to government policies, such as *Affirmative Action* and *Black Economic Empowerment*. The results give support to the literature study undertaken in the earlier section of the article where mention is made of certain groups of the population who are unhappy with these policies of South Africa. They feel marginalized and hence 'pushed' out of the country. This factor explains a variance of 18.72%.

Factor 3: Standards of living

Statements 39, 40 and 41 loaded heavily on factor three. Statement 41 had a factor loading in excess of 0.68, while statements 39 and 40 exceeded 0.80 as factor loadings. The statements that load onto factor three have a bearing on the standard of one's living. This includes salaries and wages and the quality of education. The shortcomings in the quality of our education system as evidenced in the earlier section of the study is pushing many skilled workers out of the country. Hence, they choose to move to countries that will provide their children with quality education. Factor three explains a variance of 12.22%.

Factor 4: Impact on quality of life

Statements 46, 47 and 48 loaded heavily on factor four. While these three statements may not be directly related, they do have a degree of commonality in that these are issues that drive a person to leave the country. Some skilled workers leave the country so as to unite with family members while others resume duties in other countries due to relocation of companies. Other individuals are unhappy with the public service delivery of the country and this pushes them out to countries that offer better services. Factor four explains a variance of 7.68%.

Factor 5: Work opportunities

Statements 44, 42, 36 and 50 loaded suitably on factor five. All three portrayed factor loadings of 0.63% while statement 50 had a factor loading in excess of 0.59. These statements are all related to the following factors that push skilled workers out of the country, employment opportunities, quality of health care, crime and promotional opportunities. As part of the earlier discussion, mention was made of violence and crime. The results indicate that the respondents felt likewise. Factor five explains a variance of 7.095%.

The above push factors explain a favourable cumulative variance of 70.22%. This exceeds 60% which is regarded to be a good fit of the data.

The reliability analysis of section C (1): ‘factors that push skilled people out of the country’ appears in table 4.3 below.

Table 4.3: Reliability statistics

Data Sets	Cronbach’s Alpha
Factor 1	.736
Factor 2	.767
Factor 3	.793
Factor 4	.670
Factor 5	.647

Cronbach alpha coefficients were calculated for each of the five factors so as to estimate the reliability and internal consistency among the constructs (Field, 2007:666). All five factors have returned suitably reliable coefficients ranging from 0.74 to 0.65 and are evident in Table 4.3 above.

4.6.2 Pull factors

All the statements except *Statement 61* on the pull factors loaded well on the factors. Since this statement did not clearly load onto a specific factor, it has been deleted from the exploratory factor analysis. Table 4.4 shows the suitability for continued multivariate analysis and the adequacy of the sample employed.

Table 4.4 KMO and Bartlett’s Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.706
Bartlett’s Test of Sphericity	Approx. Chi-Square	1255.222
	Df	36
	Sig.	.000

The large values for the Kaiser-Meyer-Olkin (KMO) measure indicate that the factor analysis pertaining to pull factors is suitable. Values between 0.7 and 0.8 are good. The data for this factor returned a value of 0.706 signifying a good fit for factor analysis (Field, 2007:640).

The results of the Bartlett test indicate that it is suitable to proceed with a factor analysis because the data should yield a p-value smaller than 0.0001. This indicates that the correlation between the variables is sufficient for factor analysis (Du Plessis, 2009:58). In addition to a favourable KMO value, the Bartlett test returned a value smaller than 0.0001, and as such the factor analysis was performed. Three factors were extracted. Once again *Varimax* rotation was employed to do so. Table 4.5 below indicates the factor loadings.

Table 4.5 Factor loadings (Pull factors)

STATEMENTS	FACTORS		
	1	2	3
56	.594	.157	.616
52	.896	.059	.037
58	.776	.201	.409
57	-.143	.890	.112
55	.232	.770	.153
59	.480	.626	-.140
53	.436	.541	.287
54	.038	-.023	.891
60	.177	.223	.777
% of variance explained	43.126	16.954	12.818
Cumulative %	43.126	60.079	72.899

In relation to table 4.5 above, the following factors pull people into the country:

Factor 1: Quality of working life

Statements 56, 52 and 58 loaded heavily on factor one. The first two statements portrayed high factor loadings while statement 56 had a factor loading in excess of 0.59. The issues pertaining to factor one include: living conditions, attractive destination and quality of life. These issues are interrelated and serve to pull skilled people into the country. The factor explains a variance of 43.13% which makes it the most important of the three factors.

Factor 2: Working opportunities

Statements 57, 55, 59 and 53 loaded heavily on factor two. All three portrayed factor loadings of over 0.63 while statement 53 had a factor loading in excess of 0.54. As per the discussion in the literature, the following are some of the factors that pull skilled workers into the country: salaries and wages, professional opportunities, education opportunities and working conditions. The responses to the statements proved likewise. The variance explained for factor two is 16.95%.

Factor 3: Quality of family life

Two statements (54 and 60) loaded heavily on factor three. All factor loadings were above 0.78. These statements are related to family ties and peace. The results indicate that people are pulled to a destination if it offers a peaceful life and some form of link to family. The factor explains a variance of 12.82%.

The pull factors explain a very favourable cumulative variance of 72.9%.

Table 4.6: Reliability statistics

Data Sets	Cronbach's Alpha
Factor 1	.817
Factor 2	.750
Factor 3	.704

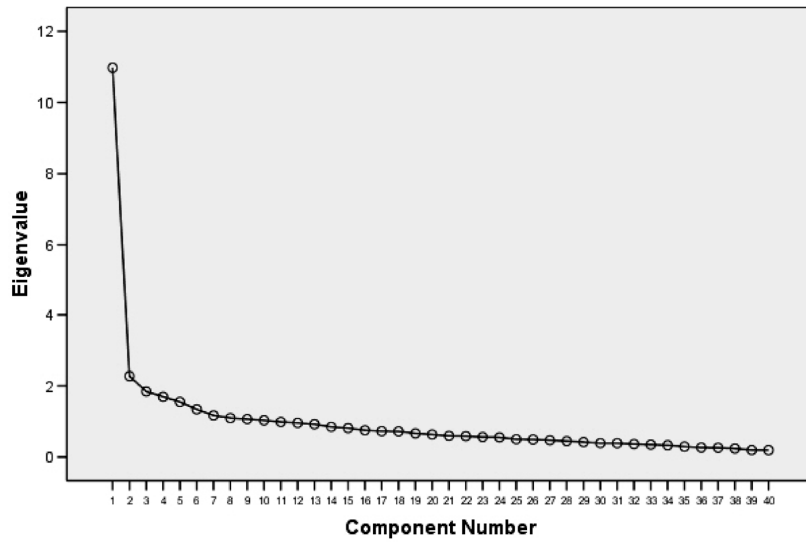
Cronbach alpha coefficients were calculated for each factor so as to estimate the reliability and internal consistency among the constructs (Field, 2007:666). All constructs have returned an excellent reliable coefficient of 0.70 and higher. This is suitable and thus shows good reliability and consistency.

4.7.3 Point of inflection

In the case where multiple factors are identified from a data set, it is good practice to apply a secondary measure to determine if all the identified factors should be retained (Field, 2007:633). Although the Kaiser criterion states that factors with Eigenvalues below 0.7 should be rejected, Stevens (in Field, 2007:633) argued that this measure is too strict and could result in the valuable factors being discarded.

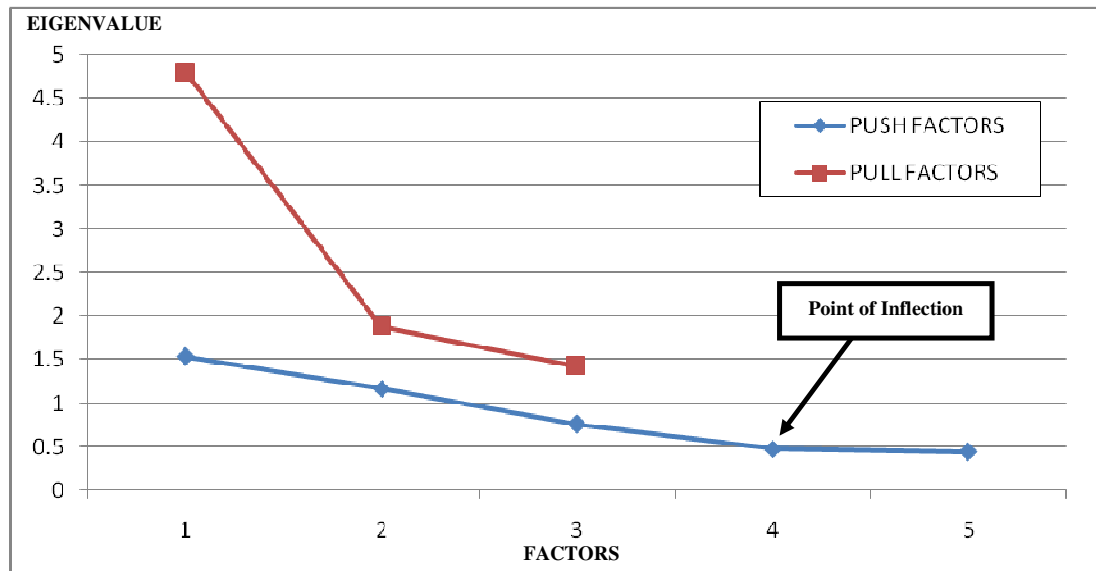
One way to examine the suitability of a retaining factor is by means of the *Point of inflection* as secondary measure. The *Point of inflection* examines the *Eigenvalues* of the factors in relation to their declining nature. Once the next factor's *Eigenvalue* does not significantly decline in its *Eigenvalue*, and as a result the variances explained are relatively the same, the *Point of Inflection* has been reached (Schönrock-Adema, 2009:228). The marginal contribution of the next factor to the *Eigenvalue* (or for that matter the variance explained) is thus examined. From the figure by Schönrock-Adema (2009:227), the principle of the *Point of inflection* is illustrated, showing that it is wise in this case to retain only two factors (see Figure 4.1).

Figure 4.1: Example to illustrate the Point of inflection



Regarding the push and pull factors identified in this study, the application of the *Point of inflection* appears in Figure 4.2 below.

Figure 4.2: Point of inflection for push and pull factors



From Figure 4.2 it is clear that no *Point of inflection* exists with regard to the pull factors. All three factors are thus retained. These factors even pass the strict *Kaiser Criterion* test as they all have *Eigenvalues* in excess of 0.7. With regard to the push factors, the first three factors pass the *Kaiser Criterion* and lies above the *Point of inflection* (at factor 4 in Figure 4.2). In addition,

Field (2007:633) points out that if the sample size exceeds 250, the Kaiser Criterion can be regarded to be more authoritative.

The analysis thus shows that although the factor analysis identified five push factors, the first three factors can be regarded as higher order factors, and that factors four and five are lower order factors. In addressing the factors, management should, therefore, address factors one to three first, before addressing the last two factors. This would also be sensible because the first three factors declare more than 55% of the variance while the last two factors add only 15% more variance. Field (2007:634) finally points out that before discarding a factor, the original reason for the analysis should be considered. If the research is exploratory, thus aiming to gather information about the constructs, discarding should be heeded with great care. A secondary measure, namely that of variance explained, should also play a role in such cases. The fact that factors four and five indeed do declare 15% of the variance heeds Field's warning that they should not be discarded. These factors are thus kept as part of the identified factors, hence as ones of a lower order.

4.7 CONCLUSION

From the preceding discussion, it is clearly evident, that there are certain factors that are pushing skilled South Africans out of the country. If the government and other relevant organisations do not step in and find solutions to the problems, then the exit of skilled workers would definitely continue. On the other hand, the majority of immigrants that comes into the country range largely from unskilled to semi-skilled workers. It is a small number of skilled to highly skilled workers that come into the country. This situation is not suitable and thus unable to replenish the skills deficit.

4.8 RECOMMENDATIONS

From the study, it is clearly evident that the South African government has to address the following push factors so as to reduce the emigration of skills. These factors include amongst others:

- *Quality of education*: the quality of education has to be brought up to world-wide standards in order to retain skilled workers. This will encourage many skilled workers to remain in the country as they will be pleased with the standard of education that will be offered to their children.
- *Crime and violence* and *safety and security* are factors that need to be urgently addressed by the government. These are two major factors that are contributing towards a large exodus of skilled labour.
- *Economic instability* and *political uncertainty* are other push factors. These are challenges that the government has to address in order to retain the skilled labour of the country.
- *Career opportunities* and *international work experience* are two factors that are pulling skilled South African labour out of the country. These factors are linked to *affirmative action* in that the highly skilled are of the view that their career opportunities are being diminished due to the government's policy of affirmative action. Their skills are not being duly recognised by the government due to this policy. Hence, the government has to be cautious in its implementation of this policy.

Thus, it is clear from the above, that the challenge facing the South African government is to focus seriously on finding solutions to the above push factors.

4.9 SUMMARY

It is clearly evident from the discussion that there are many factors that drive skilled South Africans out of the country. If these factors are not adequately addressed by government, then this exodus is going to continue to the detriment of the country. Further, due to the country's restrictive skills immigration policy, it is difficult to recruit skilled foreign workers as a means of replenishing the skills exodus.

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CHAPTER 5

ARTICLE 4:

DEVELOPING A COMPETITIVE SKILLS IMMIGRATION POLICY FOR SOUTH AFRICA

ABSTRACT

Since skills shortages are a global phenomenon, there is fierce competition amongst countries to attract skilled labour so as to improve their competitive footing in the global economy. One major way that these countries strive to achieve their goal, is through promoting targeted skills immigration programmes to attract skilled workers. South Africa takes lessons from these countries in its attempt to alleviate its skills shortages and be part of this global economy.

Hence, the main purpose of this study was to indicate the advantages of having a competitive skills immigration policy.

This study provided a discussion on policy perspectives on skills immigration. It reviewed “best practices” in the skills immigration policy of successful immigrant receiving countries. Therefore, the motivation for this study was firstly, to evaluate South Africa’s skills immigration policy and thereafter, to focus on the practices that make certain countries skills immigration programmes successful. In doing so, these suitable practices could be presented to policy makers so that they can make informed decisions on improving the skills immigration policy of the country.

A literature review of South Africa’s immigration policy was undertaken with a view to evaluate its approach for skills immigration. Empirical research was also undertaken in this study. A survey-based research design was adopted using a closed questionnaire to determine the respondents view on enlisting skilled labour for the purpose of reducing skills shortages in the country. The sample consisted of 800 organisations/businesses that seek to employ skilled foreign labour in South Africa.

The outcome of this study pointed to a general consensus that South Africa’s policy on skills immigration is in need of radical review. It is highly restrictive, bureaucratic, user-unfriendly and costly to administer. Moreover, it serves as an impediment for business and industry to recruit skilled foreign labour into the country as a result of excessive, and often, unnecessary regulations and procedures. As a consequence, South Africa tends to attract a higher proportion of unskilled and semi-skilled foreign workers when, in actual fact, it should be attracting highly skilled immigrants.

This study has confirmed the findings of similar studies undertaken that a short to medium term solution to the skills crisis would be an attractive skills immigration policy.

Key words: Emigration, immigration, migration, and globalisation

5.1 INTRODUCTION

Due to global skills shortages there is growing competition among countries to attract skilled immigrants. Several writers have referred to this phenomenon as the global “*race for talent*” (Kuptsch & Pang, 2006:1; Shachar, 2006:106; Davis & Hart, 2010:509). Indeed, countries are willing to go so far as to offer a “*talent for citizenship*” exchange or “*fast-track*” admission procedures in order to gain the net positive effects associated with skilled immigration.

Leading immigrant receiving destination countries such as Australia, United States, Canada, United Kingdom and New Zealand have targeted skilled immigration programmes to attract the “*best and brightest*” from all over the world to improve their competitive footing in the global economy. Such programmes have resulted in an increase of highly skilled immigrants into their countries. National policy-makers engaged in the global “*talent hunt*” are increasingly operating under the assumption that unless their governments match offers of admission and settlement to skilled immigrants by competitor nations, their country will lose out in the global “*race for talent*” (Shachar, 2006:106).

Immigrant receiving countries are no longer passive gatekeepers. Instead, they operate as savvy recruiters of talent and human capital. Emigrant-sending countries, for their part, have also come to see migration as a route for extracting certain benefits for their communities, especially from emigrants that have settled in the richer regions of the world.

South Africa, on the other hand, lacks the ability to attract skilled immigrants. The central problem appears to be a restrictive immigration policy that imposes penalties and impediments on employers who source skilled foreigners. The policy is detrimental to South Africa’s competitiveness in the global economy and deters investors from utilising skills not available in the domestic labour market. Put differently, South Africa is not keeping pace with international policy shifts on attracting skilled foreigners to the country (CDE, 2009:1; Wocke & Klein, 2002:441).

According to the CDE (2009:1) South Africa requires a migration management system that supports economic growth, job creation and development by making the best possible use of global and regional markets for immigrant skills.

South Africa, in recent decades, has experienced what is commonly referred to as a “brain drain” with an outflow of skilled people such as engineers, teachers, accountants, nurses, doctors and accountants to countries such as the United Kingdom, Australia, New Zealand, Canada and the United Arab Emirates. This has contributed to a national skills crisis and negatively affected the economic growth prospects of the country. Indeed, the Accelerated and Shared Growth Initiative for South Africa (ASGISA), an initiative of the National Treasury, identified skills shortages as one of the binding constraints to economic growth and development for the country (ASGISA, 2006:1).

Policies of countries with competitive skills immigration policies profoundly challenge the standard analysis of immigration as a relatively insulated and domestic-centred policy arena. Instead, there is growing international competition with leading countries to adopt a more open and responsive policy stance for skilled people. This new policy orientation is fuelled by the perception that “targeted” or “managed” skills immigration programmes serve as an important tool for retaining or gaining competitive advantage in the global economy. The competitive rationale at the core of the new global “race for talent” is driving policy innovation. In such a scenario, advanced industrial countries are outbidding one another to attract highly skilled immigrants with a view to gain a relative advantage over their international competitors in a knowledge-based economy.

As a result, a nation’s immigration policy can no longer be understood as insulated from or oblivious to the actions of other countries. When it comes to luring the highly skilled, modern states “cannot live in splendid isolation”. Instead, they must take into account the selective immigration initiatives of other countries. Immigration policy-making has thus become a multi-player and multi-level.

In this new and highly competitive global environment, national policy-makers must increasingly engage in a multi-level game of devising value-adding immigration policies. They must address domestic interest groups, as well as respond to (or preferably pre-empt) the competitive recruitment efforts by their international counterparts. In this dynamic, immigration policy-makers tend to engage in transnational “*borrowing*,” learning from, or simply “*importing*” the innovations of their counterparts (Schachar, 2006:109).

With this new policy emulation, it is necessary to analyse some of the policy perspectives of immigrant receiving countries.

5.2 PROBLEM STATEMENT

Unemployment is one of the most pressing problems in South Africa. The general rate of unemployment is around 25.3% with 870 000 jobs lost in 2009 and a further 232 000 in 2010 (Statistics SA, 2010:6). It is conceivably the root of many other problems as such high crime, poverty, inequality and xenophobia.

The statistics for youth unemployment in South Africa is more problematic. About 2.5 million aged between 18 to 24 years are unemployed. Most have dropped out of school: only 46% have stayed in school to complete Matric of whom 60% passed. At university level, only one-third of students graduate within four years of enrolling. There is approximately a 35% student drop out of university degrees, 52% out of certificates and diplomas and 70% out of distance education (Paton, 2010:33). This, in effect, means that there are insufficient graduates entering the labour market in industries with occupational scarcities.

It is argued that the unemployment problem cannot be solved in the medium-term, irrespective of how well the economy performs, due to these structural constraints in the labour market. This is evident by the fact that high unemployment levels exists side-by-side with high volumes of vacancies for skilled jobs.

Besides an under-performing education system, South Africa has failed to develop immigration policies and systems appropriate to the needs of a new democracy. The Department of Trade and Industry estimates a possible shortage of 1.5 million to 2 million skilled workers by 2017 (Van Reenen, 2010:4). After 1994, the barriers to importing skilled people were actually raised in contrast to what was taking place in other immigrant-attracting countries. The amendments to the *Immigration Act No.13 of 2002* eased the situation to a degree, but it is still difficult for skilled people to immigrate to South Africa. Moreover, little efforts are made to explore the global market for skills that could make an enormous difference to South Africa's development, growth and employment prospects (CDE, 2009:1).

According to Wocke and Klein (2002:450), South Africa's immigration policy has several flaws that are potentially damaging to the South African economy and is based on several faulty assumptions:

- It assumes there are limited vacancies in the South African economy. In reality, better utilisation of skills in the economy, in combination with entrepreneur-led industry development, will increase the size of the economy.
- Unskilled workers are unlikely to begin new enterprises or to expand capacity in existing industries. Rather, they benefit when skilled workers are employed and unskilled workers are absorbed into the labour market.
- Foreign workers compete directly with South Africans in a significant manner. In practice, it is much more likely that foreign workers will find niches in the labour market that complement the jobs of locals.
- The demand for skills is fixed and importing foreign skills will lead to a lack of development of local skills. In reality, there is no such finite limit and excess supply of skills is beneficial as it lowers wage demands.

Similarly, in a paper published by the policy think-tank, the Centre for Development and Enterprise (2000:3-6), major criticisms of South Africa's immigration policy were outlined:

- The policing immigration laws jointly with labour laws has a restrictive influence on the utilisation of foreign skills since the labour market is already inflexible and onerous bureaucratic procedures add to the problem.
- The National Economic Development and Labour Council (NEDLAC) determine targets and quotas for skilled immigration. This substitutes the forces of supply and demand to institutional interests and negotiated compromises. Such a situation creates further distortions in the labour market.
- Immigration regulations are based on the premise that future skills needs of the economy can be quantified and predicted by functionaries in other state departments.

- This policy is also dependent on a highly developed and powerful bureaucratic structure. However, the efficiency and capacity of the Department of Home Affairs is very seriously lacking.

For example, in 2007 the Department of Home Affairs issued 35 200 work permits for businesses in need for scarce skills. Only 1 010 of these permits were issued in the same year. The low level of uptake of work permits under this scheme is indicative of management problems and weaknesses in the policy environment (Van Reenen, 2010:5).

In addition, government needs to effectively address the country's unacceptably high crime rate, its failing education system and other infrastructural issues such as lack of an integrated public transport system. Limitations in the skills immigration policy is further complicated by other challenges such as dualism in the labour market, high HIV/Aids infection rates of the workforce, a lack of reliable labour market information and competition with other countries as a destination for skilled foreign workers. The policy is detrimental to South Africa's competitiveness in the global economy and deters investors and those needing to utilise skills not available in the South African labour market (Kraak, 2004:24; Benjamin, 2008:7 & Barker, 2003:5).

5.3. OBJECTIVES

The objectives of this study are to:

- Discuss new policy perspectives on skills immigration policy;
- Evaluate South Africa's skills immigration policy;
- Review "best practices" in skills immigration policy of successful immigrant receiving countries;
- Analyse the findings of the empirical study; and to
- Make recommendations for developing a competitive skills immigration policy.

5.4 SKILLS IMMIGRATION POLICIES OF SELECTED COUNTRIES

As a greater number of competitor nations enter the global “*race for talent*”, each seeks to devise selective skilled-migration policies to attract skilled foreigners. As a result, immigration policy-makers in these countries are fiercely outbidding each other to attract skilled immigrants to boost technological innovation and economic growth. Policy-makers can no longer simply look at domestic factors in shaping their selective immigration policy. They must instead stay attuned to, and often “retaliate” against, the new policy initiatives and experiments undertaken by competing nations (Schachar, 2006:112).

To understand what constitutes a competitive skills immigration policy, it is necessary to examine the initiatives and interactions between immigrant destination-receiving countries. It is therefore necessary to move beyond the single-country case study of skills immigration. Whilst it is not possible to simply adopt innovative skilled-immigration programmes of countries due to situational differences, these initiatives of “*best practice*” have been tried and tested and thus offer important lessons for South African policy-makers who have, to date, been seriously challenged in this policy area (Mattes & Richmond, 2000:15; Wocke & Klein, 2002:1 & Van Reenen, 2010:5).

The United States started the race for talent with the adoption of the landmark 1965 amendments to the Immigration and Nationality Act which was followed two years later by Canada’s introduction of a novel and influential admission criteria – the “point system” – for attracting the highly skilled. Similar programmes were later introduced by Australia and New Zealand. Together, these four countries represent the world’s traditional immigrant-receiving destinations. Over the last decade, however, the “*race for talent*” has expanded to include most of the countries of the European Union, which now aggressively recruit talented foreign students and highly skilled workers from outside Europe. The “race” further accelerated when some of the more dynamic Asian economies such as Singapore, Taiwan and South Korea also began to recruit globally. These once-emigration countries are also trying to lure back home their most eminent national scientists, many of whom have studied and worked abroad for many years. They do this by making them generous resettlement offers upon their return (Abella, 2006:16).

Canada introduced a “point system” in 1967 which set admission criteria for the highly skilled. The new economic/skilled migrant category grants admission to foreign nationals on the basis of their ability to become economically established in Canada, thus providing immigration officials

with a relatively objective tool for selecting among a pool of potential entrants. Under the point system, each applicant is assessed based on a score on education (the largest number of points is awarded for a Master's or Ph.D. degree), language proficiency (in English or French), work experience (points are calculated on the basis of the number of years of full-time employment), age (the highest number of points is awarded to those in the "productive" age group of twenty-one to forty-nine), arranged employment in Canada (a category that provides additional points, but is not a mandatory requirement for potential immigrants) and a bonus category of "adaptability." The latter category accounts for previous study or work experience in Canada, recognised as contributing to long-term economic success and settlement. The system also grants bonus points to dual career families (Reitz, 2002:7; & Bordt, 2002:217).

The Australian government has adopted a "whole of government" approach to addressing skills shortages. This means that several arms of government are involved in implementing policies and initiatives to address shortfalls. In other words, immigration policy is located within the broader education and training policy. The government has a comprehensive plan called "Skilling Australia for the Future". It involves a total investment of AU\$19.3 billion in education and training. Immigration is not only about bringing people into the country, but also about using skilled immigrants to develop the skills of Australian citizens (CDE, 2009:7).

The visa criteria and requirements for skilled immigration to Australia are designed to select immigrants with appropriate skills and education levels and most likely to settle successfully in full-time employment. Each year the government determines the size of the programme through a series of consultations with industry, communities and government agencies.

Australia has two major streams: the Permanent Skilled Migration Programme and the Temporary Skilled Migration Programme. Within the Permanent Programme, there are three sub-streams. Firstly, independent streams in which applicants are assessed against the points test system. If the applicant obtains sufficient points for their skills, age, experience, English language proficiency and so forth, they can settle permanently in Australia when they arrive. Secondly, in the employer-sponsored stream, employers can identify and sponsor employees from overseas to fill skilled vacancies on a permanent basis. Thirdly, in the regionally sponsored stream, the state and local government sponsors overseas employees to fill vacancies in their regions.

The centre-piece of the Temporary Skilled Migration Programme is the Category 457 visa. Under the visa, Australian employers can identify and sponsor overseas employers to work in Australia in skilled positions between one to four years. The programme also offers a pathway to permanent citizenship. Over the past five years, the government issued 2 million visas under this scheme (Robertson, 2007:6).

In 1991, New Zealand joined the global competition for talent. Learning from the experiences of Canada and Australia, it developed its own variant of the point system which offers opportunities for skilled immigrants, particularly in industries and regions experiencing growth.

To qualify as a skilled migrant, an applicant must pass a threshold of accumulated points which are calculated on the basis of criteria such as work experience, professional and educational qualifications and age. Following in the footsteps of Canada and Australia, New Zealand also grants bonus points for the qualifications attained by the applicant's spouse or partner. But unlike Canada and Australia, New Zealand puts greater emphasis on attracting skilled migrants who are already working (or have recently worked) in New Zealand. It further grants significant points for educational qualifications attained in New Zealand, assuming that those who have familiarised themselves with the New Zealand "brand" will settle more quickly in the country and be able to match the salary levels and living standards of its domestic population (New Zealand Immigration Service, 2006; Schachar, 2006:125).

This initiative generated the creation of the "talent visa" under the Work-to-Residence Programme. This new visa is based on an unprecedented partnership between government and business in selecting skilled immigrants. Employers who seek to recruit specialised workers may petition the government for "accredited" status, which, once granted, permits these employers to recruit skilled immigrants. In recruiting skilled workers overseas, these select employers are able to offer a complete package to potential candidates, namely, a job offer and an employment visa.

For an individual with specialised and marketable skills, the talent visa opens the door of immigration based on a specific job offer - without requiring the skilled worker to then go through an additional bureaucratic and often lengthy process of attaining a separate employment approval, as is the case in most other advanced industrial countries. In the context of a fierce competition for talent, this expedited procedure provides an advantage to New Zealand in its talent-recruiting efforts since it provides assurances to foreign skilled workers that they will not

have to wait several months after a job offer before their employment or immigration visa is approved (New Zealand Immigration Service, 2006).

Instead, New Zealand allows the freshly recruited employees to enter the country immediately, based on a genuine job offer from an accredited employer in highly specialised or in-demand fields. After two years of employment and residence in New Zealand, the holder of a talent/work-to-residence visa can apply for permanent residence status, which, in turn, serves as the basis for naturalisation. This means that merely twenty-four months after the overseas-recruited skilled worker sets foot in New Zealand, they are on their way towards the fulfilment of the coveted talent-for-citizenship exchange (Schachar, 2006:127).

The New Zealand talent visa thus represents one of the most far reaching responses by a small-economy to the challenges presented by the tight global competition for talent. It essentially permits accredited employers to act as “*talent hunters*” for the nation.

Complex policies for regulating whether a foreigner is needed on a job-by-job basis, as in the case of South Africa’s immigration policy, requires enormous bureaucratic capacity which very few, especially developing countries, actually possess. Complexities also encourage confusion, delay and opportunities for corruption. Malaysia and Thailand are good examples of countries with simple policies. If an employer wants to bring in a worker, it has to pay the immigrant the same wage as a local person in the same job, plus an additional levy above the normal taxes. As a result, employers only hire foreigners if they really need them. The levies go into a training fund for local workers (CDE, 2009:6).

Recognising that competition for such talent is fierce, the United Kingdom unveiled in 2002 its Highly Skilled Migrant Programme which relies on an elaborate point system. Again, we find a similar emphasis on educational qualifications and work experience, although the UK programme also assesses the applicant’s past earnings and achievement in her field (Findlay, 2006:72).

After more than two and a half decades of stagnation on the immigration policy front, the United States Congress passed a series of amendments to the Immigration and Nationality Act, collectively referred to as the Immigration Act of 1990. It is widely recognised that the 1990 Act was responding to fears concerning the US workforce’s ability to compete in the global economy. The Act established and streamlined various admission categories specially designed

to attract highly skilled immigrants from around the world. These include the so-called “priority workers” category which permits annual admission of up to 40 000 persons with extraordinary potential for contribution to their fields such as noted professors and researchers as well as other individuals who have attained widespread acclaim (Rollason, 2002:372-342; Martin, 2006:92).

The 1990 Act also permits entry for other professionals with advanced degrees and exceptional ability in science, the arts and business. Like Canada’s and Australia’s skilled immigration stream, these post-1990 employment-based admission procedures prioritise educational and professional attainment and excellence. The new Act also defined the parameters of temporary admission for skilled workers in “specialty occupations,” such as engineers, mathematicians, physical scientists, medical and health professionals and computer specialists under the H-1B category (Martin, 2003:15).

Technically, the H-1B is a temporary three-year employment visa that is often extended for up to six years. The knowledge migrant may then apply for an adjustment of status from temporary admission to permanent residence (or “green card” status). In other words, the H-1B visa can serve as a stepping stone towards establishing long-term legal residency and eventually citizenship in the United States (Martin, 2006:93).

The global “race for talent” has generated unparalleled dynamism and innovation in national immigration policies of major competitor countries. New Zealand, like Canada before it, has left a distinct mark in the global “race for talent” in the form of a shift in immigration policy from passively accepting and processing applications to being an active recruiter of talent (Hart, 2006b:101).

Whereas the United States traditionally enjoyed an unparalleled advantage in recruiting global talent, opportunities for outstanding students and highly skilled workers are growing in other nations, many of which have developed strategies to attract and retain scientists and engineers who might otherwise be drawn to the United States (Hart, 2006a:421-434).

The global competition for talent has become steep and intense. No player, not even the United States, can any longer expect to reap significant benefits without the effort associated with drawing the best foreign talent to its shores.

In this managed-migration era, governments have reformed and revised the terms of admission for the highly skilled without restraint, believing that such changes are both necessary and urgent in order to boost economic performance and maintain a competitive edge. No country, especially South Africa, can persistently ignore these trends if they intend to leverage the benefits of skills immigrants for their economies.

5.5 RESULTS

5.5.1 Section A: Views on skills immigration

The empirical results of the study are presented per section similar to Appendix A. As such, the following sections are subjected to exploratory factor analysis (EFA): views on skills immigration, suggested approach to improve skills immigration and skills immigration policy propositions. In each section, the suitability of factor analysis is tested by means of the Bartlett Test for Sphericity and the KMO measure for sampling adequacy. Finally, the Cronbach alpha is also calculated to show the level of reliability (see Table 5.1). All the factors have good reliability and showed favourable internal consistency since all of them returned very favourable Cronbach alpha coefficients in excess of 0.70 (Field, 2007:668).

Table 5.1: KMO and Bartlett's Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.863915
Bartlett's Test of Sphericity	Approx. Chi-Square	3400.885
	Df	91
	Sig.	.000

The large value for the KMO measure indicates that the factor analysis pertaining to views on skills immigration is suitable because the sample is adequate to do so. The results of the Bartlett test also indicate that it is suitable to proceed with a factor analysis because the data should yield a p-value smaller than 0.0001. This indicates that the correlation between the variables is sufficient for factor analysis (Du Plessis, 2009:58). The data sets for this factor returned values smaller than 0.0001, and as such the factor analysis was performed.

The factor analysis identified three factors within the construct identified by the literature research as ‘Views on skills immigration’. The component matrix was rotated by means of a *Varimax* orthogonal rotation. The three factors within the construct means that three underlying dimensions are present and these have now being identified as separate factors. The factors explained a cumulative variance of 73.89%, thus signifying a good fit for factor analysis to be performed on the data set (Field, 2007:640).

The factor table is shown below (note that the statements are sorted in declining order of their factor loadings).

Table 5.2: Factor loadings (Views on skills immigration)

STATEMENTS	FACTORS		
	1	2	3
64	0.833	-0.032	0.269
62	0.762	0.361	0.034
66	0.736	0.385	0.320
67	0.730	0.349	0.322
70	0.709	0.266	0.303
68	0.661	0.420	0.100
63	0.492	-0.058	0.458
75	0.154	0.911	0.119
74	0.203	0.880	0.098
73	0.220	0.865	0.084
72	0.080	0.273	0.894
69	0.302	0.030	0.783
65	0.595	0.049	0.661
71	0.268	0.531	0.567
% of variance explained	50.89%	14.36%	8.64%
Cumulative %	50.89%	65.25%	73.89%

In relation to table 5.2 above, the following factors focus on views on skills immigration:

Factor 1: Skills immigration as a form of contribution to the economy

Statements 64, 62, 66, 67, 70, 68 and 63, loaded on factor one. Statements 64 to 68 had a suitable factor loading in excess of 0.66, while statement 63 had a lower factor loading of 0.49 (exceeding the minimum factor loading of 0.40 comfortably). The statements that loaded onto factor one all relate to the contribution of skills immigration to the economy of the country. This is in support of the earlier discussion in the literature. Factor one explains a variance of 50.9%.

Factor 2: Acceptance of skilled immigrants

Three statements, namely 73, 74 and 75 loaded very heavily onto factor two (factor loadings exceed 0.86). All three these statements relates to acceptance of skilled immigrants. The locals should be encouraged to accept skilled workers as they would contribute to the country. The factor explains a variance of 14.4%.

Factor 3: Benefits of skills immigration

Statements 72, 69, 65 and 71 loaded satisfactorily onto factor three. All four of these statements had satisfactory factor loadings that exceeded the minimum factor loading of 0.40 as set in this study, with ease. The statements that loaded onto factor three all relate to benefits of skills immigration. The factor explains a variance of 8.63%.

Table 5.3: Reliability statistics

Data Sets	Cronbach's Alpha
Factor 1	.905
Factor 2	.896
Factor 3	.790

Cronbach alpha coefficients were calculated for each factor so as to estimate the reliability and internal consistency among the constructs (Field, 2007:640). All three factors have returned suitably reliable coefficients ranging from 0.91 to 0.79 (see table 5.3 above). The cumulative variance of the three factors is a very satisfactory 73.9%. This exceeds 60% which is regarded to be a good fit of the data (Field, 2007:640).

5.5.2 Section B: Suggested approach to improve skills immigration

The section dealing with suggested approach to improvement of skills migration is analysed next. The analysis consists of the testing for suitability of analysis (by means of the KMO and Bartlett's tests as discussed above), reliability and possible identification of underlying constructs within the construct itself.

The results of the KMO and Bartlett's tests appear in Table 5.4 below.

Table 5.4: KMO and Bartlett's Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.799609	
Bartlett's Test of Sphericity	Approx. Chi-Square	2018.28
	Df	55
	Sig.	.000

The analysis regarding the 'suggested approach to improve skills immigration' is suitable for an exploratory factor analysis, as the KMO measure and the Bartlett test returned values of 0.799 and smaller than 0.000, respectively. Values between 0.7 and 0.8 are excellent. Hence, the data for this factor which returned a value of 0.799 signifies that sample adequacy has been achieved easily. Additionally, Bartlett's test of Sphericity supports continuance towards multivariate analysis such as factor analysis (Field, 2007:640, 642).

The factor analysis identified three factors within the construct identified by the literature research as *Suggested approach to improve skills immigration*. Since three factors were extracted, the *Varimax* rotational method was employed to rotate the component matrix (Du Plessis, 2010).

The factor loadings of the three sub-constructs appear in table 5.5 below.

Table 5.5: Factor loadings (Suggested approach to improve skills immigration)

STATEMENTS	FACTORS		
	1	2	3
85	0.857	-0.048	-0.109
81	0.822	0.270	0.132
80	0.722	0.212	0.318
82	0.719	0.255	0.113
78	0.631	0.320	0.465
76	0.628	0.308	0.403
83	0.210	0.907	0.040
77	0.021	0.906	0.168
84	0.332	0.821	-0.049
79	0.020	0.096	0.901
86	0.492	-0.119	0.580
% of variance explained	46.32%	16.64%	10.44%
Cumulative %	46.32%	62.96%	73.40%

The following factors focus on suggestions on how to improve the approach to skills immigration:

Factor 1: Positive awareness of skilled immigrants

Statements 85, 81, 80, 82, 78 and 76 loaded heavily on factor one. Factor one had a maximum factor loading of 0.86 and a minimum factor loading of 0.63. The statements loading onto the factor all relate to creating cordial relationships and public awareness of citizens of the country towards skilled immigrants. The factor explains a significant variance of 46.32%.

Factor 2: Positive approach to skilled immigrants

Statements 83, 77 and 84 loaded heavily on factor two. Statements 83 and 77 had a factor loading in excess of 0.91 while statement 84 has a loading of 0.82. This high loading indicates the respondents' view that skilled foreign workers should be treated fairly. It would thus serve as a form of attracting them to the country. The first two statements relate to attracting skilled foreign workers while the latter statement relates to the rights that should be offered to skilled foreign workers, showing communality in skilled workers. The factor explains a variance of 16.64%.

Factor 3: Social and public awareness campaign

Statements 79 and 86 loaded on factor three. These two statements relate to creating a public awareness that skilled immigrants are no threat to taking the jobs of the locals. In retrospect, they actually contribute to the country in the form of reducing the costs on social services as an immigrant does not qualify for social grant. Statement 79 had an excellent factor loading of 0.90 while statement 86 has a factor loading of 0.58. Factor three explains a variance of 10.44%.

The three factors (pertaining to Section B) explain a cumulative variance of 73.40%

Table 5.6: Reliability statistics

Data Sets	Cronbach's Alpha
Factor 1	.836
Factor 2	.891
Factor 3	.545

The reliability of two factors is high (in excess of 0.8), while the third factor has a less satisfactory value (0.55) as shown in table 5.6 above. However, in defence of the lower Cronbach alpha value, Cortina (1993) (in Field, 2007:668) states that even a reliability coefficient of 0.58 is satisfactory, while the borderline value of 0.28 can still be regarded as significant, especially if reverse scores (negative scores) are present within the factor (Field, 2007:669). It simply indicates that the factor is less likely to present itself if the study is to be repeated when subjected in a different application setting. The lack of reliability does not discard the factor. If the factor loadings are high (both statements are far above the 0.40 minimum factor loading), the factor could still provide useful information. Caution, should, however, be exerted because of lower likelihood that the factor will repeat itself (Field, 2007:666-673).

Once again a very satisfactory cumulative variance of 73.4% is explained by the three factors.

5.5.3 Section C: Skills immigration policy propositions

Section C analyses the construct *Skills immigration policy propositions* by testing if any underlying dimensions exist within the construct. As sound statistical procedures suggest, the analysis sets off by performing the KMO and Bartlett's tests. The results appear in table 5.7 below.

TABLE 5.7: KMO and Bartlett's Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.728
Bartlett's Test of Sphericity	Approx. Chi-Square	703.922
	Df	28
	Sig.	.000

The KMO measure of sampling adequacy, with regard to skills immigration policy propositions returns a good value of 0.728 while Bartlett's test of Sphericity is also smaller than the required value of 0.000. It is thus suitable to continue with a factor analysis.

This third section of the analysis on skills immigration pertains specifically to the issue of South Africa's *skills immigration policy propositions*. The data were analysed to determine if underlying constructs or factors also do exist within it. Factor analysis was used to do so.

The analysis revealed that three factors could be identified within the construct. All the statements had high factor loadings on all three of the identified factors. (The results are evident in Table 5.8 below.) Note that the statements are shown in declining order of factor loadings per factor.

Table 5.8: Factor loadings (Skills immigration policy propositions)

STATEMENTS	FACTORS		
	1	2	3
92	.832	.064	-.299
88	.808	.118	.299
93	.782	.229	.241
87	.664	.136	.412
91	.127	.791	.252
94	.088	.746	.055
90	.159	.697	-.317
89	.209	.018	.853
% of variance explained	39.01%	17.77%	12.55%
Cumulative %	39.02%	56.79%	69.34%

The following factors focus on skills immigration policy propositions:

Factor 1: Quality of skilled immigrants

Four statements, namely 92, 88, 93 and 87 loaded on factor one. All four portrayed high factor loadings. Statement 87 had a factor loading in excess of 0.664, while statements 92, 88 and 93 exceeded 0.78 as factor loading. The statements that load onto factor one all relate to the quality of skilled immigrants. The factor is thus labelled *Quality of skilled immigrants* and explains a very favourable variance of 39.01%.

Factor 2: Stringent control on skilled immigrants

Statements 91, 94 and 90 loaded heavily on factor two. These statements are all related to maintaining strict control over the skilled immigrants, and the factor is thus labelled as *Stringent control on skilled immigrants*. All factor loadings were above 0.697. The factor explains a variance of 17.78%.

Factor 3: Skills based entrance

Only one statement, namely 89, loaded heavily on factor three. Although factors with one statement are interpreted with care, the fact that the statement loaded very highly on the factor (0.853) signifies that the factor should not be discarded. In addition, the factor explains a relatively high variance (12.55%). With regard to reliability measures, the Cronbach alpha as

reliability measure cannot be calculated since only one statement (representing a single variable) is present. The statement relates to the issue that the duration of the stay of the skilled immigrant should be based on skills needs. This factor is thus retained, labelled and it explains a variance of 12.55%.

The three factors explain a favourable cumulative variance of 69.34%.

Table 5.9: Reliability statistics

Data Sets	Cronbach's Alpha
Factor 1	.760
Factor 2	.614

Factor one has an alpha value in excess of 0.70. Factor two also has a satisfactory Cronbach alpha value, which exceeds the 0.58 as set by Cortina (Field, 2007:668). Since only one statement loaded heavily onto factor 3, the alpha value cannot be calculated. As such, it is not possible to determine the reliability of the specific factor, and the factor should thus be interpreted with this in mind (Statistica, 2010).

5.6 CONCLUSION

There is a general consensus that South Africa's policy on skills immigration is in need of radical review. It is highly restrictive, bureaucratic, user-unfriendly and costly to administer. Moreover, it serves as an impediment for business and industry to recruit skilled foreign labour into the country as a result of excessive, and often, unnecessary regulations and procedures. As a consequence, South Africa tends to attract a higher proportion of unskilled and semi-skilled foreign workers when, in actual fact, it should be attracting highly skilled immigrants.

Whilst it is not possible to simply adopt the policies and programmes of successful immigration-receiving countries due to situational differences, the examples of "best practices" provide signposts for the development of a competitive skills immigration policy for the country. Such a policy would shift from a defensive to an offensive stance in the recruitment of skilled people. Immigration policy cannot be understood as insulated from and oblivious to the actions of other government departments or other countries. It should represent one element in a range of

interventions to address human resource deficits in the country. In addition, the policy and programme initiatives of other countries also affect the ability of South Africa to attract foreign skills. Therefore, the skills immigration policy should be a dynamic responding to the needs of the changing labour market and recruitment efforts of competitor nations.

Respondents in the empirical study who are actively involved in recruitment of foreign skills are generally very supportive of a more expansive and responsive skills immigration policy. They appear to fully understand the manifest benefits of skills immigration for economic growth and development of South Africa. Policy-makers should review existing skills immigration policy and regulations to improvements and make the immigration management system effective and efficient.

5.7 RECOMMENDATIONS

From the study, the following are recommended:

- Skills immigration policy should be included on the national agenda as part of a package of responses to address skills shortages in the economy.
- The implementation of a national awareness campaign to highlight the benefits of skilled immigrants and counteract misconceptions about immigrations should be set as priority.
- A research desk should be set up by the Department of Home Affairs for comparative studies on skills immigration policies and programmes of immigrant receiving countries with a view to support policy innovations.
- Businesses recruiting internationally should be accredited to hire skilled foreigners without unnecessary bureaucratic processes.
- The quota-based system should be replaced by flexible entry requirements for skilled immigrants.
- Skilled immigrants should be required to engage in a mandatory transfer of skills to local workers.
- There should be a review of existing skills immigration policy to render it effective and efficient.

5.8 SUMMARY

The study evaluated South Africa's skills immigration policy to determine its effectiveness and efficiency for addressing skills shortages. The research revealed that the policy has several flaws which is potentially damaging to the South African economy. Primarily it is based on the misconception that the demand for skilled labour is fixed and that the importation of foreign skills would displace local labour. New perspectives on skills immigration policy were highlighted. Attractive skills immigration destinations have created innovative immigration policies and programmes designed to attract highly skilled immigrants. Such policies serve as a tool to gain or retain an advantage over competing nations in the "*race for talent*". The empirical study revealed a positive attitude towards recruiting skilled immigrants. Respondents appeared to understand the manifest benefits of skilled immigration for the country.

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CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter contains conclusions, limitations of the research and recommendations regarding future research. The focus of this study was largely to determine factors that cause skills shortages and its impact on the country. As a means of addressing these skills shortages, South Africa's immigration policy and its role in alleviating skills shortages was reviewed. Thereafter, there was a focus on the skills immigration programmes of countries that actively recruit skilled immigrants for the benefit of the country. This review was undertaken to determine what factors are in these policies that make these countries successful in their recruitment of skilled workers. Finally, the study offered propositions to make the skills immigration policy of the country competitive. The research was conducted using a combination of a literature and an empirical study.

In relation to the primary goal of this study which was to explore the reasons for the increasing shortage of skills and its impact on the country, the research objectives of the study were:

- To determine the factors contributing to skills shortages and its impact on the country;
- To determine the effectiveness of the South African immigration policy in addressing skills shortages;
- To review the skills immigration programmes of selected countries; and
- To offer propositions to make South Africa's immigration policy competitive.

The discussion to follow will be based on figure 6.1.

6.2 CONCEPTUAL FRAMEWORK OF SKILLS IMMIGRATION IN SOUTH AFRICA

Figure 6.1 provides a comprehensive view of factors that contribute to the skills immigration debate. These factors were explored in detail in chapters 2 to 5 in the various articles. These articles also dealt with the specific sections as been identified by the literature study and applied

in the empirical research. Figure 6.1 combines the results of the empirical research to provide a conceptual framework for skills immigration in South Africa. The figure does so in the same format as the different sections in the questionnaire and corresponds to the empirical analyses of this study.

6.2.1 Section A

Section A analysed the skills immigration policy of the country and a total of four factors are linked to it. These factors are:

- *South Africa's Immigration Policy*;
- *South Africa's Immigration Procedures* which further included three sub factors, namely: unfriendly immigration procedures, quota-based immigration procedures and attitudes towards fixed-based permits;
- *The Department of Home-Affairs (DHA)*; and
- *In- Company Immigration*

It is evident from the explained variance of each factor that companies that employ skilled foreign labour encounter major obstacles in their recruitment process. This is largely due to the following realities: **firstly**, the immigration policy is restrictive and unclear. The procedures in implementing the policy is highly problematic in that the quota work permits are very restrictive and also the time frame in processing work permits is too long. **Secondly**, the standard of service provided by the DHA, is largely inadequate. Thus, this makes in-company recruitment of skilled foreign workers highly problematic. The high cumulative variance of the above factors which ranges from 65.6% to 76.4% confirms the preceding findings. It therefore indicates that the efforts of these organisations are being frustrated by the restrictive skills immigration policy of the country.

6.2.2 Section B

This section identified two factors that are linked to the skills immigration policy of the country, namely:

- *Push Factors* which included four sub factors, namely: employment issues, national policies, standards of living, impact of quality of life and work opportunities; and

- *Pull Factors* which included three sub factors, namely: quality of work life, work opportunities and quality of family life.

The push and pull factors are also linked to skills immigration. Many skilled workers are leaving the country due to the factors mentioned above. These factors are contributing to the extensive loss of skills in the country. The cumulative variance of 70.2% and 70.9% confirms these findings. Importing of skills is recognised as one solution to this problem. However, this is not as simple as it appears due to the country's restrictive skills immigration policy (see Section A above).

6.2.3 Section C

This section includes only one factor that is linked to the skills immigration policy of the country, namely:

- *Views on skills immigration.* The factor includes three sub factors, namely: skills immigration as a form of contribution to the economy, acceptance of skilled immigrants and benefits of skilled immigrants.

The results of the empirical study with regard to the above issue indicate that there should be an acceptance of skilled workers. The public should be educated on the contribution of skilled foreign workers. Further, these workers should be afforded the same treatment as the citizens of the country due to the contributions they offer. The high cumulative variance of 73.9% gives support to this argument. As evidenced in the study, skilled foreign workers do not take the jobs of the locals but rather they create more employment opportunities. They also pass their skills to locals. Skilled foreign workers are also no burden to the social services of the country.

6.2.4 Section D

Section D is represented by one factor that is linked to the skills immigration policy of the country. This factor and its sub factors are:

- *Suggested approach to improve skills immigration* which included three sub factors, namely: positive awareness of skilled immigrants, positive approach to skilled immigrants and social and public awareness campaign.

Due to global skills shortages there is growing competition among countries to attract skilled immigrants. Many countries have targeted skilled immigration programmes to attract the skilled immigrants from all over the world to improve their competitive footing in the global economy. These countries have seen the benefits of highly skilled immigrants in their countries. Hence, South Africa can learn from such countries and create an increased social and public awareness campaign of the positive role that skilled immigrants can make in the country. This will thus make the recruitment process easy. The results of the empirical study indicate that the respondents are in full support of such a campaign. The high cumulative variance of 73.4% also gives support to this argument.

6.2.5 Section E

One factor is linked to the skills immigration policy of the country in this section, namely:

- *Skills immigration policy propositions* which included three sub factors, namely: quality of skilled immigrants, stringent control on skilled immigrants and skills based entrance.

South Africa appears to lack the ability to attract skilled immigrants. The central problem appears to be a restrictive immigration policy that imposes penalties and impediments on employers who source skilled foreigners. Further, it is highly restrictive, bureaucratic, user-unfriendly and costly to administer. Moreover, it serves as an impediment for business and industry to recruit skilled foreign labour into the country as a result of excessive, and often, unnecessary regulations and procedures. Thus, this policy is detrimental to South Africa's competitiveness in the global economy and deters investors from utilising skills not available in the domestic labour market. Hence, there is a general consensus that South Africa's policy on skills immigration is in need of radical review. The cumulative variance of 69.3% confirms the restrictive nature of the skills immigration policy.

From the above, it is evident that there are various factors that revolve around the skills immigration debate of the country. However, the value of the study is that it not only identified

and confirmed the different factors, it also adds relative importance to each of the factors and its sub factors. Figure 6.1 shows all these factors and their sub factors as an integrated map of skills migration.

Figure 6.1 follows on next page

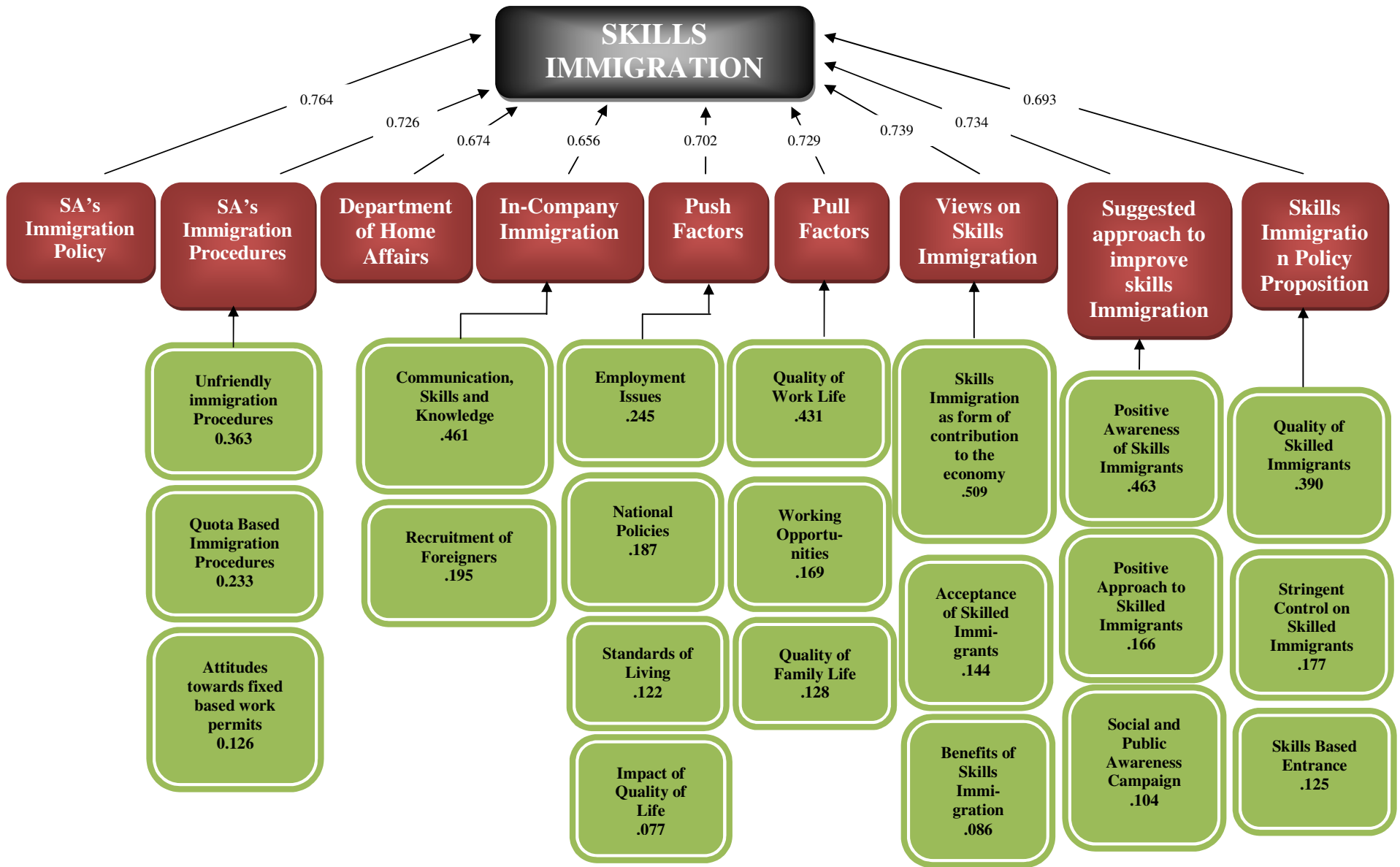


FIGURE 6.1: CONCEPTUAL FRAMEWORK OF SKILLS MIGRATION IN SOUTH AFRICA

6.3 CONCLUSIONS

The conclusions and recommendations are formulated in numerical order. This means that Recommendation 1 follows the conclusion drawn in Conclusion 1.

6.3.1 Research methodology

The research methods and statistical analysis used in all four of the articles of the study were appropriate as the results yielded were valid. The discussion to follow substantiates why the research methodology was effective.

CONCLUSION 1:

Firstly, using a sound literature study to set the scene (such as in Article 1) provides a good base for the development and execution of the rest of the study (in this case the other three articles). It provided an in-depth understanding of the research problem. Furthermore, it provided a theoretical framework for the empirical study to measure the effectiveness of South Africa's immigration policy for attracting skilled labour.

CONCLUSION 2:

The use of the theory to aid in the construction of a research instrument proved invaluable. Not only did the literature review provide sound directions on the structure of the questionnaire, it also identified various items that needed to be measured. It is concluded that the use of theory is imperative in constructing a questionnaire for the empirical research.

CONCLUSION 3:

The statistical analysis revealed that the identified constructs such as *Immigration policy*, *Immigration procedures*, *Push and Pull factors* and others (see Figure 6.1) could be validated. The factor analysis either confirmed the construct and its measuring items, or identified sub-factors within the construct. In all cases relative importance was calculated (variance explained and factor

loadings), while reliability (Cronbach alpha), suitability for multivariate analysis (Bartlett) and sample adequacy (KMO) added to conclude that the research instrument compiled from the literature provided a valid questionnaire. Specifically, the empirical validation of the data consisted of:

1. *Cronbach alpha* coefficients were calculated for each factor. The results indicated that there was a high degree of reliability and internal consistency among the items. This implies that the results were not only valid but that it would be appropriate to use this test in similar studies undertaken.
2. The *Kaiser-Meyer-Olkin* (KMO) measure of sampling adequacy proved that the variables in this study were strong enough to proceed with a factor analysis. The large KMO values in this study indicated that the sample size was appropriate as the factor analysis for this particular sample size was reliable. Hence, the KMO test confirmed the adequacy of the sample, hence the validity of the results.
3. The *Bartlett test of sphericity* was also appropriate for this study as it yielded p-values smaller than 0.0001. This indicated that the correlation between the variables was sufficient for factor analysis.

It is concluded that the questionnaire and the data are reliable and valid.

CONCLUSION 4:

The population, the sample selected and the eventual gathering of the data for this study in the form of survey research was also effective (see Chapter 1: Research methodology). The data collection allowed for the collection of data from a wide geographical spread of the population. It also allowed for the gathering of data from a relatively large number of cases at a particular time. This made it cost effective and was also not time consuming. In addition the sample was also statistically proven to be adequate by the KMO analysis. It is thus concluded that this method of data gathering methodology is successful within the mentioned constraints.

CONCLUSION 5:

The use of a statistical specialist and a specialised statistical analysis programme (SPSS V17) ensured that no statistical flaws exist in the empirical results. Apart from invaluable advice throughout the study (from design to final results), the use of an expert from the Statistical Consultation Services at the North-West University, the confidence and security that advanced statistical calculations and the interpretation thereof are correct, provided complete peace of mind. It is concluded that the use of such an expert and the specialised statistical software increases not only the value of the research, but it also provides peace of mind for the researcher (and his/her study leader).

6.3.2 Results

With regard to the results the following conclusions can be made:

CONCLUSION 6:

It is confirmed from the results that skills immigration in South Africa consists of nine constructs (see figure 6.1). All nine these constructs are important since they all have proportional values (between 0.65 and 0.77) which indicate their influence on skills migration per se. None of the constructs have low values. It is thus concluded that all these constructs are important in understanding and addressing skills migration in South Africa.

CONCLUSION 7:

Within these nine constructs, six have sub-factors to deal with. The values relative of these sub-factors as contributors to the factors (or constructs) are also important as it also indicates their relative importance to skills immigration (albeit through the construct it resides within). It is thus concluded that these sub-factors are also important indicators of skills immigration in South Africa.

CONCLUSION 8:

Almost all the constructs and the sub-factors (where present) are reliable and should represent itself in similar studies on skills immigration. There are only two sub-factors with low reliability coefficients. It is thus concluded that, apart from the two factors, the results obtained from the analysis could be regarded as reliable.

CONCLUSION 9:

The core of the research, as summarised by figure 6.1, provides a perceptual map by means of the newly created conceptual framework on skills immigration. It is thus finally concluded that the conceptual framework is a valuable tool in understanding and conceptualising the concept of skills immigration in South Africa.

6.4 RECOMMENDATIONS

The recommendations follow the numerical indicators as per the conclusions. They should be interpreted with the matching conclusion in mind.

6.4.1 Research methodology

RECOMMENDATION 1:

The solid theoretical base that results from an extensive literature study as a first article or early in the research is invaluable. As such it is recommended that this methodology be adopted by future researchers because it sets the scene for scientific founded research to follow (such as the other articles). This recommendation is especially noteworthy in the case of an article-format research document (such as a doctoral or masters degree).

RECOMMENDATION 2:

The success of the questionnaire (see conclusion 3) that was compiled by means of a literature study is evident from the statistical validation thereof. As such, the use of theory to provide a research questionnaire is highly recommended. This is especially true in the case where no existing research instruments are available to use.

RECOMMENDATION 3:

The fact that the statistical analysis proved that the questionnaire that was compiled from the theory, then tested empirically and found to be valid, leads to the following recommendations:

1. Questionnaires should be strongly based on theory, as it provides both structure and content.
2. The Likert-scale once again proved to be a valuable rating scale.
3. The statistical techniques employed are a scientific method to validate such a questionnaire.

RECOMMENDATION 4:

Stemming from Conclusion 4 (and strongly supported by Conclusion 3 and its matching recommendation), it is evident that it could be a recommendation that:

1. the data collection methodology employed in this research be used as an example to collect data within the financial and time constraints researchers are subjected to; and
2. sample adequacy be statistically confirmed.

RECOMMENDATION 5:

It is highly recommended that future researchers make use of an expert in both statistical analysis and also a specialised statistical software package. Apart from the obvious reasons stated above, adhering to this recommendation will also provide a built-in safeguard against flaws that may slip into the empirical research.

6.4.2 Results

RECOMMENDATION 6:

In dealing with the constructs it is important to take note of its importance. As such it is recommended that:

1. Those constructs with the highest relative importance (values) should enjoy the most managerial efforts; and
2. Having made this recommendation, it should be done within the framework of knowing that all of the constructs are important, some are just more important than others. As such the recommendation extends to care being taken that none of the constructs should be neglected in managerial intervention.

RECOMMENDATION 7:

The managerial interventions should also consider the six constructs that poses sub-factors. It is recommended that:

1. These sub-factors should receive specific managerial intervention as they are the building blocks of the construct. By correcting them, the construct itself will be corrected.
2. The relative importance of these sub-factors should also be considered when addressing them. Some are less important than others. Managerial energy should be employed on the areas where the most return can be expected, thus the more important sub-factors.

RECOMMENDATION 8:

Although most constructs and sub-factors have high reliability coefficients, two of them do not have satisfactory reliability. It is recommended that these two sub-factors be the last to enjoy managerial intervention as they are less likely to represent themselves as constructs in future analysis.

RECOMMENDATION 9:

The final recommendation is that the conceptual framework be:

1. employed as a tool to understand the concept of skills immigration in South Africa;
2. put to practical use in addressing the problematic situation that exist in the skills market in South Africa;
3. applied to allocate valuable resources scientifically in addressing the issues that would improve the skills market in South Africa; and
4. the focus of further research.

6.4.3 General observations and recommendations

Given the inability of the education and training system to perform efficiently in the short-to medium-term as well as rising skills intensities demanded by the economy, it is imperative that policy-makers and role-players reconsider the development and implementation of a competitive and progressive skills immigration regime to offset the skills shortages. This would, in reality, signal a paradigm shift in skills immigration which has already taken place in a number of countries.

Hence, the following general recommendations are made:

- Skills immigration policy should be included on the national agenda as part of a package of responses to address skills shortages in the economy;
- The implementation of a national awareness campaign to highlight the benefits of skilled immigrants and counteract misconceptions about immigration;
- A reliable national labour market information system should be developed to enable policy-makers make informed decisions improving skills immigration policy;
- A research desk should be set up by the Department of Home Affairs for comparative studies on skills immigration policies and programmes of immigrant receiving countries with a view to support policy innovations;
- Permanent residency and naturalisation of highly skilled foreigners should be fast-tracked;
- Businesses recruiting internationally should be accredited to hire skilled foreigners without unnecessary bureaucratic processes;

- The quota-based system should be replaced by flexible entry requirements for skilled immigrants;
- Skilled immigrants should be required to engage in a mandatory transfer of skills to local workers;
- There should be a review of the existing skills immigration policy to render it effective and efficient;
- Unnecessary obstacles to the employment of skilled foreigners should be removed;
- Repatriation incentives should be devised for emigrant professionals abroad to return to South Africa; and
- The promotion of small and medium-sized businesses by skilled foreigners should be encouraged.

Finally, the Department of Home Affairs should support the efforts of local firms in attracting skilled labour by easing regulations and speeding up administrative processes. It should engage in transnational borrowing, learning from the policy innovations of other countries. In such a scenario, foreigners would fit seamlessly into the labour market and should be required to transfer skills to local workers. In addition, expatriates should be welcomed back into the country to supply much-needed skills to the local economy.

6.5 AREAS FOR FUTURE RESEARCH

The following areas have been identified for future research:

- An in depth analysis of any one of the constructs in the conceptual framework (see figure 6.1) to further analyse and study the construct;
- A study with specific international comparative focus that aims to compare South Africa specifically to countries with similar problematic and conditions. (Although this study did focus on international comparisons, this was not the core of the research.)
- An ability analysis that focuses on the ability (be that financial, mental or any other inhibitor) from the public sector to address the shortcomings of the skills immigration in South Africa.

Although various other areas of research are probable, the hope is expressed that this study serves as a point of departure in skills immigration research and that it whets the appetite of future researchers.

6.6 SUMMARY

The foremost goal of this study was to determine the major causes of skills shortages. As one solution to this problem, there was the focus on the adequacy and efficacy of the skills immigration policy as a means to address this problem. The outcome of the empirical study has confirmed the findings of similar studies undertaken that there are major problems with the immigration policy. Hence, propositions were offered to revise the policy so that the issue of skills shortages could be addressed.

Finally, in conclusion of the study, a brief summary of the chapters and articles completed in this study are provided.

6.6.1 Chapter 2: Article 1

The primary objective of this article was to ascertain the causes of skills shortages in the country. The conclusion drawn from this study is that South Africa is confronted by skills shortages due to economic, political and social challenges. These challenges include, amongst others, poor education standards, affirmative action, crime, and the political situation, and inadequate government health-care, structural changes in the economy, poor service delivery, HIV and emigration. This study has confirmed the findings of a number of studies of South Africa conducted in recent years which have commonly identified the chronic shortage of skills as a major binding constraint to economic growth, job creation and poverty alleviation.

Further, it is clearly evident from the results of this empirical study and similar studies undertaken that a suitable short to medium term solution to the skills crisis would be the employment of skilled foreign workers. These workers would not only contribute to the upliftment of the country in many

spheres but they would also help to skill the locals as mentioned in the earlier discussion of the study.

6.6.2 Chapter 3: Article 2

The primary objective of this article was to determine the effectiveness of South Africa's immigration policy to support skills immigration. As mentioned earlier, our country is experiencing a huge shortage of skills, a situation that cannot be resolved in the short term. Hence, a solution to this situation could be the recruitment of skilled foreigners. However, it is clearly evident from this study, that South Africa's Immigration Policy with regard to skills immigration is problematic. It lacks the ability to attract skilled immigrants. As evidenced in the empirical study, the central problem appears to be a restrictive immigration policy that imposes penalties and impediments on employers who source skilled foreigners. This policy is detrimental to South Africa's competitiveness in the global economy and deters investors from utilising skills not available in the domestic labour market.

The following factors are consequences of this restrictive policy: due to major infrastructural growth and development during the 2010 period, there is tremendous strain on the construction industry as a result of shortage of engineers, quantity surveyors, technicians and architects. Problems in retaining skilled mining staff combined with insufficient new graduates and an aging workforce is affecting the South African industry. A dearth of engineering skills at Eskom has also contributed to the power crisis.

6.6.3 Chapter 4: Article 3

The primary objective of this article was to determine the factors that push or pull skilled labour into or out of South Africa and what are the consequences of this movement. It was evident in this study that the push and pull factors contribute largely to skills shortages in the country. Some of the factors include: affirmative action, employment equity, crime, quality of lifestyle, family ties, safe environment, better quality education and fair taxation levels. Many skilled individuals affected by affirmative action are of the view that their talents or skills are not appreciated by government or certain organisations. Subsequently, emigration is a major option taken by such individuals.

Another factor pulling skilled South Africans is the prospects offered by developed countries. Highly skilled South Africans with high levels of education and advanced occupational skills are recruited by firms in developed countries such as Australia, New Zealand, USA, Great Britain and Canada. Many, if not all skilled individuals take the opportunity offered as it comes with far better prospects and gives them the opportunity to work in the global arena.

Hence, this study together with similar studies undertaken have confirmed what is commonly referred to as a “brain drain” with an outflow of skilled people such as engineers, teachers, accountants, nurses, doctors and accountants to countries such as the United Kingdom, Australia, New Zealand, Canada and the United Arab Emirates. This has contributed to a national skills crisis and negatively affected the economic growth prospects of the country.

While skilled South Africans are being recruited by developed countries, attempts to recruit foreign skills to work in local firms are proving to be a challenge.

6.6.4 Chapter 5: Article 4

The primary objective of this article was to indicate the advantages of having a competitive skills immigration policy. This was done by focusing on the skills immigration programmes of countries that are successful in recruiting skilled immigrants.

There is increased global competition for talent, or what the study has referred to as skilled workers. Countries such as the United States, can no longer expect to reap significant benefits without the effort associated with pulling the highly skilled workers to its country. Many governments have continuously reformed and revised the terms of admission for the highly skilled without restraint, as they believe that such changes are both necessary and urgent in order to boost economic performance and maintain a competitive edge. Hence, no country, especially South Africa, can persistently ignore these trends if they intend to reap the benefits of skills immigrants for their economies.

South African policy-makers can take important lessons from such countries as their immigration policy initiatives have been tried and tested. It would be beneficial to examine these initiatives that

immigrant destination-receiving countries undertake in order to develop a competitive skills immigration policy considering our country is seriously challenged in this policy area.

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SARB *See* SOUTH AFRICAN RESEARCH BUREAU.

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APPENDIX A: QUESTIONNAIRE

QUESTIONNAIRE

PART ONE

Instructions: Insert a cross (X) in the appropriate box.

SECTION A: ORGANISATIONAL INFORMATION

1. Identify the type of organisation you work in:

1.1	Recruitment Agency	
1.2	Education Institution	
1.3	Manufacturing Business	
1.4	Wholesale & Retail Business	
1.5	Services-related Business	
1.6	Non-governmental organisation	
1.7	Government organisation	

2. Give the number of employees working in your organisation:

2.1	Between 1 to 50	
2.2	Between 51 to 150	
2.3	More than 150	

3. Does your organisation actively recruit for itself or source for clients skilled foreign workers?

3.1	Yes	
3.2	No	

4. Approximately how many skilled foreign workers are recruited by your organisation either for itself or sourced for clients annually?

4.1	Between 1 to 10	
4.2	Between 11 to 20	
4.3	More than 20	

5. **Rank the continents from which your organisation recruits skilled foreign workers? (1 refers to the continent from which the most skilled foreign workers are recruited from and 6 refers to the continent from which the least foreign workers are recruited from).**

5.1	Africa	
5.2	Europe	
5.3	North America	
5.4	South America	
5.5	Asia	
5.6	Australasia	

PART TWO

Indicate the extent to which you agree with each statement using the following 5-point Likert scale.

Mark your response by placing a cross (X) in the appropriate box.

1 = Strongly Disagree	2 = Disagree	3 = Neutral
4 = Agree	5 = Strongly Agree	

SECTION B: IMMIGRATION ISSUES

South Africa's Immigration Policy		Strongly Disagree			Strongly Agree	
1	Our immigration policy contributes positively to addressing the country's skills shortage	1	2	3	4	5
2	Our immigration policy supports national growth and development priorities of government	1	2	3	4	5
3	Our immigration policy is flexible in responding to the needs of the labour market	1	2	3	4	5
4	Our immigration policy supports the attraction of skilled foreign labour	1	2	3	4	5
5	Our immigration policy is comprehensible	1	2	3	4	5

South Africa's Immigration Procedures		Strongly Disagree			Strongly Agree	
6	Our immigration procedures are complex	1	2	3	4	5
7	Our immigration procedures are time-consuming	1	2	3	4	5
8	Our immigration procedures are costly	1	2	3	4	5
9	Our immigration procedures are bureaucratic	1	2	3	4	5
10	Our immigration procedures are restrictive in supporting the immigration of skilled foreign workers	1	2	3	4	5
11	Our requirements are too complex when recruiting skilled foreign workers	1	2	3	4	5
12	There are delays in processing skilled immigration applications	1	2	3	4	5
13	Our immigration procedures are business-unfriendly	1	2	3	4	5
14	I support a policy of granting fixed quotas of work permits for skilled immigrants	1	2	3	4	5
15	Our quota-based work permit scheme reflects the match between the quota categories and the actual skills needed by the country	1	2	3	4	5
16	Our quota-based work permit scheme measures accurately the quantity of skills/occupations needed by the country	1	2	3	4	5
17	Our quota-based work permit scheme is effective and efficient	1	2	3	4	5
18	Our quota-based work permit scheme is understandable to users	1	2	3	4	5

Department of Home Affairs (DHA)		Strongly Disagree			Strongly Agree	
19	DHA is effective and efficient on processing immigration applications	1	2	3	4	5
20	DHA is user-friendly	1	2	3	4	5
21	DHA staff are knowledgeable in dealing with immigration applications	1	2	3	4	5
22	DHA staff keep immigrants informed through the application process	1	2	3	4	5
23	DHA staff are professional	1	2	3	4	5
24	DHA staff apply immigration policy and procedures objectively	1	2	3	4	5
25	DHA staff are co-operative with immigrant applications	1	2	3	4	5
26	DHA staff have a good reputation on immigration issues	1	2	3	4	5
27	DHA staff gives sound leadership on immigration matters	1	2	3	4	5
28	DHA staff understand developmental challenges facing the country	1	2	3	4	5

In-Company Immigration Issues		Strongly Disagree			Strongly Agree	
29	Our organisation is successful in recruiting skilled foreign workers	1	2	3	4	5
30	Our staff are knowledgeable on immigration issues	1	2	3	4	5
31	Developments on immigration are communicated to relevant staff to assist with processing applications	1	2	3	4	5
32	The organisation provides appropriate resources to staff dealing with immigration applications	1	2	3	4	5
33	Our staff receive regular communication on immigration issues	1	2	3	4	5
34	Attempts to recruit skilled foreigners in the past twelve months have been difficult	1	2	3	4	5
35	There is resistance from the unions when trying to get work permits for skilled foreigners	1	2	3	4	5

SECTION C: PUSH AND PULL FACTORS FOR SKILLED MIGRATION

<i>The following factors <u>PUSH</u> skilled workers out of South Africa:</i>		Strongly Disagree			Strongly Agree	
36	Crime	1	2	3	4	5
37	Affirmative action	1	2	3	4	5
38	Political instability	1	2	3	4	5
39	Salaries and wages	1	2	3	4	5
40	Living standards	1	2	3	4	5
41	Quality of education	1	2	3	4	5
42	Quality of health care	1	2	3	4	5
43	Lack of recognition at work	1	2	3	4	5
44	Employment opportunities	1	2	3	4	5
45	Cost of living	1	2	3	4	5
46	Family ties overseas	1	2	3	4	5
47	Relocation of companies	1	2	3	4	5
48	Public service delivery	1	2	3	4	5
49	Black Economic Empowerment	1	2	3	4	5
50	Promotional opportunities	1	2	3	4	5
51	Levels of taxation	1	2	3	4	5

<i>The following factors <u>PULL</u> skilled people into South Africa:</i>		Strongly Disagree			Strongly Agree	
52	Attractive destination	1	2	3	4	5
53	Working conditions	1	2	3	4	5
54	Family ties	1	2	3	4	5
55	Professional opportunities	1	2	3	4	5
56	Living conditions	1	2	3	4	5
57	Salaries and wages	1	2	3	4	5
58	Quality of life	1	2	3	4	5
59	Education opportunities	1	2	3	4	5
60	Peace	1	2	3	4	5
61	Climate	1	2	3	4	5

SECTION D: VIEWS ON SKILLS IMMIGRATION

		Strongly Disagree			Strongly Agree	
62	Skills immigration is good for the economy	1	2	3	4	5
63	Skills immigration increases employment opportunities for locals in home country	1	2	3	4	5
64	Skills immigration increases the human capital of the country	1	2	3	4	5
65	Increased human capital through immigration increases the integration of a country into the global markets.	1	2	3	4	5
66	Skills immigration makes local businesses competitive	1	2	3	4	5
67	Skills immigration is good for business	1	2	3	4	5
68	Skills immigration contribute to the tax base	1	2	3	4	5
69	Skilled immigrants are an important resource	1	2	3	4	5
70	Skilled immigrants add to our cultural diversity	1	2	3	4	5
71	Skills immigration allows for skills transfer	1	2	3	4	5
72	The main entry criteria for foreign workers should be their skills profile	1	2	3	4	5
73	Skilled foreign workers should have the same rights as citizens	1	2	3	4	5
74	Skilled immigrants should be welcomed	1	2	3	4	5
75	The country must open its doors to skilled foreign workers	1	2	3	4	5

SECTION E: SUGGESTED APPROACH TO IMPROVE SKILLS

		Strongly Disagree			Strongly Agree	
76	Educate the public on the benefits of skilled immigration for the country	1	2	3	4	5
77	Actively promote skills immigration	1	2	3	4	5
78	Report regularly on skills immigration issues	1	2	3	4	5
79	Assure the public that skilled immigrants do not take jobs from South Africans	1	2	3	4	5
80	Promote better relations between foreigners working in the country and local citizens	1	2	3	4	5
81	Treat skilled foreigners with respect and dignity	1	2	3	4	5
82	Skilled foreigners should be offered citizenship easily	1	2	3	4	5
83	Undertake an international campaign to attract skilled people	1	2	3	4	5
84	Skilled immigrant workers should have the same rights as local workers	1	2	3	4	5
85	Skilled immigrants should get additional benefits such as tax breaks	1	2	3	4	5
86	Skilled immigrants actually reduce the costs on social services	1	2	3	4	5

SECTION F: SKILLS IMMIGRATION POLICY PREPOSITIONS

		Strongly Disagree			Strongly Agree	
87	Skills immigration policy should be guided by our national interests	1	2	3	4	5
88	Skills immigration policy should encourage the attraction of talented people	1	2	3	4	5
89	The duration of the stay of skilled foreign workers should be based on skills needs	1	2	3	4	5
90	Skilled foreign workers must be repatriated once they have served their purpose	1	2	3	4	5
91	A special tax should levied on employers of foreign skilled workers	1	2	3	4	5
92	The education level of the skilled immigrant must be assessed	1	2	3	4	5
93	Occupational experience should also qualify skilled immigrants for certain jobs	1	2	3	4	5
94	The financial capacity of skilled immigrants to invest in economic activities should allow them access to the country	1	2	3	4	5

SECTION H: GENERAL IMMIGRATION CONCERNS

Kindly respond concisely to each of the following questions:

95. What is your view on the belief that skilled foreign workers take away the jobs of South Africans?

96. Do you think we should open our doors to skills immigration if we want to be globally competitive?

97. Should skilled foreigners enjoy the benefits of a South African citizen?

**THANK YOU FOR YOUR PARTICIPATION – IT IS
HIGHLY APPRECIATED!**