

The Effectiveness of South Africa's Immigration Policy for Addressing Skills Shortages

Fatima Rasool
Christoff Botha
Christo Bisschoff

South Africa is presently experiencing a serious shortage of skilled workers. This situation is negatively influencing the economic prospects and global participation of the country. The primary purpose of the study was to determine the effectiveness of SA's immigration policy to support skills immigration. The outcome of this study indicated that South Africa's immigration policy is restrictive and has undoubtedly influenced the shortage of skills in the country. 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

JEL Classification: P36

Introduction

South Africa has been a country of immigration for thousands of years. Many black people 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 white people, especially skilled and professional workers (Kaplan 1998, 15). At the same time, low-wage migrant labour from surrounding African countries was allowed into the country and used largely on the mines. Added to this, the black people were confined to living in townships while the white people lived in cities and

Fathima Rasool is a PhD Student at the Management College of South Africa, Republic of South Africa.

Dr Christoff Botha is a Senior Lecturer at the Potchefstroom Business School, North West University, Republic of South Africa.

Dr Christo A. Bisschoff is a Professor at the Potchefstroom Business School, North West University, Republic of South Africa.

Managing Global Transitions 10 (4): 399–418

towns (Centre for Development and Enterprise 1997b, 3). Therefore, 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, Meyer and Mlatsheni (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 and Szalontai 2006, 123). When the new, democratic era emerged in 1994 in South Africa, the government amended the Aliens Control Act of 1991, which dealt with admission, control, and expulsion of foreigners (Centre for Development and Enterprise 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. Therefore, the recruitment of skilled foreign workers to help reducing 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 a 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), namely:

- 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 they lack the necessary skills which is a disadvantage of their economies in the global arena (Wocke and Klein 2002, 441).

Economies that have employed immigrants have achieved tremendous economic and cultural development. Examples of countries with dominant immigrant economies include the 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.

Problem Statement

The issue of skills shortages has been 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 Borhat, Meyer and Mlatsheni (2002), and Kraak (2008, 1), there appears 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.

Consequently, skilled labour is increasingly viewed as an important element to support national economic growth. Consequently, many countries are adopting competitive immigration policies to attract talents

from the global labour market. Industrialised countries have recognised the benefits of immigration for a long time and have continued to regulate their immigration policies according to the needs of the country (Wocke and Klein 2002, 445). Therefore, 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, and as a result they have been highly successful in attracting skilled workers to their countries (Stern and 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 for 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. Therefore, there is an opposing view that skills immigration is a form of investment for national development (ABSA 2001, 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, Meyer and Mlatsheni 2002; Centre for Development and Enterprise 2008, 9; Ellis 2008, 117).

There are a lot of issues in SA's immigration policy that make 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 SA'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.

Objectives

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

- review the Immigration Act No.13 of 2002 with specific reference to skills immigration;
- compile, from the literature, construct to measure the effectiveness of the immigration policy in South Africa;
- determine whether 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.

South Africa's Immigration Policy

The period between 1991 and 2005 saw changes in the immigration policy of South Africa. There were restructuring and reshaping of migration issues from the Aliens Control Act of 1991 through to the Immigration Amendment Act No. 19 of 2004 and the Immigration Regulations of June 2005. Initially, the Immigration 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 realised 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 (Centre for Development and Enterprise 2002, 37). Therefore, this need became a part of government's economic strategy, Joint Initiative on Priority Skills Acquisition (Joint Initiative on Priority Skills Acquisition 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. Therefore, the role of skilled foreigner workers was seen as having a dual nature:

- firstly, to enhance the economy; and
- secondly, to transfer skills and experience to the local work-force.

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.

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 (Centre for Development and Enterprise 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 were structured more logically. There are, however, still certain elements in the law that make applications by skilled foreigners and organisations and businesses 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. Therefore, 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 (Centre for Development and Enterprise 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. Therefore, this makes the importing of skills even more difficult (Development Policy Research Unit 2007, 24).

Application Backlogs

The DHA makes the 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 that 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 a lack of capacity in the department. To date, only 1,010 work permits have been issued in areas of scarce and critical skills. Therefore, Bhorat, Meyer and Mlatsheni (2002), Centre for Development and Enterprise (2008, 17) and Ellis (2008, 80) regard South Africa's restrictive skills immigration policy and regulations as problematic. Consequently, this makes the 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. Fur-

thermore, SAQA is taking approximately two months to process 'priority' applications. This is resulting in immense time delays, expenses 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 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; Centre for Development and Enterprise 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 the Centre for Development and Enterprise (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 results in extended delays.

Intra-Company Transfer Work Permits

In terms of Section 19 (5) of the Immigration Amendment Act No. 19 of 2004, the timeframe 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. For this reason, 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 (Centre for Development and Enterprise 2005, 15).

Managing Global Transitions

Documentation

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

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

THE IMPACT OF THE IMMIGRATION POLICY ON ADDRESSING SKILLS SHORTAGES

As evidenced above, our immigration policy is restrictive and will undoubtedly impact 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 have started in the country from 2007–2010. According to McKechnie (2008), this is placing a tremendous strain on the construction industry as a result of a 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 (Engineering Council of South Africa 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 urgently needs between 4,000 and 5,000 engineers (Engineering Council of South Africa 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 (South African Department of Education 2007, 15).

Growing labour shortages have also become a significant threat to the mining industry. Problems in retaining skilled mining staff combined with insufficient new graduates and an aging workforce are affecting the South African industry. As it is evident in the construction industry, apprenticeship in the mining industry has also been neglected in the recent past. Apprenticeship programmes, which 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 con-

tributed 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) was also not making a sufficient contribution to addressing the skills shortages (McKechnie 2008).

Furthermore, skills shortages are affecting the economic growth of the country and thus limiting its global participation level. According to the Global Competitiveness Report (World Economic Forum 2008), 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, Stiller and Straubhaar (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.

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, Stiller and Straubhaar 2004, 55).

The empirical results of the study are presented per section. As such, the following sections are subjected to exploratory factor analysis (EFA): Immigration policy issues, Immigration procedures, Department of

TABLE 1 The κMO and Bartlett Test (immigration policy issues)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.889
Bartlett's Test of Sphericity	Approx. Chi-Square	1091.153
	Df	10
	Sig.	0.000

TABLE 2 Factor loadings (immigration policy issueses)

Statements	Factor
2	0.906
5	0.897
4	0.883
3	0.841
1	0.839
Percentage of variance explained	76.38

Home Affairs, and In-Company Immigration. In each section, the suitability *t*-factor analysis is tested by means of the Bartlett Test and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (κMO) measure. The Cronbach alpha is also calculated to show the level of reliability.

SECTION A: IMMIGRATION POLICY ISSUES

The first section of the empirical analysis refers to the first section in the questionnaire. The statements in the questionnaire correspond numerically with the results shown here.

The large values for the κMO 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 datasets for this factor returned values smaller than 0.0001, and as such the factor analysis was performed (see table 1). Since only one factor was extracted, no rotational method was required (Du Plessis 2009).

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 ta-

TABLE 3 Reliability statistics
(immigration policy
issues)

Dataset	Cronbach's alpha
Factor 1	0.919

ble 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. Cronbach alpha coefficients were calculated for each factor to estimate the reliability and internal consistency among the constructs (Field 2007, 666). All constructs returned an excellent reliable coefficient of 0.92%. This is well above the required 0.7, which shows high reliability and internal consistency.

SECTION B: SA'S IMMIGRATION PROCEDURES

The analysis regarding SA's Immigration Procedures is suitable for an exploratory factor analysis, as the κ_{MO} 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 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 onto 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

TABLE 4 The κ_{MO} and Bartlett Test (immigration procedures)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.699
Bartlett's Test of Sphericity	Approx. Chi-Square	1805.796
	Df	55
	Sig.	0.000

TABLE 5 Factor loadings (immigration procedures)

Statements	Factors		
	1	2	3
9	0.848	0.183	0.010
11	0.813	-0.005	-0.138
7	0.789	0.239	0.222
12	0.778	-0.113	0.287
8	0.756	-0.026	-0.268
10	0.753	0.207	0.202
18	0.030	0.897	-0.013
17	-0.164	0.831	0.134
14	0.329	0.614	0.429
16	-0.058	0.025	0.887
15	0.105	0.218	0.879
Percentage of variance explained	36.62	23.38	12.61
Cumulative percentage	36.62	60.00	72.61

to maximise the dispersion of the factor loadings within the factors (Du Plessis 2009), 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 factor loadings of the three sub-constructs appear in table 5. 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 provides support 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 onto 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 loadings.

TABLE 6 Reliability statistics
(immigration procedures)

Dataset	Cronbach's alpha
Factor 1	0.877
Factor 2	0.728
Factor 3	0.811

TABLE 7 The KMO and Bartlett Test (Department of Home Affairs)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.896
Bartlett's Test of Sphericity	Approx. Chi-Square	2692.2
	Df	45
	Sig.	0.000

The statements that loaded 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 onto 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 it 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 6.

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 7). It is thus suitable to continue with a factor analysis on this section of the data.

The statements pertaining to the construct DHA, as identified by the literature study, all load 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 unsatisfac-

TABLE 8 Factor loadings
(Department of Home
Affairs)

Statements	Factor
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
Percentage of variance explained	67.13

TABLE 9 Reliability statistics
(Department of Home
Affairs)

Dataset	Cronbach's alpha
Factor 1	0.946

TABLE 10 The KMO and Bartlett Test (in-company immigration issues)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.716
Bartlett's Test of Sphericity	Approx. Chi-Square	929.5536
	Df	21
	Sig.	0.000

tory factor loadings (below 0.40). The statements deal with the role of the staff at the DHA. All factor loadings were above 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%

The reliability coefficient of Factor 1 appears in table 9. 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.

SECTION D: IN-COMPANY IMMIGRATION

The analysis regarding SA'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 lit-

TABLE 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
Percentage of variance explained	46.10	19.50
Cumulative percentage	46.10	65.60

erature research as SA's In-Company Immigration. This means that the construct contains two separate factors.

The fourth section contains data pertaining to South Africa's In-Company Immigration. All the statements had suitable loadings onto 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.

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 the 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 the 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 onto factor two. These statements are related to the recruitment of skilled foreign workers. Trade unions

TABLE 12 Reliability statistics
(in-company immigration
issues)

Dataset	Cronbach's alpha
Factor 1	0.853
Factor 2	0.332

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%.

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 states (Field 2007, 668) 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 two should be interpreted bearing this limitation in mind.

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.

Recommendations

This section offers a set of recommendations within 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, disadvantages of 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. Consequently, 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 on how the country can benefit from imported skills.
- Freely allow the entry of skilled workers to strengthen SA's economy.
- Like other countries, it must offer certain incentives to attract skilled workers.

Summary

It is clearly evident from this study that South Africa's Immigration Policy, with regard to skills immigration, is problematic. As mentioned earlier, our country is experiencing a huge shortage of skills, a situation that cannot be resolved in short term. For this reason, 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, our country can no doubt follow this example. However, we can only be as successful as the others can, if we develop and adopt a more flexible and competitive skills immigration policy.

References

- ABSA. 2001. *South Africa Faces Growing International Competition for Human Capital*. Pretoria: ABSA.
- Bailey, T. 2003. 'Skills Migration.' In *Human Resources Development Review 2003: Education, Employment and Skills in South Africa*, 234–55. Cape Town: HSRC Press.
- Bernstein, A. 2000. *Why is South Africa Afraid of Skilled Immigration when They are Essential for Enhancing Economic Growth?* Johannesburg: Acumen.

- Bhorat, H., J. B. Meyer, and C. Mlatsheni. 2002. *Skilled Labour Migration from Developing Countries: Study on South and Southern Africa*. Geneva: International Labour Office.
- Boswell, C., S. Stiller, and T. Straubhaar. 2004. *Forecasting Labour and Skills Shortages: How can Projections Better Inform Labour Migration Policies?* Hamburg: Institute of International Economics.
- Centre for Development and Enterprise. 1997a. *People on the Move: Lessons from International Migration Policies*. Johannesburg: Centre for Development and Enterprise.
- Centre for Development and Enterprise. 1997b. *People on the Move: A New Approach to Cross-Border Migration in South Africa*. Johannesburg: Centre for Development and Enterprise.
- Centre for Development and Enterprise. 2002. *South Africa's New Immigration Law: A Salvageable Instrument for Economic Growth?* Johannesburg: Centre for Development and Enterprise.
- Centre for Development and Enterprise. 2005. *Response to the Immigration Amendment Act of October 2004 and the Draft Immigration Regulations of January 2005/February 2005*. Johannesburg: Centre for Development and Enterprise.
- Centre for Development and Enterprise. 2008. *Immigrants in Johannesburg: Estimating Numbers and Assessing Impacts*. Johannesburg: Centre for Development and Enterprise.
- Development Policy Research Unit. 2007. 'Skills Shortages in South Africa: Key Issues.' DPRU Policy Brief Series, Working Paper 07-121, School of Economics, University of Cape Town, Cape Town.
- Du Plessis, T. E. 2009. 'South African Expatriates as Potential Entrepreneurs: An Exploratory Study.' PhD Thesis, North-West University, Potchefstroom.
- Ellis, S. 2008. 'South Africa and International Migration: The Role of Skilled Labour.' In *Migration in Post-Apartheid South Africa: Challenges and Questions to Policy Makers*, ed. A. W. K. Segatti and L. Landau, 115–34. Paris: Agence Francaise de Développement.
- Engineering Council of South Africa. 2007. 'Annual Report 2006–2007.' Engineering Council of South Africa, Bruma www.ecsa.co.za/documents/080306_2006_2007_Annual_Report.pdf
- Field, A. 2007. *Discovering Statistics Using SPSS*. 2nd ed. London: Sage.
- Havard Group. 2008. 'Final Recommendations of the International Panel on Growth.' http://us-cdn.creamermedia.co.za/assets/articles/attachments/13384_harvardgroup.pdf
- Joint Initiative on Priority Skills Acquisition. 2006. 'Engineering and Intermediate Skills Acquisition.' Paper presented at the Technical Working Group Meeting, Pretoria, 3 August.

- Kaplan, D. E. 1998. 'Migration of the Professional, Semi-Professional and Technical Occupations in South Africa: Past Patterns, Current Trends and Policy.' Paper presented at the international symposium International Scientific Migrations Today: New Perspectives, Bogota, 24–6 June.
- Kraak, A. 2008. 'The Education-Economy Relationship in South Africa, 2001–2005.' In *Human Resources Development Review 2008: Education, Employment and Skills in South Africa*, ed. A. Kraak, and K. Press, 1–28. Cape Town: HSRC Press.
- Macartney, A. 2008. 'Skills Shortage in the International Mining Industry Now at Critical Levels.' Moneyweb, 15 October. <http://www.moneyweb.co.za/moneyweb-soapbox/skills-shortage-in-the-international-mining-indust?sn=2009%20Detail>
- McKechnie, I. 2008. 'Engineering Shortage Causes Havoc.' Fin24.com, 26 August. <http://www.fin24.com/Economy/Engineer-shortage-causes-havoc-20080826>
- Pokray, J. 2006. *Latest Developments on the Implementation of the Immigration Amendment Act No. 19 of 2004 and the Introduction of the New Immigration Regulations of July 2005*. Pretoria: Immigration Law Attorneys.
- South African Department of Education. 2007. 'Annual Report 2006–2007.' <http://www.education.gov.za/dynamic/dynamic.aspx?pageid=329&catid=10&category=Reports&legtype=null>
- Stern, M., and G. Szalontai. 2006. 'Immigration Policy in South Africa: Does It Make Economic Sense?' *Development Southern Africa* 23 (1): 123–45.
- Willand, J. 2005. 'Immigration Laws South Africa.' Immigration and Consulting South Africa cc, Cape Town. www.ritztrade.com/downloads/Immigration-Laws-SA-July-2005.pdf
- Wocke, A., and S. Klein. 2002. 'The Implications of South Africa's Skills Migration Policy for Country Competitiveness.' *Development Southern Africa* 1 (4): 441–54.
- World Bank. 2003. *Global Economic Perspectives and the Developing Countries 2004: Realising the Development Promise of the Doha Agenda*. Washington, DC: World Bank.
- World Economic Forum. 2008. *Global Competitive Report 2008/2009*. Geneva: World Economic Forum.