

# **THE LABOUR MARKET SIGNIFICANCE OF THE NEW GRADE 9 CERTIFICATE**

**Martin GUSTAFSSON**

**Andrew BARTLETT**

**31 March 2008**

Human Sciences Research Council

**March 31, 2008**

*Acknowledgements*

*The financial support of the National Department of Trade and Industry is gratefully acknowledged*

Martin Gustafsson is an economist with RTI International who has worked with the Department of Education since 2001. Andrew Bartlett is Director of Human Resource Planning in the Department of Education. Both authors produced this paper in their personal capacities, and the views expressed here are not necessarily those of their organisations.

**Produced by:** Martin Gustafsson and Andrew Bartlett  
**Contact:** Dr Miriam Altman  
Executive Director, EGDI  
**E-mail:** maltman@hsrc.ac.za  
**Tel:** +27 12 302 2402

## **Contents**

1. Introduction .....	4
2. How our quantity and quality of secondary schooling compare internationally ...	5
3. How the level of schooling influences performance in the labour market .....	8
4. Factors that make youths not continue through the FET band .....	14
5. A short history of the GEC and policy issues going forward .....	15
6. A few policy conclusions .....	17
7. References .....	18

## **Tables**

Table 1 - Labour market participation factors of youth aged 15 - 35 .....	10
Table 2 - Logit model of labour market participation factors .....	11
Table 3 - Breakdown of employed persons by type of employment .....	13
Table 4 - Reasons for leaving school .....	14

## **Figures**

Figure 1 - Cross-country comparison of years of education attained .....	6
Figure 2 - Cross-country comparison of attainment and performance .....	7
Figure 3 - Employment and education by age .....	9
Figure 4 - Qualifications awarded by grade in different countries .....	16

## 1. Introduction

This paper was prepared as a contribution to the HSRC's employment scenarios, which seeks to understand the link between education and employability. The starting question was:

“Why is the unemployment rate for those with some secondary schooling and matric approximately the same? Why do young people leave school before completing secondary school? Are they exhibiting a “rational” response? Once young people drop out, what are the channels to re-enter education; or what should they be?”

The paper specifically deals with a gap in the education path where there is no qualification below a matriculation certificate that provides a useful signal to employers. This is a gap since only approximately 50% of school entrants do not achieve a matric, and the majority of these people are from poor communities. While it would be ideal to expand the proportion that finish matric, global experience shows that it is likely that even in a context of highly successful education policy, there will still be substantial numbers that do not complete high school. Global experience also shows that quality of education is more important than length of schooling.

Therefore we address the policy challenge of designing a school leaving certificate below the Grade 12 level, in other words below the National Senior Certificate, which will satisfy the needs of the labour market with respect to efficient recruitment and skills requirements.

The Education White Paper 1, of 1995, which in many respects laid the basis for a post-apartheid education system, envisaged new a General Education Certificate, or GEC, that would be awarded to learners on completion of compulsory schooling at the end of Grade 9. However, given that virtually all education policies had to be redesigned with the advent of democracy, the GEC policy priority was just one of several, and for many years it had to give way to more pressing policy projects. It has only recently arrived near the top of the policy agenda, with the Department of Education (DoE) having committed itself to the introduction of the GEC in 2010. In certain respects, the DoE has opted for a gradual and cautious approach, and has not ruled out changes after 2010 on the basis of lessons learnt. There is clearly a need for focussed research in this area in the coming years.

This paper provides a short analysis of the labour market, and of quantitative and qualitative aspects of the schooling system, with a view to informing the design of the GEC. The policy conclusions are modest, partly because the time available did not permit us to talk to enough policy people, and partly because the discourse on the educational needs of youths who do not obtain the Grade 12 Senior Certificate (the so-called “Matric”) is not very developed in the country (at least not in the formal academic sense).

The analytical framework we use is largely that of economics of education, and of educational planning. Moreover, we are concerned only with the GEC insofar as it relates to Grade 9 learners. We are not concerned with the somewhat differently designed GEC that would be offered to adult learners.

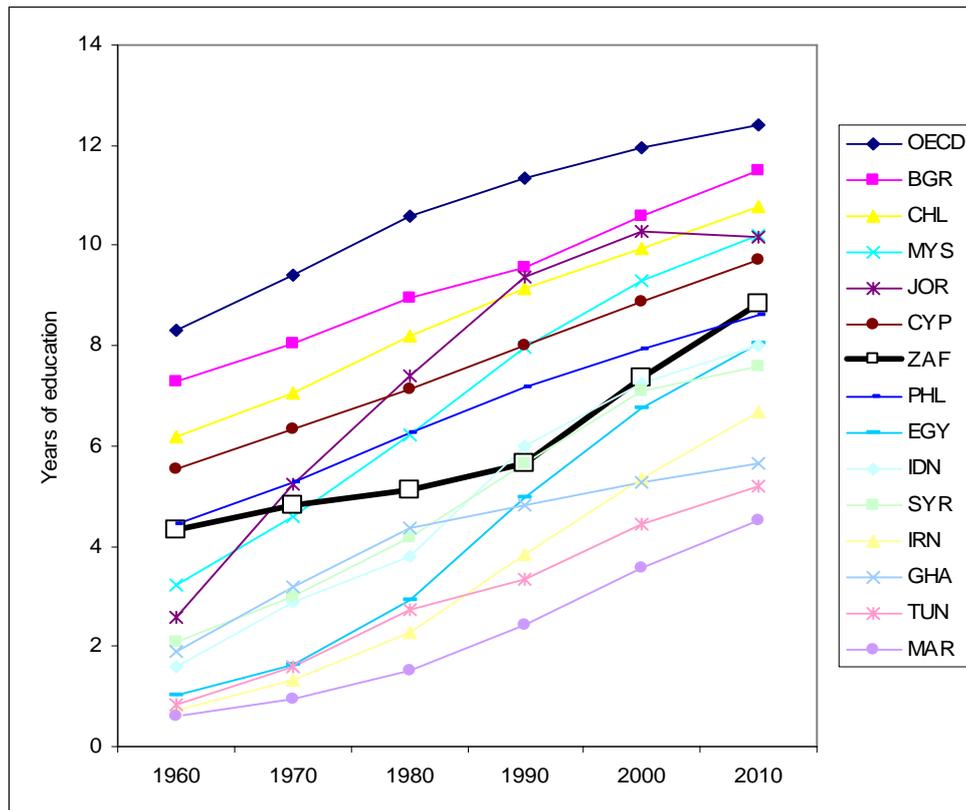
Section 2 of the paper looks at how South Africa compares internationally with respect to both years of secondary schooling, and the quality of secondary schooling. Section 3 looks at how the employability of youths differs depending on the level of schooling attained, and at what segments of the labour market are likely to be employing school leavers with a GEC. Section 4 examines the reasons why learners leave school before completing Grade 12. Section 5 assesses the current policy debate relating to the GEC. Finally, Section 6 summarises the policy conclusions.

## **2. How our quantity and quality of secondary schooling compare internationally**

Two key questions on which the design of the GEC depends are the following: Firstly, how many learners do and should proceed past Grade 9 to the Matric level? In other words, to what extent should the GEC be geared towards this promotion through the schooling system? Secondly, is the quality of secondary schooling adequate? This section deals with these questions through reference to some cross-country comparisons.

We begin with a look at the general level of education of adults. An indicator commonly used in this regard is the average years of education attained by all adults in the population. Cohen and Soto (2001) provide a useful and normalised set of country values for this indicator for several years. Figure 1 below illustrates figures for a selection of countries, namely non-OECD countries that participated in the 2003 Grade 8 run of the TIMSS programme and also appeared in the Cohen and Soto list. South Africa's 2010 estimate of 8.83 years of education for the average adult aged 15 to 64 is in fact close to the figure of 9.04 we obtain from an analysis of the March 2007 Labour Force Survey data. South Africa's value, according to the Cohen and Soto data, doubled between 1960 and 2010. In 2010, South Africa will have an adult population that is more educated on average (in terms of years of education) than that of Morocco, Tunisia, Ghana, Egypt, Indonesia and Philippines. But the South African average falls short of those of Malaysia (10.2 years) and Chile (10.8 years), countries one might expect South Africa to be on a par with. To a large degree South Africa's figure is a product of the apartheid legacy of under-investment in the education of black South Africans. This distortion will be corrected over time, but one should bear in mind that the lag between changes in the education system and changes to the value of this indicator are long.

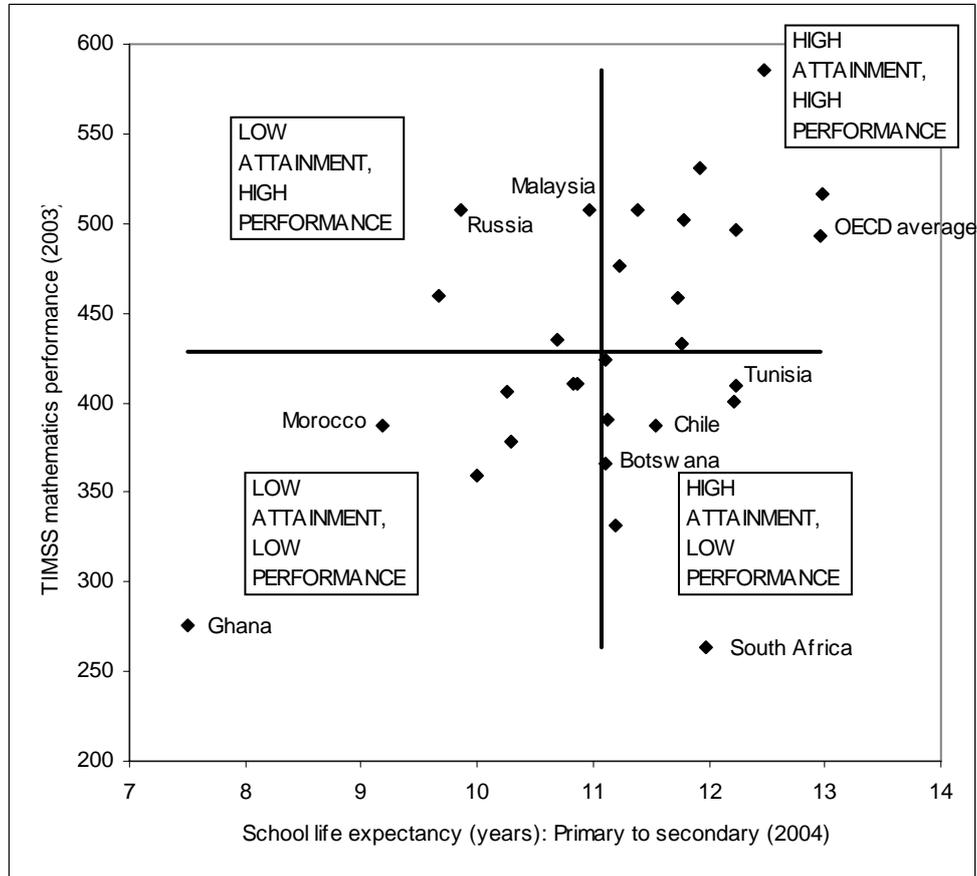
Figure 1 - Cross-country comparison of years of education attained



Source: Cohen & Soto, 2001. Note: The countries included are non-OECD countries that appeared in the Cohen-Soto list and that participated in TIMSS 2003 (though an OECD average is provided). The ISO code for South Africa is ZAF.

To gauge what movement in the indicator we can expect in future years, we need to examine what is happening within the education system now. We present a very basic analysis here, focusing exclusively on secondary schooling. The following graph illustrates, along the horizontal axis, grade attainment indicated by school life expectancy in 2004. South Africa ranks sixth out of the 28 non-OECD countries that participated in TIMSS with respect to school life expectancy, above Malaysia, Chile and Botswana. Other UNESCO indicators that reflect participation at the secondary level provide a similar picture. Of the 28 countries, and with respect to the gross enrolment ratio, South Africa ranks twelfth at the lower secondary level, tenth at the upper secondary level, and ninth at the secondary level as a whole. In all instances, the South African value exceeds the average for the 28.

Figure 2 - Cross-country comparison of attainment and performance



Source: Mullis, Martin, Gonzalez, & Chrostowski, 2004; UNESCO online database at <http://stats.uis.unesco.org>. Note: Individual non-OECD countries that participated in TIMSS 2003 are represented, as well as an OECD average. The horizontal and vertical dividing lines represent the non-OECD averages.

It is noteworthy that even in OECD countries a substantial proportion of youths tend not to complete senior secondary schooling. In the United States, for instance, 24 per cent of youths do not complete upper secondary education (whether general or vocational). The figures for Turkey and Mexico are 52 and 60 per cent respectively (figures from <http://www.oecd.org/dataoecd/17/16/39245042.xls>). The South African figure is around 50 per cent (this is discussed below).

Turning to the quality of secondary education, the vertical axis in Figure 2 represents the mathematics results for Grade 8 in TIMSS 2003. South Africa obtained the lowest average score amongst participating countries. Similarly worrisome figures emerge from the SACMEQ and PIRLS programmes dealing with performance at the primary school level.

South Africa is clearly situated in the high grade attainment but low learner performance quadrant in Figure 3. However, expanding access to upper secondary

schooling and the Matric certificate is arguably a worthwhile policy priority in terms of improving the level of education of adults. Figure 3 suggests that the weight given to this policy priority ought to be considerably lower than the weight given to the priority of improving the quality of schooling.

Why should we be concerned about the quality of schooling? Cross-country analyses have demonstrated that the links between education and economic growth are strong. However, the argument has undergone a major shift in recent years. Earlier models emphasised the relationship between more years of education and more economic growth. However, with the increasing availability of cross-country data on the quality of schooling emerging from programmes such as TIMSS, it became clear that years of education played a relatively small role, and that learner performance was the predominant factor associated with better economic growth (see in particular Hanushek and Woessman, 2007). Without substantial improvements in the quality of schooling in South Africa, this factor is likely to become an increasingly serious inhibitor of economic growth in future years.

### **3. How the level of schooling influences performance in the labour market**

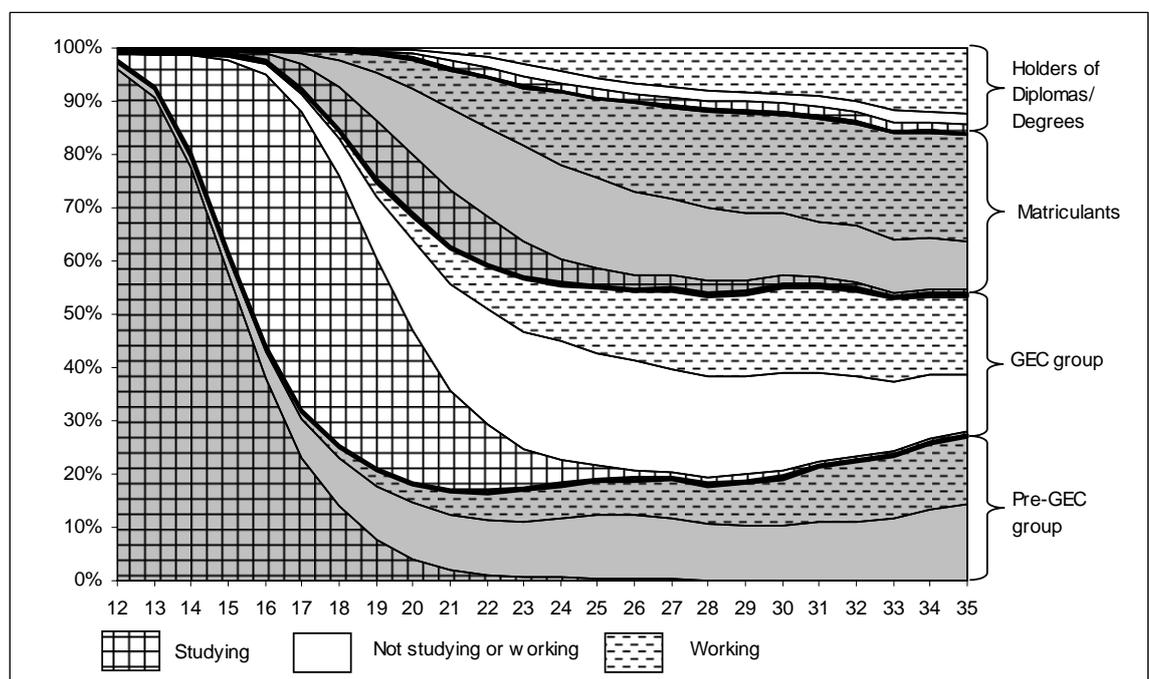
In this section we examine what proportion of youths who have not attained the Matric enter the labour market, and what kinds of jobs they occupy. To some extent, the design of the GEC needs to be informed by these labour market factors.

The relationship between education and labour market performance in South Africa has been fairly extensively studied. A recent contribution to this discourse, that of Keswell and Poswell (2004), indicates that it is only after twelve years of schooling (in other words once the learner has a Matric) that workers begin to see substantial earnings benefits in the labour market. This paper ignores earnings and focuses only on the relationship between years of schooling and the fact of being employed. This focus seems justifiable given the strong policy emphasis in the country (expressed for instance in AsgiSA) on employment. Moreover, the analysis concentrates on three groups of youths: (1) youths who have not completed Grade 9, called the “Pre-GEC group”, (2) youths who have completed Grade 9 but not Grade 12, called the “GEC group” (had the GEC existed, these youths would have held a GEC as their highest qualification) and (3) youths who have completed Grade 12, but have not obtained a post-Matric diploma or degree – this group we call “Matriculants”. Importantly, the “Matriculants” group could include youths who finished Grade 12 but did not pass the Matric examinations. The Labour Force Survey dataset we use does not allow us to separate out these youths and place them in the “GEC group”.

Figure 3 illustrates the distribution of the population by age across the three groups, plus a fourth group “Holders of Diplomas/Degrees”. The general pattern in recent years has been for 15 per cent of youths to obtain a post-Matric Diploma or Degree, for 30 per cent to become “Matriculants”, for 25 per cent to constitute the “GEC group” and for 25 per cent to make up the “Pre-GEC group”. Over time, the “Pre-

GEC” group is shrinking noticeably, indicating that the compulsory schooling policy is gradually being realised. However, what does not appear to be changing over time is the percentage of youths who do not complete Grade 12. This percentage appears to remain constantly at around 50 per cent (the higher percentage for ages 23 and below is an indication of the fact that many from the “GEC group” will soon obtain the Matric). This is a crucial point in terms of the GEC. Unless the current trend changes, as much as half of every cohort of youths is likely to have the GEC as their highest formal qualification.

Figure 3 - Employment and education by age



Source: Statistics South Africa: Labour Force Survey (LFS) dataset, March 2007. Note: The x axis represents age. A three-year moving average of values was calculated to smoothen the lines. Weighted observations were used throughout. A very small proportion (2%) of the “GEC group” consists of people who exited not schools, but lower level technical training. All of the “Matriculants” group exited from schools. The small group of non-school certificate holders at more or less the Grade 12 level were grouped with the “Holders of Diplomas/Degrees” group.

Table 1 provides more details on youths aged 15 to 35. (All the statistics that follow relate to this age group. Older adults were excluded as younger school leavers are likely to be more indicative of future trends.) The unemployment rate for Matriculants (whether the official or expanded definition is used) is clearly lower than that for the GEC group, though the Pre-GEC group appears to fare better than the GEC group. Females are under-represented in the Pre-GEC group, which is indicative of South Africa’s relatively good record when it comes to educating girls. Despite these educational advantages, however, and despite the positive correlation between years of education and being employed, being female is negatively correlated with being employed. The contrast between female advantage in the schooling system and female disadvantage in the labour market is one of several factors that make understanding

the link between education and labour market performance complex. Being African (whether determined on the basis of Stats SA's population group question or on the basis of language) is negatively correlated with the employment variable, and Africans are over-represented in the pre-GEC group. The better the educational level of the most educated household member, other than oneself, the better seem to be one's chances of obtaining the Matric, and the better the chance of obtaining a job. Perhaps surprisingly, given the role played by networks in obtaining a job, having someone else in the household with a job is weakly and negatively correlated with being employed. The positive correlation between living in a metropolitan area and obtaining a job should not come as a surprise.

**Table 1 - Labour market participation factors of youth aged 15 - 35**

	<i>Pre-GEC group</i>	<i>GEC group</i>	<i>Matriculants</i>	<i>Correlation with "is employed" (all observations)</i>	<i>Correlation with "is employed" (only non-students)</i>
N	11,241	16,974	9,587		
Weighted N	4,399,390	7,672,677	4,937,601		
Is employed	0.26	0.23	0.44		
Unemployment rate - official	0.32	0.44	0.34		
Unemployment rate - expanded	0.53	0.56	0.44		
Years of education	6.1	10.1	12.0	0.10	0.10
Age	23.2	23.0	26.1	0.44	0.25
Is female	0.43	0.51	0.52	-0.14	-0.21
Is African	0.90	0.86	0.75	-0.15	-0.17
Is an African home language speaker	0.88	0.85	0.73	-0.16	-0.17
Years of education of most educated household member (other than oneself)	8.0	9.4	9.9	0.01	0.06
Another person in the household is employed	0.51	0.56	0.61	-0.02	-0.01
In metropolitan area	0.20	0.29	0.39	0.13	0.12

*Source: LFS, March 2007. Note: There are six metropolitan areas in the country.*

To provide a more rigorous picture of the relative impacts on being employed of the several explanatory variables which, as we have seen, are intertwined in complex ways, we make use of a logit model. The analysis results appear in Table 2. We added the variable "Has Matric", given its clear statistical significance. It should be pointed out that the dependent variable, being employed, is not affected by the official versus expanded distinction as this distinction relates to the number of potential workers and not the number of employed workers.

**Table 2 - Logit model of labour market participation factors**

N	37784					
Pseudo R2	24.38					
	Coef- ficient	z	95% confidence interval		Median values	Change in probability
Years of education	0.039	3.93	0.020	0.059	10	0.01
Has Matric	0.532	9.72	0.424	0.639	0	0.10
Age	0.183	51.03	0.176	0.190	23	0.03
Is female	-0.882	-21.54	-0.962	-0.802	0	-0.11
Is an African home language speaker	-0.889	-16.52	-0.995	-0.784	1	0.18
Years of education of most educated household member	-0.115	-20.44	-0.126	-0.104	11	-0.02
Another person in the household is employed	0.486	10.89	0.399	0.574	1	-0.07
In metropolitan area	0.345	7.34	0.253	0.438	0	0.06
Constant	-4.239	-29.93	-4.516	-3.961		

*Source: LFS, March 2007. Note: The change in probability values are calculated using the logit value, which in turn is calculated using the estimated coefficients appearing above.*

All of the explanatory variables in Table 2 display statistically significant associations with being employed, judging from the  $z$  values. The model covers all youths aged 15 to 35. A related model covering only non-students was tested, and this gave very similar results. The last two columns provide statistics that facilitate the interpretation of the results. The right-hand column indicates the change in the probability of being employed associated with a change of 1 in the explanatory variable, relative to the median values of these variables in the sample. Thus, for instance, a change in the years of education from 10 (the median) to 11 years is associated with an increase in the probability of being employed of just one per cent. Having a Matric, on the other hand, is associated with a much larger change in the probability of being employed, of 10 per cent. In fact, three explanatory variables are dominant: having a Matric, being female, and being African (the last two are negatively associated with being employed). The influence of gender and race would work through a combination of, firstly, the historical education legacy (twelve years of schooling in an ex-African school is in general still not equal in terms of educational value to twelve years of schooling in an ex-white school), secondly, the inaccessibility of networks that can lead to a job for many black youths and, thirdly, discrimination in the labour market (despite affirmative action). For the purposes of this paper, it is the strong impact of having a Matric that is of special interest. Without this variable, the coefficient for the years of education rises from 0.039 to 0.098. But when we insert the Matric variable, the impact of each year of education becomes minimal. Put differently, the Matric certificate is of such importance in the labour market that the market attaches ten times as much value to it as to each additional year of schooling. This should not surprise us if we bear in mind that the Matric is the only easily identifiable currency there is in the labour market representing one's schooling. The results of the model are in fact a useful reminder of the importance of tangible education qualifications as an information tool that allows employers to make efficient selections amongst prospective employees, and that allows prospective employees to sell their labour on the market without having to resort to networks that depend on personal knowledge.

Turning to the other explanatory variables, the fact that the years of education of the most educated other person in the household should be negatively associated with being employed is counter-intuitive and difficult to interpret. The relatively strong association between having someone else in the household who is employed and having a job oneself is noteworthy. Not having this characteristic, which we can assume reduces one's chances of making use of personal networks, is associated with a reduction of seven per cent in one's probability of being employed.

To end off this section, we present a breakdown of the job characteristics of employed workers from our three educational groups, using three key dimensions imputed by Stats SA from the Labour Force Survey data: industry, occupation, and sector.

The differences between the three educational groups appear mostly to be a matter of degrees, as opposed to being abrupt. Moreover, the values for the GEC group tend to lie between the values for the two adjacent groups. For example, in all three groups most workers are employed in the formal sector, though the chances of having a formal sector job diminish as one's level of education diminishes. The design of the GEC, and the way the associated curriculum is implemented, needs to be informed by the labour market destinations of those in the GEC group who do not continue within the education system. Around 70 per cent of the employed in this group are in non-elementary occupations, so some level of specific skills is required. Of all workers in the GEC group, 29 per cent find themselves in the wholesale and retail trade industry and 16 per cent find themselves in manufacturing. The most common occupations are "Craft and related trades workers" and "Service workers and shop and market sales workers". These facts should inform the way the school curriculum up to Grade 9 is implemented, in particular the work-oriented learning areas Economic and management sciences and Technology.

**Table 3 - Breakdown of employed persons by type of employment**

<i>Industry</i>	<i>Occupation</i>	<i>Sector</i>	<i>Pre-GEC group</i>	<i>GEC group</i>	<i>Matri-culants</i>	
Agriculture, hunting, forestry and fishing	Skilled agricultural and fishery workers	Informal	6	3	1	
	Elementary occupations	Formal	12	4	1	
		Informal	3	1	0	
Mining and quarrying	Craft and related trades workers	Formal	1	1	1	
	Plant and machinery operators and assemblers	Formal	2	1	1	
Manufacturing	Clerks	Formal	0	1	2	
	Craft and related trades workers	Formal	3	3	3	
		Informal	2	2	1	
		Formal	2	3	4	
Construction	Plant and machinery operators and assemblers	Formal	2	3	4	
	Elementary occupations	Formal	3	4	3	
		Formal	3	4	3	
Wholesale and retail trade	Craft and related trades workers	Formal	5	4	2	
	Elementary occupations	Informal	4	4	1	
		Formal	4	3	1	
		Formal	4	3	1	
	Legislators, senior officials and managers	Clerks	Formal	0	1	3
		Service workers and shop and market sales workers	Formal	2	3	7
Informal			2	7	8	
Craft and related trades workers		Formal	2	3	1	
		Formal	2	3	3	
Elementary occupations		Formal	3	3	3	
	Informal	8	5	3		
Transport, storage and communication	Plant and machinery operators and assemblers	Formal	1	2	1	
Financial intermediation, insurance, real estate and business services	Clerks	Formal	0	1	5	
	Service workers and shop and market sales workers	Formal	2	5	6	
		Formal	1	2	1	
Community, social and personal services	Elementary occupations	Formal	1	2	1	
	Technicians and associate professionals	Formal	0	1	2	
		Formal	0	1	4	
		Formal	1	1	4	
Private households with employed persons	Service workers and shop and market sales workers	Formal	1	1	4	
		Formal	1	1	4	
	Elementary occupations	Formal	1	2	1	
Community, social and personal services	Service workers and shop and market sales workers	Informal	3	2	0	
		Domestic workers	10	8	4	
Community, social and personal services	Service workers and shop and market sales workers	Informal	1	1	1	
Above as a percentage of all employed			85	82	78	
Percentage of all employed who are in formal sector			54	62	83	
Percentage of all employed who are in elementary occupations			42	29	17	

*Source: LFS, March 2007. Note: Throughout, classifications as derived by Stats SA are used. Only combinations of classifications which covered at least 1% of the three education-defined groups combined were included in the table.*

## 4. Factors that make youths not continue through the FET band

This paper would be incomplete without some reference to the reasons why youths leave school before completing twelve grades. Unlike several other countries, South Africa does not restrict the supply of upper secondary schooling through any policy. In theory, any learner wishing to proceed to Grade 12 may do so. The reasons for leaving school thus tend to be related to demand, and to cost, including the opportunity cost of schooling considering that a sizeable proportion of youths do find work without completing Grade 12.

Table 4 indicates the reasons school leavers give for leaving. What is noteworthy is that although a high proportion of Matriculants indicate that they had completed their education, almost no school leavers from the GEC group indicated this, despite the fact that they had completed compulsory schooling. This holds true even if we focus just on those in the GEC group who completed Grade 9 and nothing else. It appears as if the notion that Grade 9 represents the completion of a process of basic (and compulsory) education is not one commonly held by youths. One can assume that this is partly a question of perceptions and the lack of a tangible Grade 9 qualification, and partly a reflection of the quality problems discussed above.

**Table 4 - Reasons for leaving school**

<i>Reason</i>	<i>Pre-GEC group</i>	<i>GEC group (Gr 9 only)</i>	<i>GEC group (Gr 9+)</i>	<i>Matriculants</i>
Too old/young	1	1	1	2
Has completed school/education	0	0	1	20
School/education institution is too far away	0	0	0	1
No money for fees	14	13	16	29
Working (at home or job)	5	4	6	16
Education is useless or uninteresting	5	5	3	1
Illness	2	2	1	0
Pregnancy	2	2	3	1
Failed exams	3	3	4	0
Got married	1	1	1	0
Family commitment (child minding, etc.)	5	4	4	3
% of group that responded	39	35	40	73

*Source: Statistics South Africa: General Household Survey (GHS) dataset, 2006. Note: Youths who were enrolled in an education institution would not have responded to this question. The question requires respondents to select just one option, which should reflect the main reason.*

For all educational groups, financial constraints are the greatest reason for not continuing with one's education. Recent policy shifts (which post-date the Table 4 statistics) aimed at banning school fees in schools serving poorer communities are expected to diminish the school fee problem substantially. However, it seems unlikely that this policy shift on its own will change substantially the school leaving patterns

illustrated in Figure 1. The fact that socio-economically disadvantaged learners face greater barriers to learning, combined with family pressure to earn an income, are likely to persist as factors that cause poorer learners to leave school before less poor learners. The GEC, especially if linked to improvements in the quality of schooling, could improve the opportunities of poor learners who leave school for the labour market, just as the no fee policy could improve the opportunities of those poor learners who wish to continue with their schooling.

## **5. A short history of the GEC and policy issues going forward**

The Education White Paper One term “General Education Certificate” became replaced after 1995 with the term “General Education and Training Certificate”, or GETC. It is only recently that in the policy debates there has been a return to the original term. Behind these terminology shifts lie important shifts of emphasis in the policy thinking, between the view that Grade 9 should mainly be seen as a springboard for further schooling or vocational training, making the GEC an “access certificate”, and the view that Grade 9 should be seen as a first major exit point from the schooling system, making the GEC an “exit certificate”. The latter view would have emphasised the training element. As the foregoing analysis should have made clear, the difference is a subtle one of emphasis. In reality, both views hold true as current trends indicate that GEC-holders will for many years enter the labour market in large numbers, but will also further their education in large numbers.

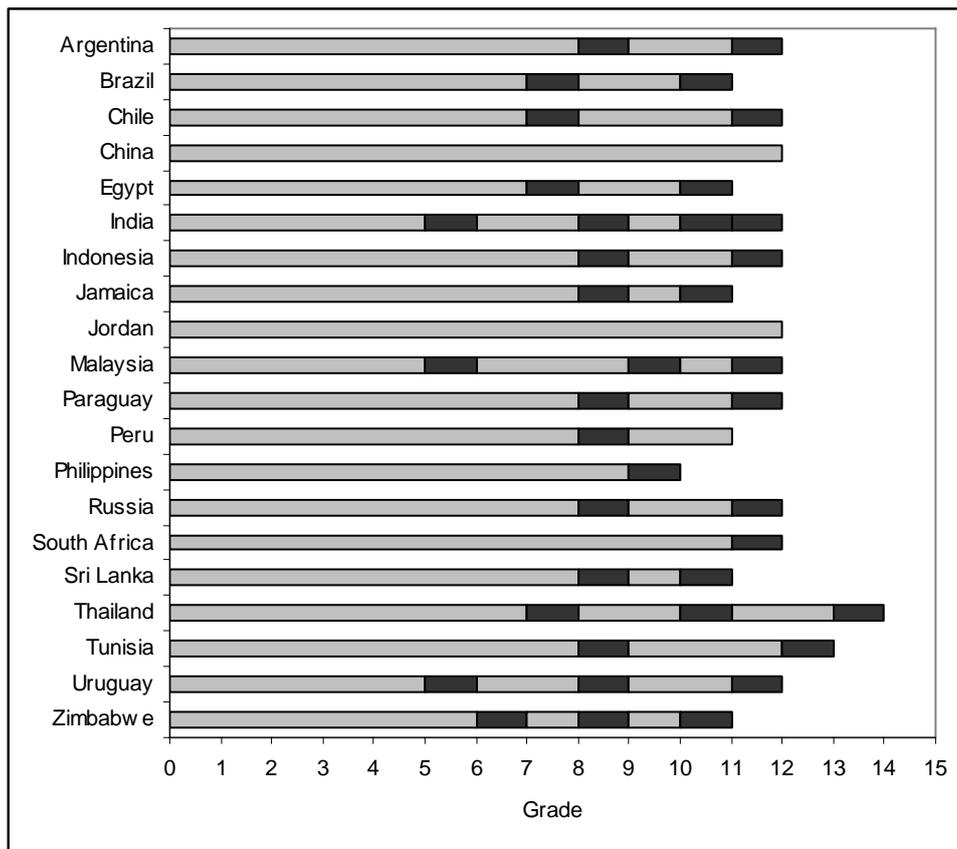
The current plans of the Department of Education (DoE) with regard to the GEC are at an advanced stage, though widespread publication of these plans has not occurred yet. The plan is to initiate the GEC in 2010. We interviewed a few key DoE officials to obtain our information.

The eight learning areas for the Senior Phase (Grades 7 to 9) of the 2002 curriculum will form the basis for the GEC. These learning areas are: Communication, Mathematics (these two comprise the “fundamental learning component”), Natural sciences, Human and social sciences, Technology, Economic and management sciences, Life orientation, and Arts and culture (the last six comprise the “core learning component”). These learning areas are clearly more oriented towards life skills and work skills than the subjects of the pre-2002 curriculum. Learners will have to pass a threshold score in both of the fundamental learning areas, and in a sufficient number of core learning areas, in order to obtain the GEC. This approach is similar to that of the revised Grade 12 certificate (being introduced in 2008).

A key debate has been the degree of standardisation required in the assessment of learners in the eight learning areas. The “exit certificate” view would tend to support a high level of standardisation, as without this, the certificate is unlikely to serve as educational currency for employers and employees in the labour market. However, even the “access certificate” view is compatible with high levels of standardisation, especially if the GEC is to be used for the selection and placement of learners in the Further Education and Training colleges. The DoE position is to base most of the GEC scores on standardised and nationwide examinations, and a minority of the

scores on assessment conducted by the school but moderated externally. A key concern is the cost of new standardised examinations for around a million learners every year, and the capacity of already stretched education bureaucracies to implement. The DoE intends to set the examinations using item banks of questions in order to streamline this process. The intention is moreover to issue the actual certificate on demand only, meaning the learner would apply for the certificate to be issued by the provincial education department. Not obtaining a certificate automatically, as occurs with the Matric, could have the effect of delaying entry into the labour market, which may be intentional and optimal. However, it also raises the risk that poorer learners who leave school may be disadvantaged in the labour market if the cost of obtaining the certificate (even if it is just the cost of visiting a provincial office, it is still a cost) means that the learner remains without a certificate for a period of time.

Figure 4 - Qualifications awarded by grade in different countries



Source: UNESCO, 2002. Note: Where a grade is marked in black, this grade results in the awarding of a qualification. The countries included, other than South Africa, are those participating in the World Education Indicators programme.

The introduction of the GEC would make the qualifications architecture of the South African education system more like that in other countries. The current DoE policy position on the GEC is partly the outcome of some cross-country comparisons. Figure 4 indicates that having qualifications at more than one point in the schooling trajectory is common.

## **6. A few policy conclusions**

In Section 3 we saw how having a Matric certificate increases a youth's probability of being employed substantially. This effect has less to do with any special characteristic associated with having twelve years of schooling, and more to do with the utility of a certificate as a tool for transmitting important information in the labour market. If the new GEC is based on assessments that are sufficiently standardised (it seems this will be the case), we can expect the GEC to become a strong predictor of obtaining employment, in the way that the current Matric is. The GEC will not directly create new jobs, though it can be expected to improve the efficiency with which employers and employees transact with each other. However, the GEC is likely to reorganise the labour market by reducing somewhat the importance of the Matric, and by making it more difficult for someone without a GEC (a youth who leaves school before Grade 9, in particular) to obtain a job. The latter effect can be regarded as desirable insofar as it will encourage youths to complete compulsory schooling. These shifts are likely to benefit the poor, who are more likely to see their children leave school before the completion of Grade 12.

Labelling the GEC an “access certificate” sends a valuable signal to society that education beyond the Grade 9 level is important and desirable. However, this should not detract from the fact that the current trend is for around a half of all learners to leave the education system before completing twelve years of schooling, meaning that a substantial proportion of all youths are likely to hold a GEC, and no higher qualification, for many years into the future. Current trends indicate that youths without the Matric do find jobs, though their unemployment rate is about ten percentage points worse than that of the Matriculants. Of those who do find jobs, most find jobs in the formal sector, and most find jobs requiring skills above an elementary level. This carries special importance for the way in which the workplace-oriented learning areas of the new curriculum are taught.

The GEC provides an ideal instrument for the schooling system to understand and improve the quality of schooling at a level below the Grade 12 level. Poor quality is undoubtedly a problem for the schooling system and for the country, in fact it is a far more serious problem than secondary school enrolment ratios. The GEC could form the basis for new incentive programmes that reward better performing schools. Given the depth of socio-economic inequality in the country, and the strong linkages between poverty and learner performance, such programmes would need to be sensitive to socio-economic status, for instance through the running of different sub-programmes for the different school poverty quintiles.

## 7. References

Cohen, D. & Soto, M. (2001). Growth in human capital: Good data, good results. Paris: OECD. Available from: <<http://www.oecd.org/dataoecd/33/12/2669509.pdf>> [Accessed June 2007].

Hanushek, E.A. & Woessman, L. (2007). *The role of school improvement in economic development*. Washington: National Bureau of Economic Research. Available from: <[http://papers.nber.org/papers/w12832.pdf?new\\_window=1](http://papers.nber.org/papers/w12832.pdf?new_window=1)> [Accessed June 2007].

Keswell, M. & Poswell, L. (2004). Returns to education in South Africa: A retrospective sensitivity analysis of the available evidence. *South African Journal of Economics*, 72(4): 834-860.

Mullis, I.V.S., Martin, M.O., Gonzalez, E.J. & Chrostowski, S.J. (2004). *TIMSS 2003 international mathematics report*. Chestnut Hill: Boston College. Available from: <<http://timss.bc.edu>> [Accessed August 2005].

UNESCO (2002). *Financing education: Investments and returns: Analysis of the World Education Indicators*. Paris. Available from: <<http://www1.oecd.org/publications/e-book/9603011E.PDF>> [Accessed January 2005].