

JSE companies fight to stave off SA skills emigration

JSE-listed companies have lamented their struggle to retain technical expertise in their domestic operations amid a skills exodus from SA, threatening sustainable growth.

Mpact chair Anthony Phillips said in the group's latest annual report that the company had experienced a loss of key skills and institutional knowledge due to emigration and employees seeking better prospects elsewhere.

The packaging and recycling group said it had "noted an increase in this trend in the past year," but maintained that incentive programmes were in place to retain key staff.

"We continue to see an exodus of experienced people emigrating and face a skills shortage in SA," Phillips said. "We maintain a focus on succession planning at Mpact to ensure we have an identified pipeline of future leaders, and that we nurture these candidates to ensure that they develop the requisite skills and remain with us for the long term."

Safety and security, education, the weak currency, a lack of job opportunities and political instability are some of the top reasons [driving the rise in emigration](#), particularly among wealthy individuals. Many locals opt to settle in the UK, US, Australia or New Zealand.

Reforms to the visa regime are one of the priority areas President Cyril Ramaphosa targeted to boost economic growth, job creation, promote tourism and attract skills.

The recent [gazetting of new skilled work visa regulations](#) and SA visa reforms is expected to make it easier and faster for SA to attract the skilled foreign workers it urgently needs. This comes as local businesses have been lamenting long delays and complex application processes for foreign workers to get visas.

However, when it comes to retaining local talent, the jury is still out on how SA's skills emigration can be arrested with the onus being on companies to incentivise critically skilled employees.

For infrastructure development and construction materials group Raubex, robust competitors with strong order books are risks to its sustainability. Its indicators identified that loss of critical skills was a high risk and increased from the previous financial year.

To gain control of the issue, Raubex said it was engaging with key personnel and implementing a long-term retention scheme for those with critical skills.

Industrial conglomerate Barloworld, which has a R17.1bn market capitalisation, also signalled the loss of scarce technical and digital skills as a risk to sustainable growth.

It said because it had a strong diverse talent pool, which was attractive to other businesses, a robust succession process was implemented while the nomination committee had considered the talent pipeline for the executive, senior management levels and other key positions "to mitigate vacancies that arise through both promotions and unplanned attrition."

"The group is rebuilding its talent bench in affected business units and procuring scarce skills," Barloworld said in its annual report, citing IT among those skills.

Additionally, its apprentice programmes in Mongolia and SA were crucial contributors to the talent pipeline, it said.

Nampak, which has recently reduced downtime as part of cost-cutting measures, said it was continually undertaking skills development and deployment amid increased competition.

When CEO Phil Roux was brought into the stable to lead a turnaround of the group, he vowed to root out cultural apathy in the company, saying it destroyed productivity.

In its latest annual report, the packaging group said while disruption to value chains — such as that of aluminium — would be harmful to economic activity, inadequate skills could also dampen growth.

“Insufficient skills may impact our strategic delivery, profitability, investor returns and tax payable to authorities,” Nampak said, adding it would focus on transformation — with an emphasis on recruitment and skills development.

The increasing rate of SA emigration has benefited other businesses such as Bidvest financial services’ FinGlobal which provides financial emigration services and reported strong growth in the year ended June.

“The client base has grown significantly as the momentum of emigration from SA has continued,” Bidvest financial services CEO Hannah Sadiki said. “There is a strong order book in place.”

Asset manager Coronation is among those that are winning in [retaining top talent](#), largely due to its ownership structure and incentives it has put in place to withstand the scramble for hires.

The latest Quarterly Labour Force Survey shows the unemployment rate rose to 32.9% in the first quarter of 2024, yet scarce critical skills are in short supply with skilled individuals looking abroad for greener pastures.

Source: Michelle Gumede - <https://www.businesslive.co.za/bd/economy/2024-06-20-jse-companies-fight-to-stave-off-sa-skills-emigration/>

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