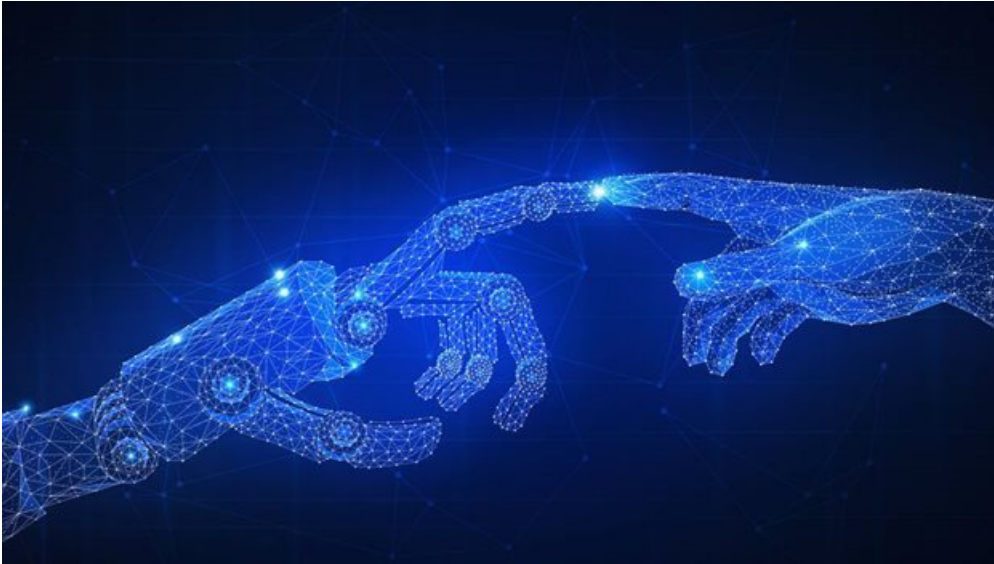


Report reveals digitalisation, automation could actually increase jobs

Technology-related gains could triple South Africa's productivity growth, more than double growth in per capita income, and add more than a percentage point to its real GDP growth rate over the next decade - according to a new report on *The Future of Work in South Africa: Digitisation, productivity and job creation* from McKinsey & Company.



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Speaking ahead of the launch of the report today alongside the World Economic Forum on Africa, Nomfanelo Magwentshu, a partner in McKinsey & Company's Johannesburg Office and co-author of the report, said that while the threat of digitalisation is real – and will result in significant displacement of jobs especially in the manufacturing and retail sectors – McKinsey research demonstrates that digitalisation and automation are likely to result in net gain in jobs.

Quality and quantity

“We expect to see an increase in both the number and the quality of jobs with a net gain of up to 1.2 million jobs across various sectors by 2030,” said Magwentshu. “These gains are likely to come about as a result of productivity improvements, strategic infrastructure development, and the evolution of technology.”

“And by leveraging these technology investments to improve productivity and innovation, South Africa has the opportunity to increase its competitiveness in key sectors and reignite growth.”

Researchers analysed a range of potential scenarios for the pace at which automation could affect job losses and offset this against the labour demand created by seven catalysts including infrastructure investment and energy transitions and efficiency. The research forms part of a global initiative by McKinsey on the Future of Work, focusing on how governments, businesses and members of the workforce can take action and adapt as digital technologies change the world of work.

Agesan Rajagopaul, co-author of the report and partner at McKinsey & Company said: “Our analysis demonstrated that women in particular stand to gain from these shifts in the workplace, in part because factors traditionally considered physical barriers to women’s participation such as working with heavy machinery will be removed. Digital and internet technologies will also make reskilling more accessible and enable flexible working.”

However, the authors caution that there needs to be concerted action on the part of government, business, educational institutions and individuals to realise these gains; they won’t be achieved if the country takes a business-as-usual approach or is too focused on short-term gains.

Invest in human capital

Crucially, new, technology-enabled jobs will require higher skills levels and greater application of expertise and management, which will necessitate a significant investment in human capital. The report estimates that there will be demand for an additional 1.7 million employees with higher education by 2030.

“If workforce displacement from automation is not managed effectively, and the graduate conversion rate in the country is not improved, the result could be a significant increase in overall unemployment. South African businesses would be hurt by both a slowdown in consumer demand and a shortage of critical skills,” said Rajagopaul.

“With foresight and a commitment to act, South Africa can capture the opportunity offered by technology, manage the risks and ensure that the gains are broadly shared.”

The report lays out a four-step plan for national action to improve the country’s readiness and points to precedents in other economies that have implemented a holistic, national response to the 4IR. For example, one country in the Middle East opened a technology centre to accelerate the competitiveness of 200+ manufacturers and build capabilities of in excess of 180,000 employees.

The report also makes recommendations for organisations and individuals, emphasising that the scale of the challenge demands action at all levels.

“The case for taking such action is urgent and compelling, given South Africa’s high levels of unemployment and the need to accelerate inclusive economic growth,” said Magwentshu.

“If leaders in the public, private and education sectors work together in bold and imaginative ways, they can harness digitisation to catalyse a skills revolution in South Africa – and create millions of a new, high-quality jobs.”