



# SECTOR SKILLS PLAN

2019/20



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA







The Services SETA (Sector Education & Training Authority)  
15 Sherborne Road, Parktown, Gauteng, 2193,  
P O Box 3322, Houghton, 2041  
Email: [customercare@serviceseta.org.za](mailto:customercare@serviceseta.org.za),  
Website: [www.serviceseta.org.za](http://www.serviceseta.org.za)  
Tel: 011 276 9600, Fax: 011 276 9623



31 July 2018

**DIRECTORATE: SETA SUPPORT AND LEARNERSHIP**  
**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**BY HAND**

**SERVICES SETA SECTOR SKILLS PLAN 2019/20 FOR SUBMISSION ON 01 AUGUST 2018**

This update of the Services SETA Sector Skills Plan 2019/20 (SSP) is aligned to the revised *Sector Skills Plan Framework* issued by the Department of Higher Education and Training (DHET). Central to the revised Framework is the change in terminology from “scarce skills” and “critical skills” to “hard-to-fill vacancies” and “skills gaps”, respectively. These changes have led to increased response rates to the employer survey that collects skills demand and supply information, thereby enhancing the match between skills demand and supply for the services sector. Feedback from the SSP Review Panel (SSP 2018/19) and the DHET’s Support and Learnership Directorate has been incorporated in this update.

The use of the draft Employer Skills Survey represents a major area of improvement. Questions on hard-to-fill vacancies and skills gaps were incorporated in the Workplace Skills Plan and Annual Training Report template to directly determine the nature and magnitude of skills scarcity from employers. Additional modifications to the template include the requirement by employers to indicate the quantity of hard-to-fill vacancies and/or skills gaps and state the reasons for each response. These improvements were instrumental in quantifying skills needs for the services sector as reflected in Chapter 3.

The Services SETA continues to invest in primary research to adequately profile the sector with regard to economic performance and labour market profile. As outlined in the section on *Research Methods*, findings from seven primary research studies have been used for this update. Findings from these studies were complimented by *Skills Demand Forecast Model* for the service sector which provided short- and medium-term projection of labour replacement demand in the sector. The model was also used to quantify the PIVOTAL list which will inform the Strategic Plan 2019/20 update as well as the Annual Performance Plan.

Yours sincerely

**MR ANDILE NONGOGO**  
**CHIEF EXECUTIVE OFFICER**

**DR MARIA MARINKIE MADIOPE**  
**CHAIRPERSON: ACCOUNTING AUTHORITY**



## OFFICIAL SIGN-OFF

It is hereby certified that this Sector Skills Plan:

- was developed by the Management of the Services SETA in consultation with the Department of Higher Education and Training
- was informed by extensive primary and secondary research and complimented by comprehensive literature reviews
- involved representative stakeholder consultation
- accurately identifies hard-to-fill vacancies and skills gaps to inform strategic and annual performance priorities.


Sibusiso Dhladhla

Signature:  .....

Acting Executive Manager: Planning

Date: .....31/07/2018.....

Andile Nongogo

Signature:  .....

Chief Executive Officer

Date: .....31/07/2018.....

Dr Maria Marinkie Madiope

Signature:  .....

Chairperson: Accounting Authority

Date: .....31/07/2018.....

For more information, please contact:

Services SETA

PO Box 3344

Houghton

2041

South Africa

Tel: +27 11 276 9600

Fax: +27 86 5277 026

Email: [customercare@serviceseta.org.za](mailto:customercare@serviceseta.org.za)



## FOREWORD

This Services SETA's Sector Skills Plan (SSP) update for 2019/20 comes at a crucial time for the Post-School Education and Training (PSET) landscape. The new PSET landscape has been expanded to include Higher Institutions of Education (HIEs), Technical and Vocational Education and Training (TVET) and community colleges among others. These developments require innovative approaches to the delivery of skills development interventions, including development of occupationally-directed qualifications that respond to the relevant needs of the country to grow the economy, and thus, address the challenges of unemployment, poverty and inequality.

The Services SETA has identified strategies through which to meet these developments. This SSP has outlined four key priority areas: promoting access to skills development through infrastructure development support; capacitation of skills providers through workshop and appropriate training interventions; improving relevance of qualifications through regular reviews and updates; and increased mobilisation of the industry participation in Services SETA offerings through improved communication. These priorities will inform the upcoming update to the Strategic Plan, Annual Performance Plan and budget of the SETA.

The Services SETA continues to invest in labour market intelligence of the sector through scientific, primary research. Findings from these research studies are used to inform skills development interventions offerings. In the last financial year six large-scale research studies were conducted with more research projects in progress. The focus is on the assessment of the impact of learning interventions – especially workplace-based learning,

short- to-medium term view of the future of jobs, alignment of jobs to occupation, and informing pipeline of skills supply, to mention, but a few.

Working with TVET and community colleges and other interested partners, the Services SETA will continue to expand access to remote areas. The Entrepreneurship and Cooperative Development Institute will play a catalyst role in promoting entrepreneurship development across the country, with special focus on marginalised communities and groups such as blacks, women, youth and people with disabilities in line with the National Skills Development Strategy III's transformational imperatives.

The Services SETA will endeavour to execute this plan in accordance to the company's values of: accountability, innovation, integrity, professionalism and responsiveness. This mission will be pursued with the highest degree of ethical conduct and excellence in line with the President's call for clean governance – *"Thuma Mina"*.



**DR MARIA MARINKIE MADIOPE**

**CHAIRPERSON: ACCOUNTING AUTHORITY**

**DATE: 31 JULY 2018**



## TABLE OF CONTENTS

List of Tables	iv
List of Figures	iv
List of Acronyms	v
Executive Summary	vi
Research Process and Methods	ix
<b>CHAPTER ONE: SECTOR PROFILE</b>	<b>1</b>
1.1. Introduction	2
1.2. Scope of Coverage	2
1.3. Key Role-Players	7
1.4. Economic Performance	9
1.5. Employer Profile	12
1.6. Labour Market Profile	15
1.7. Conclusion	19
<b>CHAPTER TWO: KEY SKILLS ISSUES</b>	<b>21</b>
2.1. Introduction	22
2.2. Change Drivers	22
2.3. Alignment with National Strategies and Plans	25
2.4. Conclusion	27
<b>CHAPTER THREE: OCCUPATIONAL SHORTAGES AND SKILLS GAPS</b>	<b>29</b>
3.1. Introduction	30
3.2. Occupational Shortages and Skills gaps	30
3.3. Extent and Nature of Supply	36
3.4. PIVOTAL List	44
3.5. Conclusion	51
<b>CHAPTER FOUR: SECTOR PARTNERSHIPS</b>	<b>53</b>
4.1. Introduction	54
4.2. State of Existing Partnerships	56
4.3. Strengths and Lessons Learnt from Existing Partnerships	61
4.4. New Partnerships	63
4.5. Best Practice for Effective Partnerships	65
4.6. Conclusion	65
<b>CHAPTER FIVE: SKILLS PRIORITY ACTIONS</b>	<b>67</b>
5.1. Introduction	68
5.2. Findings from Previous Chapters	68
5.3. Recommended Actions	69
5.4. Conclusion	71
<b>REFERENCES</b>	<b>72</b>





## LIST OF TABLES

Table 1: Services SETA Scope of Coverage by Chamber, Subsector and SIC Code	3
Table 2: Subsector descriptions	5
Table 3: Services SETA Stakeholders	7
Table 4: Comparison of Services SETA and Economic Sectors	10
Table 5: Gross Value Added, 2016, 2017	11
Table 6: Services SETA Sub-sectors by Size and Levy Status	13
Table 7: Employment, 2017, 2018	16
Table 8: Employment by Gender, Race and Age in the services sector	17
Table 9: Employment by Occupational and Qualification in Services Sector	18
Table 10: Alignment with National Strategies and Plans	26
Table 11: Hard-to-fill Vacancies by Major OFO Group and reasons	31
Table 12: Skills Gaps by Major OFO Group and reasons	33
Table 13: Trade Interventions Earmarked by the Services SETA	35
Table 14: Enrolment and completion figures of learners at tertiary institutions	36
Table 15: Enrolment and completion rates of SETA-funded learning interventions	37
Table 16: Services SETA's Accredited Training Service Providers by qualification	39
Table 17: Services SETA Occupational Qualifications Submitted to QCTO	42
Table 18: Services SETA PIVOTAL List 2019/20	46
Table 19: Active Skills Supply Partnerships with the Services SETA	57
Table 20: Active Intermediary Partnerships with the Services SETA	57
Table 21: TVET Colleges' partnerships with the Services SETA	58
Table 22: Services SETA initiated Skills Development Centres	60
Table 23: University Partnerships with the Services SETA	61
Table 24: Lesson learnt from existing partnerships	62
Table 25: New partnerships	63
Table 26: New Infrastructure support for skills development partnerships	64

## LIST OF FIGURES

Figure 1: Contributions to growth in GDP (constant 2010 prices, seasonally adjusted and annualised)	10
Figure 2: Services SETA employers by provincial spread	15
Figure 3: Employment by Industry, thousands	16
Figure 4: Demand for skills in different industry sectors, 2015 and 2020	33
Figure 5: Services SETA Funded Learner Enrolments by Learning Intervention, 2012/13-2016/17	38
Figure 6: Certifications/completion Across Learning Interventions, 2012/13-2016/17	39
Figure 7: Services SETA partnership framework	55



## LIST OF ACRONYMS

<b>AET</b>	Adult Education and Training
<b>ATR</b>	Annual Training Report
<b>BBBEE</b>	Broad-Based Black Economic Empowerment
<b>DHET</b>	Department of Higher Education and Training
<b>ECDI</b>	Entrepreneurship and Cooperative Development Institute
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information Communication Technology
<b>IPAP</b>	Industrial Policy Action Plan
<b>LPE</b>	Levy Paying Employer
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NAMB</b>	National Artisan Moderation Body
<b>NDP</b>	National Development Plan
<b>NGP</b>	New Growth Path
<b>NLPE</b>	Non-Levy Paying Employer
<b>NQF</b>	National Qualifications Framework
<b>NSA</b>	National Skills Authority
<b>NSDS</b>	National Skills Development Strategy
<b>OFO</b>	Organising Framework for Occupations
<b>PFMA</b>	Public Finance Management Act
<b>QCTO</b>	Quality Council for Trade and Occupations
<b>QLFS</b>	Quarterly Labour Force Survey
<b>RPL</b>	Recognition of Prior Learning
<b>SAQA</b>	South African Qualifications Authority
<b>SDC</b>	Skills Development Centre
<b>SDL</b>	Skills Development Levy
<b>SDLA</b>	Skills Development Levies Act
<b>SDP</b>	Skills Development Provider
<b>SETA</b>	Sector Education and Training Authority
<b>SIC Code</b>	Standard Industrial Classification Code
<b>SIPs</b>	Strategic Integrated Projects
<b>SME</b>	Small Micro Enterprises
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SQMRs</b>	SETA Quarterly Monitoring Reports
<b>SSP</b>	Sector Skills Plan
<b>Stats SA</b>	Statistics South Africa
<b>TVET</b>	Technical and Vocational Education and Training
<b>WSP</b>	Workplace Skills Plan
<b>WTO</b>	World Trade Organisation
<b>QLFS</b>	Quarterly Labour Force Survey



## EXECUTIVE SUMMARY

This Sector Skills Plan (SSP) 2019/20 update is informed by findings from primary and secondary research methods that were used to collect information on skills demand and supply in the services sector. Primary research includes the analysis of Services SETA performance information, employer surveys and stakeholder engagements. Secondary research includes: Desktop literature review and analysis of employers' recruitment data; Services SETA employers' mandatory grant data; Stats SA's Quarterly Labour Force Survey. Research findings were validated through stakeholder workshops comprising of the management of the Services SETA and key industry representatives.

The services sector, as demarcated by the Department of Higher Education and Training (DHET), refers to the 70 Standard Industrial Classification (SIC) Codes. The 70 industries have been divided into six chambers and 16 subsectors for operational purposes. As of May 2018, there were approximately 131 105 employers actively trading within the sector. The large majority of employers are classified as medium to small (73%), implying, companies employing no more than 150 people. Employers in the Services SETA sector are concentrated in Gauteng, KwaZulu-Natal and the Western Cape provinces. Key role players, and their influence on the services sector, include the Accounting Authority, Chamber Committees, employers, employees and professional bodies. Over the many years, the Services SETA has established strong partnerships with the business and labour force to facilitate greater collaboration towards research on skills demand and identification of relevant supply interventions.

Research indicates that the services sector remains

the largest economic sector in terms of size, employment and contribution to the economy. Data from Stats SA indicates that the sector contributes 22% and 17.9% of the Growth Domestic Production and Gross Value Added, respectively. More than 3 million people are employed in this sector. The labour force is predominantly black (80%), women (57%), and youth (15-34 years, 37%).

Employer data from the Services SETA database indicates that the community, social and personal services subsector employs more people (47%). The labour force in the services sector is employed in the low-level, low-paying occupational categories, namely: Clerical, elementary and domestic. The implication for skills development is that the sector should strike a proper balance between training for productive industries, which are found in the manager, professional and technical occupation, to support economic growth and the non-productive sector to promote transformation and equity, by training the low-level labour force. Analysis of skills demand indicates a strong demand for skills development interventions at NQF Level 6 and above. The Services SETA is working with South African universities to ensure that relevant occupational qualifications are registered at these levels.

Rapid change in technology, due to high paced-innovation, remains the biggest driver of change for the services sector economy. Industries mostly affected by technological change include marketing, real estate, postal services, contact centres and funeral services. Implications are that the labour force needs to be constantly acquiring the requisite skills, while the education and training institutions ensure the relevance of qualifications on offer. Efforts are underway at the Services SETA to develop qualifications that address skills demand driven by technological change, especially management of big data.



Migration appears to play a dual role in the services sector. On the one hand, the sector is gaining valuable expertise from expatriates, especially at the productive sector level. On the other hand, the inflow of semi-skilled migrants tends to push down wages in the fight for employment, thereby pushing vulnerable sections of the population into deeper levels of poverty. Informal trading becomes the sole survival strategy. Basic entrepreneurial skills are imperative to help realise the goals of growing a small business. The Entrepreneurial and Cooperative Development Institute is one of the interventions by the Services SETA to achieve this objective. Another driving force that has an impact on the services sector is policy and legislative changes. There is a shared concern among business owners that the legislated minimum wage of R20/hour may impact small businesses negatively due to the escalation in operational costs. The Services SETA will need to capacitate the small business legislative regime in South Africa to promote compliance in, and stimulate growth of, the sector.

Environmental policies also have an impact on the sector, especially the Cleaning and Hiring Services and Personal Care Services Chambers. There has been an increase in businesses adopting green policies, from recycling office paper to using green cleaning products. The hair-care industry tends to be decidedly informal, with poor adherence to environmental policies. Product suppliers provide short-term training, which at times, do not qualify according to industry standards. The Services SETA is working with the Universities of Limpopo and Cape Town to develop qualifications that will address identified environmental concerns in the funeral and hair care subsectors. Through a Research Chair on green skills, the Services SETA aims to identify pockets of green economy in the services sector

value chain and propose training interventions. This intervention will be driven through the University of Mpumalanga Research Chair.

Alignment between this SSP 2019/20 and the National Development Plan (NDP), National Growth Path (NGP), Industrial Policy Action Plan (IPAP) 2016/17–2018/19, Medium-Term Strategic Framework (MTSF) (2014-2019), National Skills Development Strategy (NSDS) III, White Paper on Post-School Education and Training, and the Government's 9-Point Plan (especially Point 7) has been highlighted and the contribution of the Services SETA to the implementation of each, discussed.

Analysis of hard-to-fill vacancies in the services sector identified 49 occupations where the search for suitable candidates proves difficult. The identified occupations are a proxy indicator of scarcity. An analysis of this list indicates a strong demand for training at NQF Level 6 and above. As discussed above, the Services SETA plans to work with universities to develop and register occupational qualifications at this level. A total of 23 skills gaps were identified for which skills programmes will be designed to address the demand. Emanating from the lists of hard-to-fill vacancies or skills gaps, a draft PIVOTAL list has been developed jointly with key stakeholders. The magnitude of demand will be determined, and the planned interventions identified before the final submission on 1 August 2018. Identified interventions will inform the updates of the Strategic and Annual Performance Plans 2019/20.

Given the importance of partnerships in skills development, the Services SETA has initiated a number of partnerships with key stakeholders, which include Technical and Vocational Education and Training (TVET) colleges, universities, local municipalities, and strategic national and provincial



departments. The focus of these partnerships is on skills demand and supply, the roles of TVET Colleges, Higher Education Institutions, intermediaries and inter-SETA collaboration. The current inter-SETA collaboration is the best partnership model for the Services SETA.

The Services SETA identified four critical areas for interventions to promote skills development in the sector in the short-to-medium term. These include:

- Alignment and review of Services SETA qualifications
- Promoting access to skills development
- Entrepreneurship and cooperative development
- Mobilisation of industry to participate in WBL



## RESEARCH PROCESS AND METHODS

The SSP 2019/20 update is informed by primary and secondary data. Primary data was gathered through qualitative and quantitative research methods. Secondary research involved the review of existing literature, analysis of the WSP/ATR data – in response to a set of specific research questions – and research reports on studies commissioned by the Services SETA in the past. Primary research studies that were conducted for the update are highlighted below. Findings from a total of eight studies were subsequently used in the update process.

### a) Research Study Title: Employer survey

Objective of the study	The purpose of this study was to understand the scale of the workforce and occupations in demand
Research design	Quantitative
Research method	Telephonic survey and online survey
Sample size	2 075 entities who submitted at least one WSP and ATR, and 4 045 entities that never submitted a WSP and ATR
Data sources	Completed questionnaires and interview notes
Study duration	Started 1 March 2018 and completed in 31 May 2018.

### b) Research Study Title: Skills demand analysis for services sector in South Africa

Objective of the study	To produce a “Skills Demand Forecasting Model” that can provide accurate skills projections for the Services SETA
Research design	Qualitative and Quantitative
Research method	Literature review, stakeholder workshops
Sample size	Six chambers committees representing 176 000 employers
Data sources	Workshop reports, WSP/ATR, QLFS, Stats SA data – e.g. mortality rates etc.
Study duration	1 June 2017 to 28 February 2018

### c) Research Study Title: Analysis of hard-to-fill vacancies and skills gaps in the workplace

Objective of the study	The purpose of this project is to analyse WSP/ATR data and conduct employer interviews to generate the list of hard-to-fill vacancies and skills gaps in the services sector
Research design	Quantitative and qualitative
Research method	Desktop analysis of existing data and interviews with employer representatives
Sample size	About 28 employers submitting WSPs
Data sources	Interview transcripts
Study duration	Started 1 March 2018 and planned to be completed by 31 July 2018

#### d) Research Study Title: Future job study

Objective of the study	The purpose of this project is to identify occupations that may become obsolete in the next ten years and new ones that might emerge
Research design	Quantitative and qualitative
Research method	Desktop analysis of existing data, scenario planning/development, key informant interviews, sector stakeholder engagement sessions, forecasting and surveys with employers and captains of the services sector
Sample size	Convenience sampling strategy will be employed – sample will be finalised later
Data sources	Workshop summaries, completed questionnaires and interviews
Study duration	Started 1 June 2017 and planned to be completed by 30 October 2018

#### e) Research Study Title: A formative evaluation of Services SETA funded Skills Development Centres (SDCs) across the country

Objective of the study	The purpose of this project is to conduct a formative evaluation of the Services SETA SDCs to establish the scope of services, organisational structure, staffing, funding and cost structure, relationships with education and non-education institutions (municipality and industry/business)
Research design	Multi-method approach that combines quantitative and qualitative
Research method	Self-evaluation survey, site evaluation survey, key informant interviews, focus groups and household surveys
Sample size	11 SDCs established and funded by Services SETA
Data sources	Completed focus group discussions, interviews and questionnaires
Study duration	Started 1 March 2018 and planned to be completed by 28 February 2019

#### f) Research Study Title: Analysis of skills demand and supply in the funeral industry

Research design	Qualitative
Research method	Interviews with key informants and literature review notes
Sample size	Services SETA's 16 sub-sectors
Data sources	Interviews notes and secondary data analysis
Study duration	Started November 2015 and completed on 31 March 2017



## STAKEHOLDER CONSULTATIONS

In preparing this update, the Planning Department of the Services SETA consulted with both internal and external stakeholders. Consultations with external stakeholders included workshops in the following provinces:

Province	Date
Gauteng	05 April 2018
Western Cape	06 April 2018
KwaZulu-Natal	06 April 2018
North West	09 April 2018
Eastern Cape	09 April 2018
Free State	18 April 2018
Industry Representatives	15 May 2018







## Chapter One: Sector Profile

## 1.1. Introduction

The main purpose of this chapter is to present a profile of the services sector. It indicates the scope of coverage, key role-players, economic performance and labour market profile of the services sector. This chapter is informed by data collected through primary and secondary research. Primary data include analysis of the Services SETA WSP and ATR data, the employer survey carried out by the Services SETA in 2017/18, Services SETA Performance Information, Quarterly Labour Force Surveys (QLFS), and Quarterly Employment Surveys (QES) by Statistics South Africa. WSP and ATR data has been used in the main to corroborate data from Stats SA which provide a national picture of the services sector economy. Secondary data include a review of research studies commissioned by the Services SETA, highlighted in the research methodology section and desktop literature review.

## 1.2. Scope of Coverage

The Department of Higher Education and Training (DHET) defines the services sector differently to other industry classification practices. The definition, from the General Agreement on Trade and Services and the World Trade Organisation (WTO), refer more to the Tertiary Sector of the economy – concerned with the provision of services. Stats SA reports classify industries using *The Standard Industrial Classification of All Economic Activities (SIC)*, Fifth edition, January 1993. As a result, the SIC codes allocated to the Services SETA can be found in five major groups which include:

- Major Division 7: Transport, Storage and Communication;
- Major Division 8: Financial Intermediation, Insurance, Real Estate and Business Services;
- Major Division 9: Community, Social and Personal Services;
- Major Division 10: Private Households, Exterritorial Organisations, Representatives of Foreign Governments and other Activities not adequately defined.

In total 70 SIC Codes have been determined, by the Minister of Higher Education and Training, to fall within the scope of the Services SETA, See Table 1. As far as possible, any reference to “services sector” refers to this classification, unless stated otherwise.



**Table 1: Services SETA Scope of Coverage by Chamber, Sub-sector and SIC Code**

Chamber	Sub-sector title	Gazetted industry descriptor (SIC code)
Cleaning and Hiring Services	Hiring Services	Office machinery, equipment and rental leasing (86025); Renting of construction or demolition equipment with operators (50500); Renting of other machinery and equipment (85200); Function and catering equipment hire (99029); Miscellaneous item hire (99035); Truck hire (99036); Video hire (99037); Truck and plant hire (99052).
	Household Services	Dry cleaning and laundering (99025); Garden maintenance services (99026).
	Domestic Services	Domestic services (99027)
	Cleaning Services	General cleaning (99002); Cleaning of carpet and upholstery (99018); Pet care (99047); Cleaning equipment and consumable supply (99019).
Communication and Marketing Services	Marketing Services	Marketing services (9001); Marketing communications (incl. public relations) (9002); Direct marketing (9008); Market research and public opinion polling (88130); Brand marketers (99038).
	Contact Centres	Contact centre management of people (99055)
	Postal Services	National postal activities (75110); Banking via post office (75111); Mail handling (75121).
Labour and Collective Services	Labour Recruitment Services	Permanent employment agencies (88918); Labour recruitment and provision of staff (88910); Private employment agencies and temporary employment services (88916); Personnel services agencies (99045); Temporary employment services (88917).
	Collective Services	Activities of professional organisations (95120); Professional bodies (95155); Bargaining councils and dispute resolution (95991); Associations, federations and umbrella bodies (95992).
Business and Management Services Chamber	Business Services	Import and export of various metals (61421); Other business activities (88000); General consulting services (88141); Business activities n.e.c. (88900); Other recreational activities (96490); Other service activities (99000); Quality management and related services (99014); NGO management and services (99016); Non-financial business management and management consulting (99015); Other service activities n.e.c (99090).
	Project Management	Generic project management (99039); Event and conference management excluding the operation of convention centres (99056).

Chamber	Sub-sector title	Gazetted industry descriptor (SIC code)
Personal Care Services	Hair Care	Ladies hair dressing (99022); Men's and ladies hairdressing (99023).
	Beauty Treatment	Beauty treatment (99024); Nail technology including nail technologist, nail technicians, distributors and agencies of nail products (99041); Non-allied registered perfumery including aromatic oils and related products, perfumery consultants, sales people and agencies of nail products (99042); Health and skin care incl. health and skin care therapists, stress therapists and cosmetologists, slimming salons and distributors of slimming products (incl. slimming machines) (99043); Make-up artistry (99044); Distributors of slimming products including slimming machines (99050); Distributors of make-up products and related merchandise (99051).
	Funeral services	Cutting, shaping and finishing of stone (34260); Funeral and related activities (99030); Coffin making by funeral enterprises (99033).
	Fashion	Modelling agencies (99046); Fashion design not related to clothing (99054).
Real Estate and Related Services	Real estate services	Decorators/interior designers and decorators (50411); Real estate activities (84000); Real estate activities with own or leased properties (84100); Real estate duties on a fee or contract basis (84200); Real estate valuation services (84201); Property management services (84202); Estate agencies (84203); Valuers, including auctioneers (99053).



Table 2 provides brief description of each subsector. The services sector remain the largest sector in terms of number of employers, employment and contribution to Gross Domestic Product (GDP); as subsequent sections of this Sector Skills Plan (SSP) will indicate.

**Table 2: Subsector descriptions**

Sub-sector	Description
Hiring Services	Truck and construction plant hire; building and construction equipment; earthmoving, excavating and crane hire; hire function, office supplies and equipment; small tool hire; video hire; clothing, garment, costumes and other equipment hire.
Household Services	Garden maintenance - maintain the general health or condition, and the presentation of a garden; lawn mowing, lawn repair and renovation; pruning, spraying pesticides, fertilising or soil care, replacing old or sick plants, maintaining indoor plants, tree surgery.  Dry cleaning and laundering - family and commercial laundries; garment pressing; agents and other laundry facilities.
Domestic Services	The employment of hired workers by private households for the performance of house cleaning, child care, cooking, gardening and personal services. The performance of similar tasks for hire in public institutions and business, including hotels and bordering houses.
Cleaning	The provision of cleaning services to individuals, households, and businesses (contract cleaning); general cleaning services; cleaning of carpets and upholstery; industrial cleaning and pet care.
Marketing	Includes marketing and public relations. Identifying clients' needs; planning and executing services to meet clients' objectives; promote a company's image or products amongst the public, researching, promoting, selling and distributing products or services; branding – developing public awareness of a company and its brand; four key roles - products and services; promotion; distribution and pricing.
Contact centres	A centralised office used for Business Process Outsourcing. The purpose is for receiving and transmitting large volumes of requests by telephone; administering incoming calls for product support or information enquiries from consumers; outgoing calls for telemarketing, clientele, product services, and debt collection.
Postal Services	Activities related to this service are national postal activities; banking via the Post Office; mail handling and courier services; connecting with the world by distributing information, goods, financial and government services.
Labour Recruitment Services	Companies offering employment services; permanent and temporary employment agencies; labour recruitment and provision of staff; labour broking – the provision of persons with skills needed by employers for a defined period; companies offering outsourced human resources services.
Collective Services	Bargaining councils; collective bargaining on terms and conditions of employment; the negotiation of collective agreements; conciliation, mediation and arbitration services.

Sub-sector	Description
Business Services	Management consultants; business advisors; management and outsourcing of payroll services; administration services; quality management; Black Economic Empowerment (BEE) verification agencies; organisations and independent consultants providing services in an area such as quality management, general management, payroll, the environment, technology, human resources, marketing, communication, engineering etc.
Project Management	Methodical approach to planning and guiding project processes from start to finish; five stages: initiation, planning, executing, controlling, and closing. Project managers oversee teams working on individual projects in a variety of fields, including construction, engineering and business. An effective project manager needs a diverse skill set.
Hair Care	Hairdressers, hairstylists and cosmetologists offer beauty services, such as shampooing, cutting, colouring and styling hair. Cosmetologists may be trained to give manicures, pedicures and scalp and facial treatments; provide make-up analysis; clean and style wigs and hairpieces.
Beauty Treatment	Beauty treatment, nail technology, product distribution, marketing and sales.
Funeral Services	Burial and cremation of human or animal corpses. Related services include burial services; the rental of equipped space in funeral parlours; undertaking services; the rental or sale of graves; upkeep and maintenance of graves.
Fashion	Fashion and modelling requirements are not dictated by the fashion trade but by the clientele. The main modelling categories are editorial, fashion and commercial.
Real Estate Services	Residential, commercial, and industrial property management for buying and selling; interior design; construction businesses requiring real estate service specialists; professional valuation services; auctioneers; developers adding to or replacing buildings; leasing of property; property management: managing a property for its owner(s), which includes facilities management; real estate marketing; real estate investing; any business performing a task regulated in terms of the Estate Agency Affairs, Act 112 of 1976, and the Property Valuers Profession Act of 2000.



### 1.3. Key Role-Players

The key role-players in the Services Sector include the accounting authority, chamber committees, employers, trade unions, government departments and service providers as illustrated in Table 3.

**Table 3: Services SETA Stakeholders**

Services SETA employers and their services	Services SETA employers and their services	Services SETA employers and their services
Business	Allied Nursing Association of South Africa	ANASA
Business	Association of BEE Verification Agencies	ABVA
Business	Direct Marketing Association of South Africa	DMASA
Business	Employers Organisation for Hairdressing Cosmetology and Beauty	EOHCB
Business	Federation of African Professional Staffing Organisation	APSO
Business	SA Institute of Auctioneers	SAIA
Labour	Hotel Liquor Catering Commercial and Allied Workers Union	HOTELICCA
Labour	Institute of Estate Agents of South Africa	IEASA
Labour	International Festivals and Events Association Africa	IFEA
Labour	Office Professionals of South Africa	OPSA
Labour	South African Transport and Allied Workers Union	SATAWU
Labour	United Association of South Africa	UASA
<b>Chamber Committee organisations not part of Accounting Authority</b>		
Constituency	Name of Organisation	Abbreviated name
Business	Afro Hairdressing and Beauty Employers Association of South Africa	AHBEASA
Business	Black Economic Empowerment Cleaning Association	BEECA
Business	Constructional Engineering Association of South Africa	CEA
Business	Employers Association of Afro Hairdressing and Cosmetology of South Africa	EAAHCSA
Business	Exhibition and Event Association of Southern Africa	EXSA
Business	National African Federation Chamber of Commerce	NAFCOC
Business	National Association of Bargaining Councils	NABC
Business	National Association of Managing Agents	NAMA
Business	National Contract Cleaners Association	NCCA
Business	National Funeral Directors Association	NFDA
Business	National Property Forum	NPF
Business	Project Management South Africa	PMSA
Business	Real Estate Business Owners of South Africa	REBOSA
Business	South African Funeral Practitioners Association	SAFPA



Constituency	Name of Organisation	Abbreviated name
Business	South African Institute of Black Property Practitioners	SAIBPP
Business	South African Institute of Valuers	SAIV
Business	South African Payroll Association	SAPA
Business	South African Property Owners Association	SAPOA
Business	South African Quality Institute	SAQI
Business	South African Textile Services Association	SATSA
Labour	Commission for Conciliation Mediation and Arbitration	CCMA
Labour	National General Workers Union	NAGEWU
Professional Body	Business Process Enabling South Africa	BPESA
Professional Body	Contact Centre Management Group	CCMG
Professional Body	Estate Agency Affairs Board	EAAB
Professional Body	Institute of Work at Height	IWH
Professional Body	Marketing Association of South Africa	MASA
Professional Body	Public Relations Institute of South Africa	PRISA
Professional Body	South African Institute of the Interior Design Professions	IID

### a) Accounting Authority

The Accounting Authority of the Services SETA plays an important role in governing and managing the SETA in accordance with the PFMA, as well as any other applicable legislation. For practical purposes the Accounting Authority delegates some of its responsibilities and functions to one or more committees. There are currently 5 sub-committees, namely: Executive Committee; Governance, Risk and Strategy Committee; Remuneration Committee; Finance Committee and Audit Committee. These committees are a mechanism to assist the Accounting Authority in giving detailed attention to specific key areas of its duties and responsibilities. The Accounting Authority provides the required leadership to ensure that the Services SETA implements the National Skills Development Strategy III (NSDS) goals. Liaising with the sector and other stakeholders and managing institutional risks are other critical roles of the Accounting Authority.

### b) Services SETA Chamber Committees

The Chamber Committees act in a stakeholder capacity as an advisory body to assist the Services SETA Executive Management to carry out the mandate of the Accounting Authority. It is thus an independent and advisory body that makes recommendations on matters relevant to the subsectors of the Chamber. The membership of the committees is not restricted to members of the Accounting Authority only. The Accounting Authority may co-opt additional members who have expertise, knowledge and experience pertaining to subsectors falling within the scope of the relevant committee. There are six chamber committees, namely: Cleaning and Hiring Services Chamber; Communication and Marketing Services Chamber; Labour and Collective Services Chamber; Management and Business Services Chamber; Personal Care Services Chamber and Real Estate Services Chamber.



### **c) Employers**

It is estimated that there were about 131 105 employers who were actively trading (Services SETA Employer Database, March 2016) in South Africa. Approximately, 27 181 employers are paying their skills development levy through the South African Revenue Services. While employers are found in all nine provinces of South Africa they are concentrated in Gauteng, KwaZulu-Natal and the Western Cape, see Section 1.5.

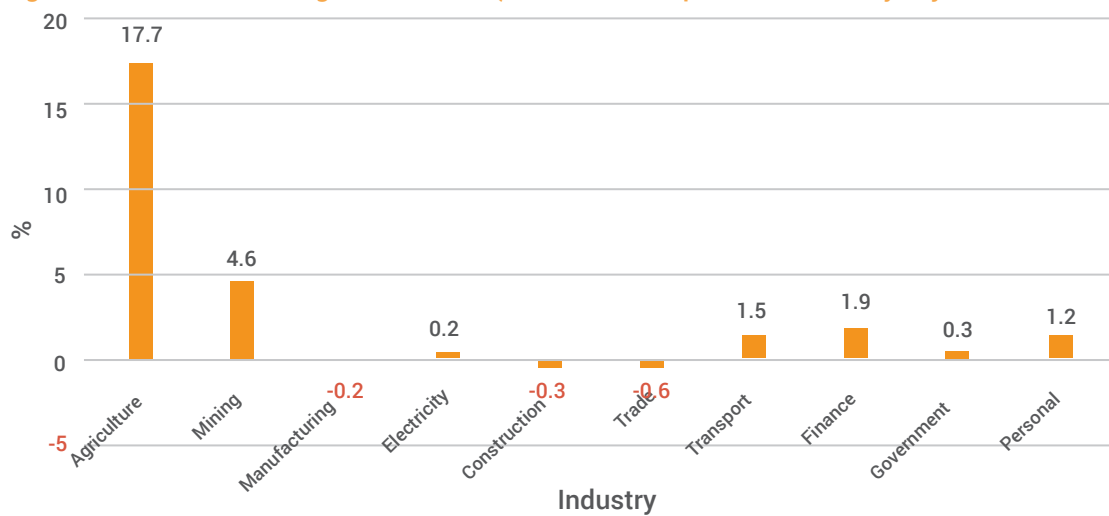
### **d) Other Key Role-Players**

The private sector of the services sector is highly-organised. There are a number of employer associations represented in the Services SETA's Accounting Authority and Chamber Committees. Professional bodies provide professional guidance to the Services SETA, especially regarding the identification of hard-to-fill vacancies and skills gaps, and qualifications required. They participate in the qualification development processes. Trade unions represent the interest of their members. The role-players outlined above are key to the success of the sector. Given the right environment to flourish, businesses should expand and create more and sustainable jobs with decent wages.

## **1.4. Economic Performance**

This section looks at the services sector's contribution to the economy in comparison to other sectors of the economy. It looks at the current performance of the sector and its outlook, and the competitive nature of the sector. Analysis of the South African economy points to the fact that it is service-oriented (Haroon, et al. 2016). Latest GDP figures released by the official statistics bureau, Statistics South Africa (Stats SA, 2018a), indicate that over the last two years the GDP growth rate more than doubled from 0.6% to 1.3% in 2016 and 2017, respectively. The main drive behind this growth has been the services sector alongside agriculture, forestry and fishing sector (Ibid). Figure 1 indicates that the two sectors contributed about 0.4% to the GDP growth over Quarter 4 of 2017. On the contrary, the Trade, Catering and Accommodation sector grew by -1%. As the bedrock of the South African economy, the services sector needs to be accorded the necessary support to help it grow the economy and ultimately, jobs.

Figure 1: Contributions to growth in GDP (constant 2010 prices, seasonally adjusted and annualised)



Source: Stats SA (2018a)

To understand the economic context within which skills demand in the Services SETA-related sectors is likely to be derived, it is important to understand the contribution of the sector to the economy of South Africa. As explained above, the demarcation of the services sector in the Services SETA's context is not aligned to the national Standard Industrial Classification – and most importantly, the Services SETA's scope covers up to five major economic groups. To allow for some degree of comparative analysis, the Services SETA's sectors have been subdivided into three major economic classifications as demonstrated in Table 4, below.

Table 4: Comparison of Services SETA and Economic Sectors

Services Seta Chambers & Sub-Sectors	Lowest Level Economic Data Available
<b>Chamber 1: Cleaning &amp; Hiring Services</b> <ul style="list-style-type: none"> <li>Hiring services</li> <li>Household services</li> <li>Domestic services</li> <li>Cleaning services</li> </ul>	<b>Main economic sectors:</b> <ul style="list-style-type: none"> <li>Community, social and personal services</li> </ul> <b>Subsector:</b> <ul style="list-style-type: none"> <li>Other community, social and personal services [SIC 94-96, 99]</li> </ul>
<b>Chamber 2: Communications and Marketing Services</b> <ul style="list-style-type: none"> <li>Marketing and communication</li> <li>Contact centres</li> <li>Postal services</li> </ul>	<i>Not clearly represented, as chamber subsectors comprise only a small proportion of much larger economic sectors that do not form part of the services sector.</i>
<b>Chamber 3: Labour and Collective Services</b> <ul style="list-style-type: none"> <li>Labour recruitment services</li> <li>Collective services</li> </ul>	<b>Main economic sectors:</b> <ul style="list-style-type: none"> <li>Financial intermediation insurance, real estate and business services</li> <li>Community, social and personal services</li> </ul> <b>Subsector:</b> <ul style="list-style-type: none"> <li>Other community, social and personal services [SIC 94-96, 99]</li> <li>Business activities not elsewhere classified (n.e.c.) [SIC 889]</li> </ul>



Services Seta Chambers & Sub-Sectors	Lowest Level Economic Data Available
<b>Chamber 4: Management and Business Services</b> <ul style="list-style-type: none"> <li>• Business services</li> <li>• Project management</li> </ul>	<b>Main economic sectors:</b> <ul style="list-style-type: none"> <li>- Financial intermediation insurance, real estate and business services</li> </ul> <b>Subsector:</b> <ul style="list-style-type: none"> <li>- Business activities not elsewhere classified (n.e.c.) [SIC 889]</li> </ul>
<b>Chamber 5: Personal Care Services</b> <ul style="list-style-type: none"> <li>• Hair care</li> <li>• Beauty treatment</li> <li>• Funeral services</li> <li>• Fashion</li> </ul>	<b>Main economic sectors:</b> <ul style="list-style-type: none"> <li>- Community, social and personal services</li> </ul> <b>Subsector:</b> <ul style="list-style-type: none"> <li>- Other community, social and personal services [SIC 94-96, 99]</li> </ul>
<b>Chamber 6: Real Estate and Related Services</b> <ul style="list-style-type: none"> <li>• Real estate services</li> </ul>	<b>Main economic sectors:</b> <ul style="list-style-type: none"> <li>- Financial intermediation insurance, real estate and business services</li> </ul> <b>Subsector:</b> <ul style="list-style-type: none"> <li>- Professional business services [SIC 831-883]</li> </ul>

Source: Urban-Econ, 2018

Based on the categorisation described above, data from the Statistics South Africa indicate that the Services SETA-related sectors combined contributed approximately 17.9% to the economy of South Africa in 2017, in terms of gross value added (GVA), please refer to Table 5. Of these sectors, the Professional Business Services sector contributed more than two thirds to the GVA generated in the three Service SETA related sectors, with the Business Activities and Other Community, Social and Personal Services sectors contributing 15% and 17% respectively. The situation remained pretty much the same in the preceding year, that is, 2016.

**Table 5: Gross Value Add 2016/2017**

Sector	GVA 2016 (R million)	GVA 2017 (R million)
Professional business services	R324 457	R 349 144 (68%)
Business activities n.e.c.	R92 712	R 75 395 (15%)
Other community, social and personal services	R91 818	R 85 567 (17%)
<b>Total SETA-related Sectors</b>	R508 987	<b>R 510 106 (100%)</b>
<b>RSA Total</b>	<b>R2 793 668</b>	<b>R 2 842 411</b>
<b>Total SETA-related Sectors vs RSA</b>	<b>18%</b>	<b>18%</b>

Source: Urban-Econ calculations based on Quantec EasyData, Standardised Regional Data Set, 2018

Implications for skills development, particularly for the services sector, is that training interventions should strike a proper balance between productive and non-productive industries of the services sector. Productive industries are responsible for wealth and job creation, and require higher levels of skills, and interventions. Non-productive industries, on the other hand, support productive industries and provide job opportunities to the low-skilled labour force.

## 1.5. Employer Profile

The Services SETA is one of the largest SETAs in terms of the number of employers falling within its scope. Approximately 176 793 employers fall within its demarcation (as of May 2018), as illustrated in Table 6. About 131 105 employers were actively trading around the same time.

Proportionally, most employers are in the Management and Business Services Chamber with 143 856 (81%) employers, followed by Real Estate and Related Services Chamber with 13 167 (7%) employers; with the lowest numbers recorded in the Marketing and Communication Services Chamber. Analysis of employer Workplace Skills Plans (WSP) and Annual Training Reports (ATR), submitted in April 2018, indicates a high volume of employer investment in the Cleaning and Hiring Services and Related Estate Services Chambers. Therefore, Services SETA Strategic Plan (SP) and Annual Performance Plan (APP), will consider these developments in informing training intervention priorities for the sector. Similar observations can be made regarding levy payment.



Table 6: Services SETA Sub-sectors by Size and Levy Status

Chamber	Total	Paying			Total	Non-Paying			Non-Lewy Paying Total
		Large	Medium	Small		Large	Medium	Small	
Cleaning and Hiring Services	4 175 (2%)	13 (8%)	30 (7%)	748 (3%)	791 (3%)	52 (7%)	117 (8%)	3 215 (2%)	3 384 (2%)
Cleaning Services	86 (2%)	0 (0%)	0 (0%)	25 (3%)	25 (3%)	5 (10%)	2 (2%)	54 (2%)	61 (2%)
Cleaning Services	1 700 (41%)	11 (85%)	21 (70%)	264 (35%)	296 (37%)	32 (62%)	61 (52%)	1311 (41%)	1 404 (41%)
Domestic Services	29 (1%)	0 (0%)	0 (0%)	4 (1%)	4 (1%)	0 (0%)	0 (0%)	25 (1%)	25 (1%)
Hiring Services	2 175 (52%)	2 (15%)	9 (30%)	400 (53%)	411 (52%)	15 (29%)	50 (43%)	1 699 (53%)	1 764 (52%)
Household Services	185 (4%)	0 (0%)	0 (0%)	55 (7%)	55 (7%)	0 (0%)	4 (3%)	126 (4%)	130 (4%)
Communication & Marketing Services	3 678 (2%)	5 (3%)	10 (2%)	683 (3%)	698 (3%)	11 (2%)	12 (1%)	2957 (2%)	2 980 (2%)
Contact Centres	51 (1%)	3 (60%)	0 (0%)	14 (2%)	17 (2%)	2 (18%)	1 (8%)	31 (1%)	34 (1%)
Marketing Services	3 357 (91%)	2 (40%)	8 (80%)	631 (92%)	641 (92%)	8 (73%)	10 (83%)	2698 (91%)	2 716 (91%)
Marketing Services	36 (1%)	0 (0%)	2 (20%)	9 (1%)	11 (2%)	0 (0%)	0 (0%)	25 (1%)	25 (1%)
Postal Services	234 (6%)	0 (0%)	0 (0%)	29 (4%)	29 (4%)	1 (9%)	1 (8%)	203 (7%)	205 (7%)
Labour & Recruitment Services	3 784 (2%)	29 (19%)	34 (8%)	618 (2%)	681 (3%)	101 (14%)	200 (13%)	2802 (2%)	3 103 (2%)
Collective Services	797 (21%)	0 (0%)	3 (9%)	178 (29%)	181 (27%)	3 (3%)	3 (2%)	610 (22%)	616 (20%)
Labour Recruitment Services	2 987 (79%)	29 (100%)	31 (91%)	440 (71%)	500 (73%)	98 (97%)	197 (99%)	2192 (78%)	2 487 (80%)
Management & Business Services	143 856 (81%)	100 (64%)	325 (78%)	21 709 (82%)	22 134 (81%)	499 (71%)	1134 (75%)	120 089 (81%)	121 722 (81%)
Business Services	143 746 (100%)	99 (99%)	324 (99%)	21 662 (100%)	22 085 (100%)	499 (100%)	1133 (99%)	120 029 (99%)	121 661 (100%)

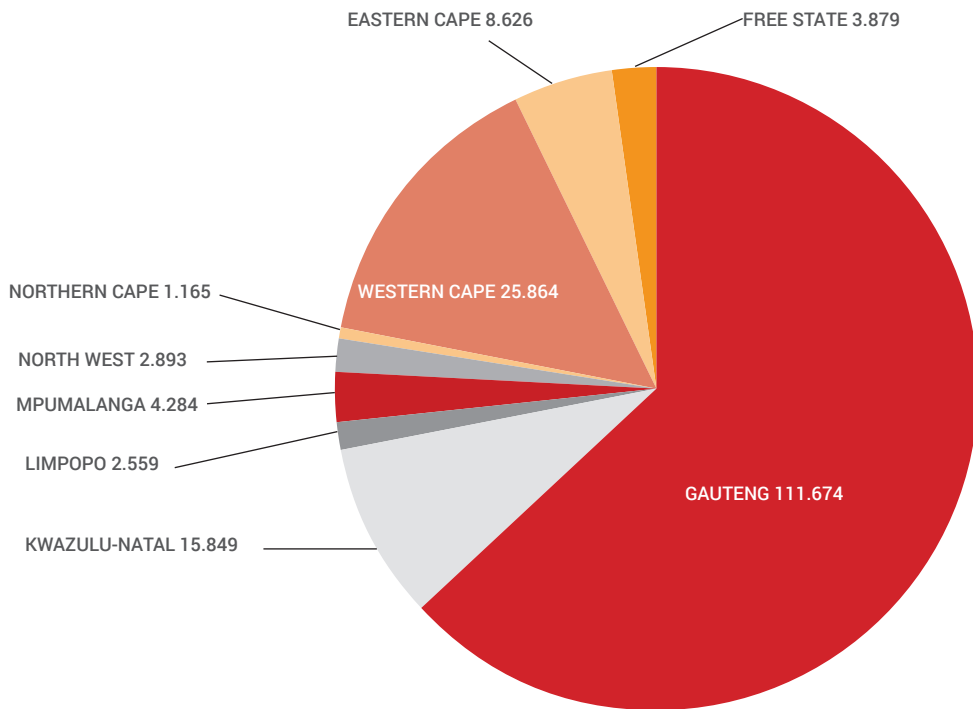
Chamber	Total	Paying			Total	Non-Paying			Non-Levy Paying Total
		Large	Medium	Small		Large	Medium	Small	
Personal Care Services	8 133 (5%)	2 (10%)	4 (1%)	719 (3%)	725 (3%)	11 (2%)	24 (2%)	7 373 (5%)	7 408 (5%)
Beauty Treatment	1 149 (14%)	0 (0%)	0 (0%)	174 (24%)	174 (24%)	1 (9%)	4 (17%)	970 (13%)	975 (13%)
Fashion	19 (0%)	0 (0%)	0 (0%)	8 (1%)	8 (1%)	0 (0%)	1 (4%)	10 (0%)	11 (0%)
Funeral Services	534 (7%)	2 (100%)	4 (100%)	96 (13%)	102 (14%)	0 (0%)	0 (0%)	432 (6%)	432 (6%)
Hair Care	6 431 (79%)	0 (0%)	0 (0%)	441 (61%)	441 (61%)	10 (91%)	19 (79%)	5961 (81%)	5 990 (81%)
<b>Real Estate Services</b>	<b>13 167 (7%)</b>	<b>7 (4%)</b>	<b>14 (3%)</b>	<b>2 131 (8%)</b>	<b>2 152 (8%)</b>	<b>28 (4%)</b>	<b>34 (2%)</b>	<b>10 953 (7%)</b>	<b>11 015 (7%)</b>
Real Estate Services	13 022 (99%)	7 (100%)	14 (100%)	2 089 (98%)	2 110 (98%)	27 (96%)	34 (100%)	10851 (99%)	10 912 (99%)
	145 (1%)	0 (0%)	0 (0%)	42 (2%)	42 (2%)	1 (4%)	0 (0%)	102 (1%)	103 (1%)
<b>Grand Total</b>	<b>176 793 (100%)</b>	<b>156 (100%)</b>	<b>417 (100%)</b>	<b>26 608 (100%)</b>	<b>27 181 (100%)</b>	<b>702 (100%)</b>	<b>1 521 (100%)</b>	<b>147 389 (100%)</b>	<b>149 612 (100%)</b>

Source: Services SETA Database, 2018



In terms of geographic spread, employers of the services sector are found in all nine provinces of South Africa, but with high concentration in three developed and industrialised regions of Gauteng, Western Cape and KwaZulu-Natal. Findings in Figure 2 illustrate the fact that most employers are located in the developed cities of Johannesburg, Cape Town and Durban. This situation highlights the need to expand access of training to the rural provinces of Limpopo, Eastern Cape, Mpumalanga, Northern Cape, Free State, North West and most parts of KwaZulu-Natal, to promote equity.

**Figure 2: Services SETA employers by provincial spread**



Source: Services SETA Database, 2018

## 1.6. Labour Market Profile

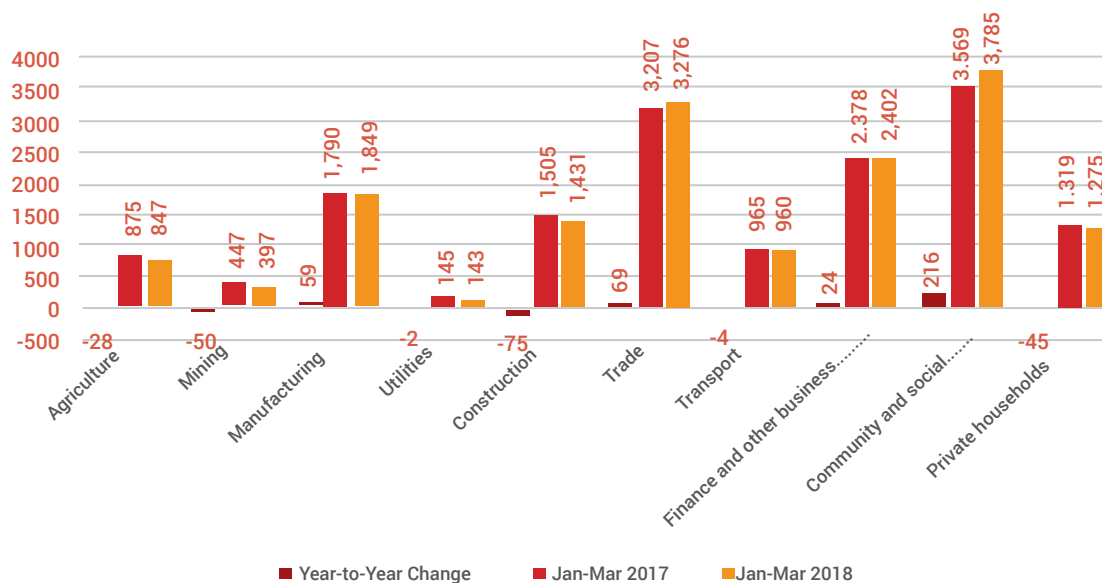
This section discusses the number of people employed within the services sector disaggregated by race, gender, age, subsectors, occupational groups and geographical location. Data used is derived from Stats SA's QLFS and QES, and Services SETA's WSP and ATR 2018.

### a) Employment by sector

Section 1.4 above indicates that the services sector is the largest industry in the South African economy. As illustrated in Figure 3, the services sector is also the largest employer.



Figure 3: Employment by Industry, thousands



Source: Statistics South Africa, 2018b

According to Figure 3, the highest employment numbers proportionately were recorded in the Community and Social Services industry (3,785 million people), followed by Trade (3,276 million people), and Finance and Other Business Services (2,402 million people). Figure 3 further indicates that the services sector has been resilient over the last two years, with the related industries registering growth in employment rate; the Community and Social Services, and Finance and Other Businesses sector creating 216,000 and 24,000 jobs, respectively; year-to-year. On the other hand, industries such as Construction, Mining, Private Households and Agriculture registered a negative employment growth for the same period.

A comparative analysis of the national and services sector reveals that of the 3 million plus people employed in this sector, this accounts for almost 28% of the total labour force of the country, the majority are employed in Community, Social and Personal Services (47%), as illustrated in Table 7.

Table 7: Employment in the services sector, 2017, 2018

Sector	Employment 2017	Employment 2018
Professional business services	767743 (23%)	809380 (25%)
Business activities n.e.c.	981245 (30%)	991360 (30%)
Other community, social and personal services	1553007 (47%)	1492770 (45%)
Total SETA-related Sectors	3 301 995	3 293 510
<b>RSA Total</b>	<b>11 824 351</b>	<b>11 895 495</b>
Total SETA-related Sectors vs RSA	28%	28%

Source: Urban-Econ calculations based on Quantec EasyData, Standardised Regional Data Set, 2018, WSP/ATR, 2017-18



Analysis of the Stats SA's QLFS covering Q4 2013 to Q1 2018 at 3-digit level, reveals that most people were employed under Private Household and Business Activities n.e.c., with 1 293 612 and 1 105 175 employees respectively (Stats SA, 2018b). When the Stats SA QLFS of 2017 (Stats SA, 2017a) is compared with the Services SETA Chambers (see Table 1 for the list of chambers, their subsectors and industries), it reveals correlations between the economic size of the subsector and employment levels.

## b) Demographic profiles

The National Skills Development Strategy III (DHET, 2014) requires SETAs to pay special attention to the following transformational imperatives: gender, race, age, geography (rural), class, health (HIV&AIDS) and disability. It is therefore important to pay attention to how workplaces address these issues and to what extent. The section below looks at the gender, age and race profile of the services sector workforce.

### i) Gender

International trends on the demographic features of the services sector employees' points bias towards men (Haroon, et al., 2016). This is because industries such as manufacturing, transport, storage, government services, communication and business are traditionally dominated by men (Ibid). The demographic profile of the services sector as defined by Stats SA is in line with international trends. QLFS (Stats SA, 2017a) indicates that 56% of labour force in the services sector is comprised of men, see Table 8. This is in line with the disaggregation of data by Services SETA SIC codes which indicates that 57% of the labour was male – as illustrated below.

**Table 8: Employment by Gender, Race and Age in the services sector**

Gender	Services SETA	National (Stats SA) <sup>2</sup>
	May 2018	Jan-Mar 2018
Male	216 930 (57%)	1 495 613 (44%)
Female	160 613 (43%)	1 903 507 (56%)
Race	May 2018	Jan-Mar 2018
Black African	263 320 (70%)	2 693 120 (79.2%)
Coloured	38 542 (10%)	286 500 (8.4%)
Indian/ Asian	14 354 (4%)	72 466 (2.1%)
White	60 302 (16%)	347 035 (10.2%)
<b>Total</b>	<b>377,543</b>	<b>3 399 120</b>
Age	May 2018	Jan-Mar 2018
>34yr	228,881 (61%)	1 142 249 (60%)
36-54yr	127,369 (34%)	1 904 096 (56%)
>55yr	21,293 (6%)	352 775 (10%)
<b>Total</b>	<b>377,543 (100%)</b>	<b>3 399 120</b>

Source: Services SETA Mandatory Grant Data, May 2018, Statistics South Africa, 2018b

<sup>1</sup>At Stats SA's 3-digit level

<sup>2</sup>Profile of the Labour Force of Services SETA Levy-Paying Employers

## ii) Race

Regarding racial composition of the services sector workforce, almost 80% comprises of African, as highlighted in Table 8. Followed by Whites and Coloured at 10% and 8%, respectively. These trends are in line with the demographic features of the South African population. The only downside, though, is that the majority of the population is concentrated in low-skill and low-pay jobs.

## iii) Age

According to Stats SA data, most employees in the services sector (34%) are aged between 35-44 years, as illustrated in Table 8. This implies that this sector tends to attract a young workforce. The services sector, therefore, offers a unique opportunity to address youth unemployment. Learning pathways such as Learnerships or Internships could be preferred.

## c) Occupational trends

Data from Stats SA indicates that in 2018 the majority of the workforce in this sector was employed at the level of domestic workers (29.2%), followed by sales persons (23.7%), Table 9. On the other hand, most of the workforce has not completed secondary education (40.8%), with some having completed secondary education (27.7%). Only 13.4% of the workforce had tertiary education. Of particular interest in the analysis of the educational qualification of services sector labour force, is that the number of completions with no schooling is decreasing, whilst those who have completed secondary education are steadily increasing. These developments suggest that the Services SETA should ensure that there are sufficient qualifications at the higher NQF level to ensure relevance of training interventions. As will be discussed in Chapter 4, a number of initiatives are underway to establish partnerships with universities to help strengthen the pipeline of skills supply.

**Table 9: Employment by Occupation and Qualification in services sector<sup>3</sup>**

Occupation	Services SETA <sup>4</sup>	National (Stats SA) <sup>5</sup>
Manager	28 839 (7.6%)	185 969 (5.5%)
Professional	28 307 (7.5%)	137 392 (4.0%)
Technician	53 796 (14.2%)	161 510 (4.8%)
Clerk	62 715 (9.0%)	240 811 (7.1%)
Sales and services	33 962 (9.0%)	804 785 (23.7%)
Skilled agriculture	20 322 (5.4%)	0 (0.0%)
Craft and related trade	4 053 (1.1%)	78 084 (2.3%)
Plant and machine operator	47 174 (12.5%)	66 852 (2.0%)
Elementary	98 375 (26.1%)	732 316 (21.5%)
Domestic worker		991 400 (29.2%)
<b>Total</b>	<b>377 543</b>	<b>3 399 120</b>
<b>Level of Education</b>		<b>Jan-Mar 2018</b>

<sup>3</sup>At Stats SA's 3-digit level

<sup>4</sup>At Stats SA's 3-digit level

<sup>5</sup>Profile of the Labour Force of Services SETA Levy-Paying Employers



Occupation	Services SETA <sup>4</sup>	National (Stats SA) <sup>5</sup>
No schooling	228,881 (61%)	83 603 (2.5%)
Less than primary completed	127,369 (34%)	319 845 (9.4%)
Primary completed	21,293 (6%)	156 652 (4.6%)
Secondary not completed	<b>377,543 (100%)</b>	1 388 105 (40.8%)
Secondary completed		943 051 (27.7%)
Tertiary		454 326 (13.4%)
Other		53 538 (1.6%)
<b>Total</b>		<b>3 399 120</b>

Source: Services SETA MANDATORY Grant Data, May 2018, Statistics South Africa, 2018b

Furthermore, Table 9 provides a breakdown of the employment labour force by Services SETA employers by occupation, using WSP 2018 submission data. In line with the findings of the QLFS, above, most of the workforce is employed at the elementary level (26%) followed by Technicians and Associate Professionals (14%).

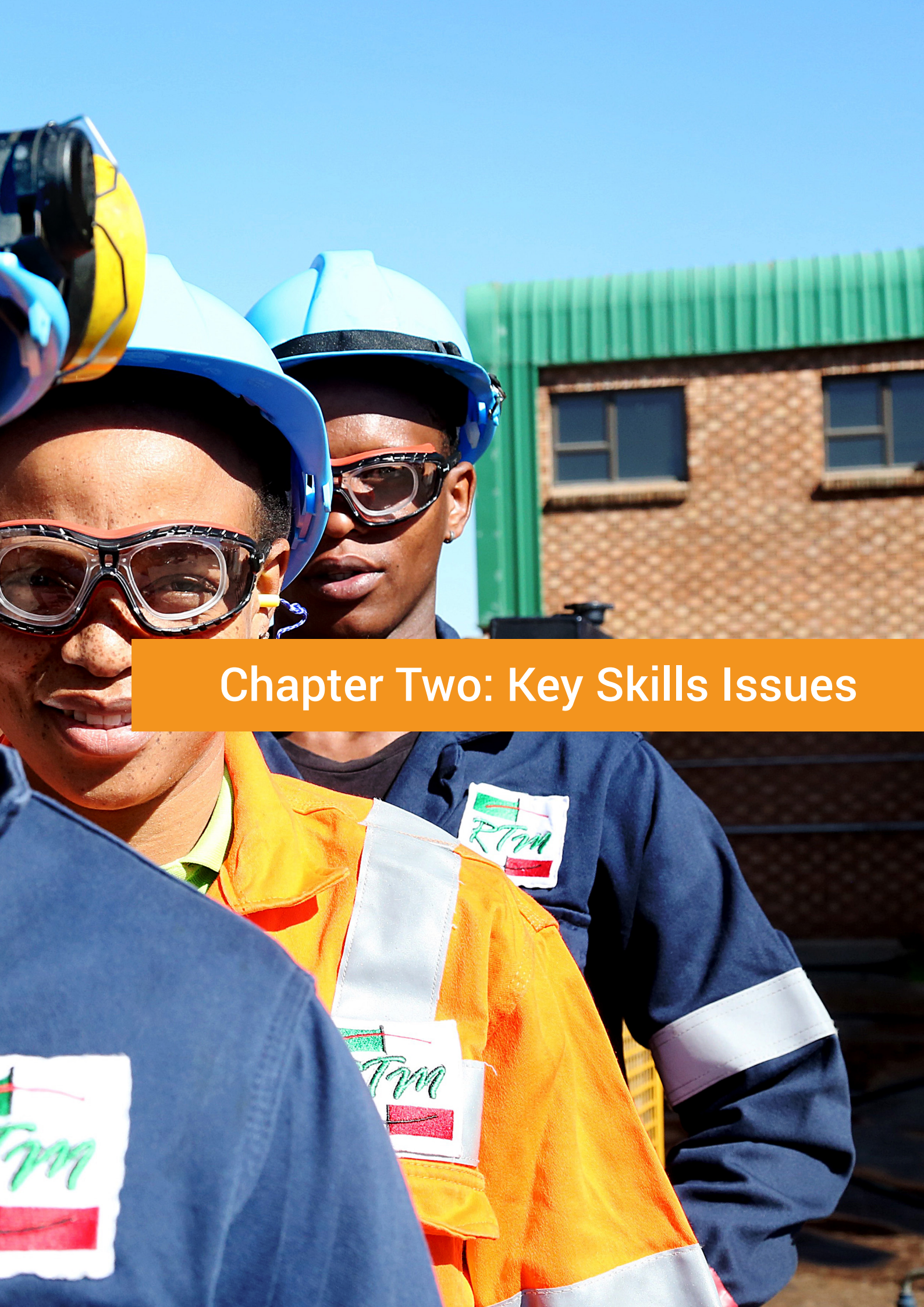
## 1.7. Conclusion

Chapter 1 demonstrates that the services sector is one of the largest sectors of the South African economy, contributing more than 40% to the GDP (using the Services SETA demarcation) and creating more than 3 million jobs. The sector has consistently grown in terms of size and job creation in the last five years. It is expected that these trends will grow. This implies that the services sector will require greater investment in skills development to sustain the levels of growth witnessed so far. Chapter 3 will highlight specific areas of skills development intervention, especially the PIVOTAL list.

The chapter further demonstrates that the services sector is characterised by strong partnerships between government, labour and business, as reflected by the participation of these structures/entities in the different governance structures of the Services SETA. These partnerships create, inter alia, a conducive environment for research and engagement.

Analyses of the labour force within the services sector highlight the need for the Services SETA to implement interventions at the higher level of education to realise growth in the South African economy. This is demonstrated by the fact that, increasingly, the sector is beginning to recruit people with a secondary qualification or higher. There is a need, therefore, to address those skills needs.





## Chapter Two: Key Skills Issues

## 2.1. Introduction

This chapter presents the change drivers that have been identified as those that influence the demand for and supply of skills in the services sector. This chapter will also discuss the alignment of sector skills planning in relation to national strategies and plans, namely, the National Development Plans (NDP) 2030, National Growth Path (NGP), Medium-Term Strategic Framework (MTSF) 2014 – 2019, NSDS III, the White Paper on Post-School Education and Training (WPPSET), Industrial Policy Action Plan III (IPAP) 2016/17 – 2017/18 and the Government's 9-Point Plan.

Change drivers were identified through primary and secondary data. The source of primary data involved a survey that was conducted among Services SETA employers. Additional information was collected through provincial consultations that covered seven provincial offices of the Services SETA. Identified change drivers were then validated with the Services SETA management, and Accounting Authority, through workshops.

## 2.2. Change Drivers

Informed by findings of research studies above: migration, technology, globalisation, policy and legislation and green skills use were identified as the main change drivers in the services sector.

### a) Migration

Migration movements represent important inflows and outflows of skills. The proportion of international migrants in the South African population has been growing steadily during the last 15 years. In 2015, 5.8% of the South African population was foreign born, compared to only 2.2% in 2000 (United Nations, 2016). Compared with other upper middle-income countries, where international migrants account on average for 1.4% of the population, South Africa has a large immigrant population. About three quarters of migrants in South Africa originate from other African countries, with the largest number of migrants coming from Mozambique, Zimbabwe and Lesotho (United Nations, 2016).

Migration has a dual influence on the services sector. On the one hand, it brings with a set of new skills which the expatriates bring to the country in support of economic growth. On the other hand, it has the potential of exacerbating competition for limited employment opportunities and promoting informal training. The hairdressing industry is a typical example of this phenomena as demonstrated by a research study commissioned by the Services SETA (2017a). Research reveals that medium businesses have far more chances of creating job opportunities compared to large corporations. The proliferation of small, unregulated businesses has the potential to undermine this effort. This state of affairs requires the provision of appropriate skills specifically related to business management – whether start-up, or emerging businesses.

The Services SETA has established an Entrepreneurship and Cooperative Development Institute to support emerging and small businesses. The Institute plans to provide responsive and accessible services to entrepreneurs and to promote the creation, growth and sustainability of micro, small and medium enterprises through business development services. In addition, the Services SETA plans to embark on a review of existing business management qualifications to ensure their relevance and impact. The ultimate goal is



job creation; revenue growth through promotion, development and acceleration of entrepreneurs, small businesses and cooperatives; and equity and economic inclusivity through transformational imperatives that target black, women, youth and disabled people in townships and rural areas.

## **b) Information and Communications Technology**

Technological innovation continues to be the driver of economic growth and development in the services sector. The influence of technology cuts across all the subsectors. In the real estate industry, technology has had an impact on the design, form and nature of interaction between sellers and buyers of property on the one hand, and/or between rental agent and lessor, on the other, as more people turn to various websites and applications to access, compare and utilise information. The implications of such a trend is that real estate agents and property managers not only require information about the product that they are selling, but they now need to have knowledge about brand management, digital sales, marketing and social media.

For the business services subsector, 'big data' requires that managers and professionals acquire higher levels of analytical skills to use data strategically. General consulting services benefit from advancements in technology in two ways, namely, increased flexibility for work to continue outside of traditional working hours, and work outputs which are increasingly computer-generated. Skills in the use of information technology (IT), including social media for desktop and online research, will be increasingly needed to ensure that firms become competitive. Changing consumer preferences have brought about a demand for e-services in postal services around the world. It is anticipated that postal services will benefit from being able to connect users to broadband services and thereby encourage adoption of digitised mail for the revival of postal services. Skills needs in this sector include IT and logistics.

Research indicates that despite technological advancements that allow automation software to simplify the process of accessing a large database at predictable intervals, there is growing discontent with contact centres among millennial audiences who have greater interest in multi-channel communications with businesses as opposed to voice-to-voice communication (Rouse, 2014). This has implications for direct marketing. While voice-to-voice communication will remain a feature of sound practice, the status of voice will be supplanted by the unique advantage of digital communication and its growing weight on the buying choices of consumers in a fast-changing globe (Holmes, et al., 2013). In the contact centre environment, research indicate that the industry is seeing higher levels of automation of certain tasks and with customers becoming more technologically savvy, there is a growing trend in the reduction of the number of contact centre call agents.

To address the impact of technology on the services sector, the Services SETA has commissioned a two-year project to look at future job opportunities with a focus on technology, among others, to inform programme offerings for the sector. The project is expected to be completed by October 2018. In addition, plans are underway to implement learning interventions with a specific focus on cyber security and its impact on small businesses.



### **c) Globalisation and economic integration**

It is argued that technology is the primary agent of globalisation (Haroon, et al., 2016). Firstly, technology has removed the need to supply services, in person, by enabling tradability of certain services across borders. Secondly, transportability means that services are no longer restricted by time or proximity. Finally, most services are delivered electronically, and therefore do not face the same trade barriers such as tariffs and customs that are placed on goods. Higher levels of economic integration do bring about globalisation and higher levels of competition as well.

South Africa remains a competitive destination for business process services. Call centres provide an invaluable opportunity for the youth to become economically active. To remain competitive, the local contact centre industry would need to deliver more efficient, cost-effective services through the use of technology as well as invest in the development of multi-lingual contact centre call agents as highlighted above. This suggests the need to ensure skills development in these two areas. The Services SETA has identified a programme to support enterprise and entrepreneurial development to support SMEs. The programme will be implemented in collaboration with the Department of Small and Medium Businesses.

The hair care industry tends to be highly informal and entry into the business is not controlled. Trends observed in formal hair care companies show a decrease in the number of young new entrants, with an increase in the availability of consumer products and hair care practitioners who hail from across the African diaspora.

The implications of these dynamics for skills planning is that there is a growing demand for qualified hairstylists in the Afro-hair industry (Services SETA, 2017a). Information and Technology skills are imperative given the centrality of technology in globalisation. The envisaged intervention on Information Technology is poised to address this skills gap.

### **d) Policy and Legislative changes**

Legislation and policy changes in South Africa have a bearing on the country as an investment destination. The Labour and Collective Services subsector is particularly vulnerable to these changes. A major factor affecting the labour recruitment services industry is the impending labour law amendments which are expected to have a negative impact on stakeholders in the private employment services sector. The proposed legislative changes have the potential to increase the administration cost for compliance, making smaller businesses difficult to sustain.

Research among industry stakeholders suggests that temporary employment services could become less attractive for clients to use. Although the implementation of the proposed amendments is yet to start, some employers have already taken steps to reduce their reliance on labour brokers out of concern that they might have to take on casual workers on a full-time basis at a higher cost. The Cleaning Services subsector is directly affected by the new Broad-Based Black Economic Empowerment (BBBEE) code, which requires 51% black ownership for some large organisations that are predominately owned by overseas businesses.

The recently legislated minimum wage of R20/hour has been cited as the big concern among employers, especially small business owners. The concern is around affordability of the minimum wage by small employers. The challenge in this regard relates to legislative awareness. In line with efforts to revise the curriculum of existing qualifications, South Africa's business regulatory framework will be incorporated.

### **e) Green skills**

South Africa is making efforts to control the effects of climate change by creating environmental awareness and promoting sustainable development through the green economy in support of the NDP vision (NDP, 2012). Through the green economy, South Africa can benefit from the opportunities opened up by global and local green economic activity, eco-innovations and green jobs. The transition towards a low-carbon economy ('green economy'), the implications for most of the services sector will be significant and will bring about challenges as well as opportunities. Challenges for the sector include the need to absorb the initially higher costs of doing business to meet regulatory requirements and aligning practice to the needs and expectations of customers and clients about going green.

Opportunities to develop products and services that cater for environmentally sensitive users are steadily increasing. As more people become increasingly environmentally-conscious, their consumption patterns change as they look to contribute to a more sustainable world. Some of the sub-sectors that are already experiencing increased demand for green products and services include the beauty treatment, hair care, funeral services, real estate services, hiring services and cleaning services.

The implications for skills planning are significant for the cleaning industry and other services industries in that the need to develop appropriate green skills education and training programmes for employees has become a fundamental business imperative to build sustainable enterprises in a highly-competitive business environment. In the equipment hiring industry partnerships with manufacturing giants who produce more fuel-efficient machines and vehicles will be a key driver to keep businesses competitive. Business operations in the renting of construction and demolition equipment will need to become active in natural resource management.

The Services SETA is working with the industry to develop qualifications and accredit Skills Development Providers (SDPs) in order to improve the pipeline of skills supply. In addition, the Services SETA will embark upon a programme of mainstreaming green skills across the services sector value chain and developing appropriate qualifications to meet the demands. In this regard, the Services SETA is in the process of launching a Research Chair on green skills with the University of Mpumalanga.

## **2.3. Alignment with National Strategies and Plans**

This section looks at the major national plans and strategies that affect the services sector, with emphasis on the implications for skills planning. The Services SETA values the significance of strong alignment between its programmes and the national strategies. The following are the key strategies and plans with which alignment was ensured, Table 10.

**Table 10: Alignment with National Strategies and Plans**

National Policy or Plan	Implications for skills planning
National Development Plan 2030	The NDP 2030 forms the basis of all national policies and strategies. The South African government plans to stimulate economic development and growth through SIPs. The Services SETA has an integral role to play in terms of using the SIPs as a training platform. The nature of the Services SETA constituent industries is that they follow economic activity. As the SIPs are being implemented they will invariably interface with Project Management Services, Hiring Services, Labour Recruitment, Cleaning Services, Gardening Services, Collective Services such as dispute resolution and wage negotiation services, Business Services and Real Estate Services.
New Growth Path	Services SETA's response to NGP is to identify large infrastructure projects that provide opportunities for sector role-players, employment creation, small business expansion and, rural development. In addition, Services SETA will contribute to areas of the economy like the green industry and environmentally-friendly production processes by exploring the role that can be played by the services sector. The Services SETA is reviewing current learnerships and qualifications to determine the extent to which they respond to the current skills needs. Work is already underway to fill the identified skills gaps.
Medium-Term Strategic Framework (2014-2019)	The Services SETA, through its Special Projects Department, has targeted small- and micro enterprises, non-profit organisations and cooperatives to render support as a contribution to the Government's MTSF (2014-2019). A needs assessment identified that the following skills were in demand: business plans development, financial management, project management and marketing. The Services SETA will work with SDPs to expand access to skills development for the above-mentioned entities and organisations.
National Skills Development Strategy	In respect of the National Skills Development Strategy III, the Services SETA has prioritised collaboration with universities and TVET Colleges to expand access to skills development in the sector. As Chapter 4 will point out, the Services SETA is (i) establishing four university research chairs; (ii) targeting 16 active Skills Development Centres by 2018; (iii) collaborating with Motheo TVET College and Construction SETA to construct a National Artisan Academy; and (iv) has launched an Entrepreneurship and Cooperative Development Institute among others. Please see Chapter 4 for more details.
Industrial Policy Action Plan and the National Industrial Policy Framework	The review of IPAP highlights the role of the services sector to include small business development, linking the services sector and other industrial sectors where growth is being planned, and the growth of South African services throughout Africa and abroad. The Services SETA plans to increase learnerships, apprenticeships, internships and bursaries in infrastructure support projects such as DTI's Monyetla Project Green Skills Initiatives.



National Policy or Plan	Implications for skills planning
Nine Point Plan	The Services SETA's enterprise and entrepreneurial development interventions are aimed at contributing to Point 7 of the Government's nine-point plan: "Unlocking the potential of SMMEs, cooperatives, townships and rural enterprises". The Services SETA launched an Entrepreneurship and Cooperative Development Institute to support SMMEs regarding training needs, advisory, incubation and linkage with other opportunities.

## 2.4. Conclusion

This chapter identified migration, technology, globalisation, policy and legislation, and green skills use as the key change drivers for the services sector. Implications for skills planning for each change driver were outlined. A number of areas where new qualifications are required or where current ones need to be reviewed to respond to some of the change drivers have been identified. The aim is to strengthen the supply of an appropriately-skilled labour force to meet the labour demands in the services sector. In addition, the chapter outlined the Services SETA's alignment with key national policies to ensure that the SETA contributes to the achievement of national imperatives. In the main, the Services SETA's contribution is through partnerships with TVET Colleges and universities, in addition to funding learning interventions.





## Chapter Three: Occupational Shortages And Skills Gaps

### 3.1. Introduction

This Chapter presents occupational shortages and skills gaps with reference to hard-to-fill vacancies as well as the extent and nature of supply in the services sector. Findings are drawn from primary and secondary data sources. Primary data sources include an employer survey, WSP and Annual Training Reports (ATRs), recruitment analysis and interviews with industry representatives and internal stakeholders of the Services SETA. Secondary data is derived from desktop analysis of literature on skills demand and supply, including reports of studies commissioned by the Services SETA. The DHET's list of priority occupations has also been considered (DHET, 2017).

### 3.2. Occupational shortages and skills gaps

As the World Economic Forum (2016) notes, the world of work is changing rapidly. As a result, in most countries and industries, the most in-demand and specialised occupations did not exist 10 to five years ago. It is estimated that 65% of children entering primary school today will end up working in occupations that do not exist yet (Ibid). This state of affairs calls for readiness from all affected parties to predict and prepare for future jobs requirements, job content and the effect on employment.

The Services SETA commissioned studies that looked at the current and employment trends in the services sector. Another study with a long-term view of the occupational needs and skills gaps, Future Jobs Study, is underway. Findings from these studies, including the preliminary findings from the Future Jobs Study, have been used to inform hard-to-fill vacancies and skills gaps in this SSP.

#### a) Hard-to-fill vacancies

Between January and May 2018, the Services SETA conducted a survey amongst employers to understand skills demand in the sector. According to the employer survey, a total of 5 374 job vacancies were reported by employers across all subsectors in the period under review.

In addition, an analysis of job listing in the career junction was done to determine the nature and extent of hard to fill vacancies in the services sector. The information was further supplemented with data from the analysis of WSP/ATR for 2018 and interviews with employer representatives. A national workshop was convened to consolidate and validate findings. The final list is presented below, Table 11.



**Table 11: Hard-to-fill Vacancies by Major OFO Group and reasons**

#	OFO Code	Occupation	Quantity	Reason
<b>Managers</b>				
1	2017-121204	Recruitment Manager	132	Lack of qualified people
2	2017-121905	Programme or Project Manger	98	Lack of qualified people
3	2017-121908	Quality Systems Manager	87	Lack of qualified people
4	2017-122101	Sales and Marketing Manager	106	Lack of qualified people
5	2017-122102	Sales Manager	130	Lack of qualified people
6	2017-122103	Director of Marketing	87	Lack of qualified people
7	2017-134903	Small Business Manager	124	Lack of qualified people
8	2017-143901	Facilities Manager	143	Lack of qualified people
9	2017-143905	Call Centre Manager	375	Unsuitable working hours
<b>Professionals</b>				
10	2017-242101	Business Management Consultant	102	Lack of qualified people
11	2017-216603	Multimedia Designer	78	Lack of qualified people
12	2017-243201	Communications Coordinator	87	Lack of qualified people
13	2017-243301	Sales Representative / Salesman	454	Unsuitable working hours
14	2017-251201	Software Developer	67	Lack of qualified people
<b>Technicians and Associate Professionals</b>				
15	2017-323103	Massage Therapist	1038	Slow recruitment processes
16	2017-333301	Recruitment Consultant / Officer	89	Lack of relevant experience
17	2017-333401	Property Manager	865	Lack of relevant experience
18	2017-333402	Real Estate Agent	8495	Lack of relevant experience
19	2017-333406	Property Lease Administrator	402	Lack of relevant experience
20	2017-333907	Property Portfolio and Asset Manager	390	Lack of qualified people
21	2017-331501	Valuer	189	Lack of qualified people
22	2017-333908	Marketing Coordinator	271	Unsuitable working hours
23	2017-333404	Real Estate Sales Settlement Administrator	117	Lack of relevant experience
24	2017-334102	Office Administrator	1697	Poor remuneration
<b>Clerical Support Workers</b>				
25	2017-411101	General Clerk	4101	Poor remuneration
26	2017-422601	Receptionist (General)	117	Lack of relevant experience
27	2017-422201	Inbound Contact Centre Consultant	1452	Poor remuneration
28	2017-422202	Outbound Contact Centre Consultant	1461	Poor remuneration
29	2017-422206	Call or Contact Centre Agent	3594	Lack of relevant experience
30	2017-431101	Accounts clerk	91	Poor remuneration
31	2017-441903	Program or Project Administrators	124	Lack of relevant experience



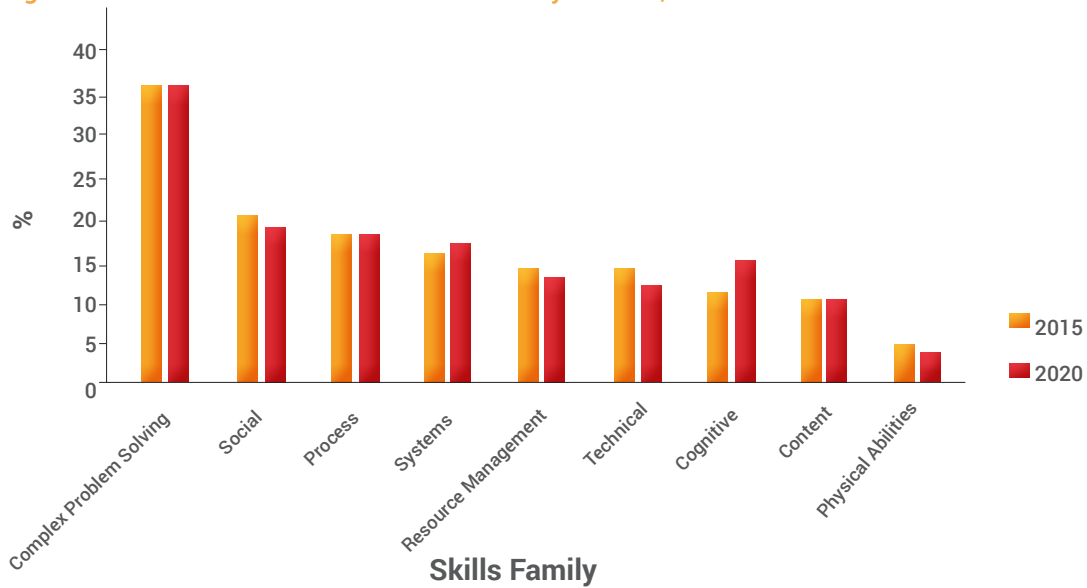
#	OFO Code	Occupation	Quantity	Reason
<b>Service and Sales Workers</b>				
32	2017-514101	Hairdresser	75	Slow recruitment processes
33	2017-514102	Hair or Beauty Salon Assistant	2810	Slow recruitment processes
34	2017-522102	Salon Manager	239	Slow recruitment processes
35	2017-522201	Retail Supervisor	1728	Lack of relevant experience
36	2017-514202	Body Therapist	1708	Lack of qualified people
37	2017-514201	Skin Care Therapist	246	Lack of relevant experience
38	2017-514207	Somatologist	4891	Lack of qualified people
39	2017-514204	Nail Technician	117	
40	2017-516301	Funeral Director	483	Unsuitable working hours
41	2017-516304	Mortician	67	Slow recruitment processes
42	2017-516305	Mortuary Technician / Assistant	327	Lack of relevant experience
43	2017-524401	Call Centre Salesperson	398	Lack of relevant experience
44	2017-524902	Rental Salesperson	197	Lack of relevant experience
<b>Plant and Machine Operators and Assemblers</b>				
45	2017-734201	Earthmoving Plant Operator (General)	160	Lack of qualified people
<b>Elementary Occupations</b>				
46	2017-811201	Commercial Cleaner	9528	Poor remuneration
47	2017-862202	Handyperson	3216	Slow recruitment processes
48	2017-833402	Storeperson	2185	Poor remuneration
49	2017-811202	Healthcare Cleaner	204	Lack of qualified people

## b) Skills gaps

Given the rapid nature of changes in job types, it is important to ensure that the workforce is adequately trained to cope with the changing demands of their jobs. As the World Economic Forum (2016) observe, beyond hard skills and formal qualifications, employers are more often equally concerned about the work-related practical skills or competencies that current or prospective employees are able to perform various job tasks successfully. Focusing on a core set of 35 work-related skills and abilities commonly used across industries, the World Economic Forum (Ibid) observed that complex problem-solving skills is the most sought-after skills and will remain in demand for the foreseeable future, see Figure 4.



Figure 4: Demand for skills in different industry sectors, 2015 and 2020



Source: World Economic Forum (2016)

What figure 4 further illustrates is that social skills such as persuasion, emotional intelligence and teaching others will remain in demand. On the other hand, content skills such as Information and Communication Technology literacy and active learning, cognitive abilities such as creativity and mathematical reasoning, and process skills such as active listening and critical thinking will be a growing part of the core skills requirements for many industries.

The skills gaps list is presented in Table 12. Technology has had a significant impact on almost all occupational categories, which in turn, has implications on current and future skills needs. In this regard, it would be useful to map the extent to which current occupations integrate technology-related skills. A number of research participants indicated the need for the Services SETA to develop additional qualifications that are aligned to new skills that emerged through the impact of technology.

Table 12: Skills Gaps by Major OFO Group and reasons

#	Skills Gap	
<b>Management</b>		
1	Leadership	New work processes
2	Strategic management	New work processes
3	Change management	New work processes
4	Workforce forecasting and planning	New work processes
5	Diversity management	New work processes
<b>Professionals</b>		
6	Inspection and monitoring	Lack of relevant experience

#	Skills Gap	
7	People Management	Lack of relevant experience
8	Database Analytics	New work processes
9	Data management	New work processes
10	Coaching and mentoring	Lack of relevant experience
11	Facilitation skills	Lack of relevant experience
12	Negotiation	Lack of relevant experience
13	Foreign language (Mandarin, Russian, Portuguese)	Lack of relevant qualifications
<b>Technicians and Associate Professionals</b>		
14	Time management	Lack of relevant experience
15	Telephone etiquette	Lack of relevant qualifications
16	Communication	Lack of relevant qualifications
17	Professional Conduct	Lack of relevant experience
18	Work Ethics	Lack of relevant experience
19	Problem-solving skills	Lack of relevant experience
<b>Clerical Support Workers</b>		
20	Internet skills	New Technology
21	Computer Literacy	New Technology
22	Document management	Lack of relevant experience
23	Office Administration	Lack of relevant experience

A few new occupations in relation to the effective implementation of the BBBEE legislation have been identified by stakeholders. These occupations are BBBEE consultants and BBBEE verification analysts and there was a need to register appropriate occupation codes for them. To this end, an application to update codes within the Organising Framework for Occupations (OFO) will be submitted to the DHET. Once the new occupational codes are approved, the process of developing appropriate qualifications within the QCTO framework would commence. Some stakeholders indicated that it was difficult to recruit appropriately qualified individuals to meet the industry's needs. It was noted that the Association of BEE Verification Agencies applied for and registered a Professional Body.

### c) Addressing national priorities

In addition, consideration was given to contribution to national priorities. A critical area of intervention in closing the skills gaps and contributing to economic growth and employment creation is Artisan development. Support to Artisan development by the Services SETA is twofold. On the one hand, the Services SETA has entered into partnership with Motheo TVET College and the Construction SETA to establish a National Artisan Academy in Mangaung. The Academy is completed, and enrolment started in the 2018 academic



year. The second intervention is through the funding of selected trades, particularly those related to SIPs. These are listed in Table 13.

**Table 13: Trade Interventions Earmarked by the Services SETA**

OFO Code	Occupation	SIPS Scarce
2017-641201	Bricklayer	√
2017-671101	Electrician	√
2017-642601	Plumber	√
2017-651202	Welder	√
2017-641501	Carpenter and Joiner	√
2017-651302	Boilermaker	√
2017-642302	Plasterer	√
2017-642201	Wall and Floor Tiler	√
2017-653306	Diesel Mechanic	
2017-653101	Petrol Mechanic	
2017-653307	Heavy Equipment Mechanic	
2017-671208	Transportation Electrician	
2017-653303	Fitter (including Machining)	

### 3.3. Extent and nature of supply

#### a) The extent of occupational skills supply in the sector

##### Higher Education and Training Programmes

The skills supply channel in South Africa comprises of Universities (26), TVET Colleges (50), Community Education and Training colleges (CET) (9), registered private universities (124) and private colleges (252). There has been a steady increase of enrolments and completions across these learning channels as illustrated in Table 14. Among them, the centres of learning enrolled close to 2,2 million learners (DHET, 2018).

**Table 14. Enrolment and completion figures of learners at tertiary institutions**

Learning Channel	Enrolment (2015)	Completion (2015) <sup>6</sup>
Universities	985 212	191 524
TVET Colleges	737 880	
Private Colleges	88 203	
Private Universities	147 210	
CET	283 603	
<b>Total</b>	<b>2 153 905</b>	<b>191 524</b>

Source: DHET, 2018

##### Sector Education and Training Authorities

Primary function of SETAs is to facilitate the delivery of sector-specific skills in order to contribute to the goals of the NSDS III through skills programmes (DHET, 2017). SETAs are also expected to facilitate and support workplace-based learning through learnerships and internships. Over the last five years, there has been a gradual increase in enrolment and completion rates in learnerships, internships and skills programmes, see table 15. Over this period, 231 097 and 173 818 learners were enrolled and certificated, respectively.

<sup>6</sup>Only Public Universities' completion rate figures were available at the time of writing



Table 15: Enrolment and completion rates of SETA-funded learning interventions

Year	Registered				Completed				Total
	Learnerships	Internships	Skills Programme	Total	Learnerships	Internships	Skills Programme	Total	
2011/12	43 871	3 452	87 906	<b>135 229</b>	29 197	878	87 527	<b>117 602</b>	
2012/13	50 885	6 127	74 587	<b>131 599</b>	37 158	2 195	86 491	<b>125 844</b>	
2013/14	75 782	8 017	92 508	<b>176 307</b>	38 796	2 510	109 547	<b>150 853</b>	
2014/15	77 931	12 006	137 880	<b>227 817</b>	40 891	3 663	106 459	<b>151 013</b>	
2015/16	94 369	13 135	123 593	<b>231 097</b>	43 322	3 352	127 144	<b>173 818</b>	

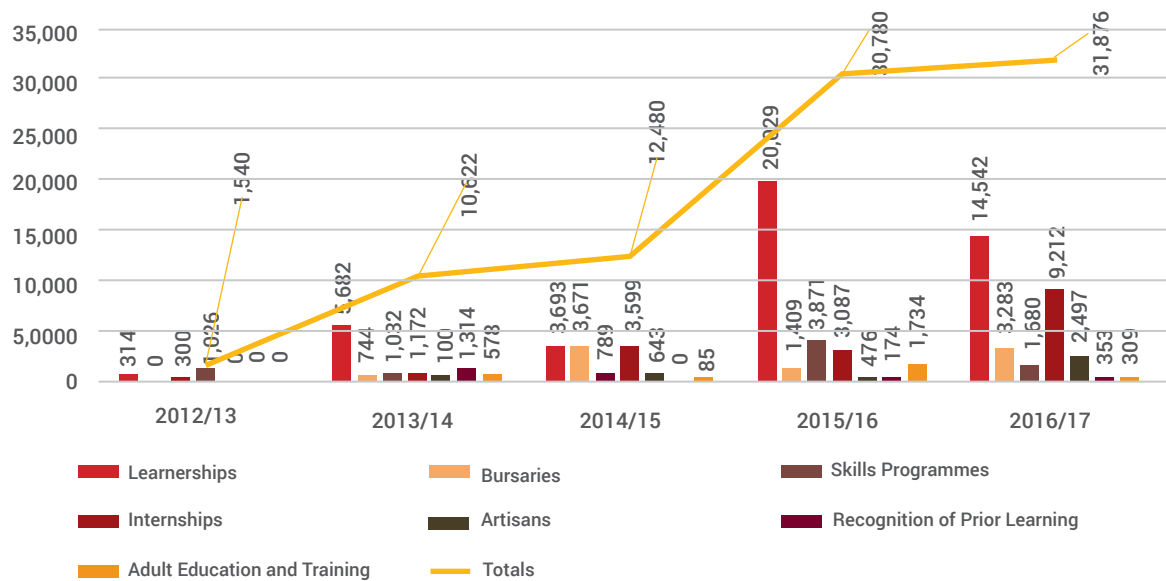
Source: DHET, 2018



## Services SETA funded learning interventions

Training in the Services Sector is facilitated through private Skills Development Providers, TVET Colleges and universities. Through these channels, the Services SETA has consistently increased the skills supply-measures through expanded access to training. Figure 5 illustrates the extent of expansion of access to training in the last five years (2012/13 - 2016/17). Over this period, the number of learners enrolled in Services SETA learning interventions increased from 1 540 to 31 876, in 2012/13 and 2016/17, respectively. The biggest increase was in Learnerships, where the majority of beneficiaries were unemployed youth.

**Figure 5: Services SETA Funded Learner Enrolments by Learning Intervention, 2012/13 - 2016/17**

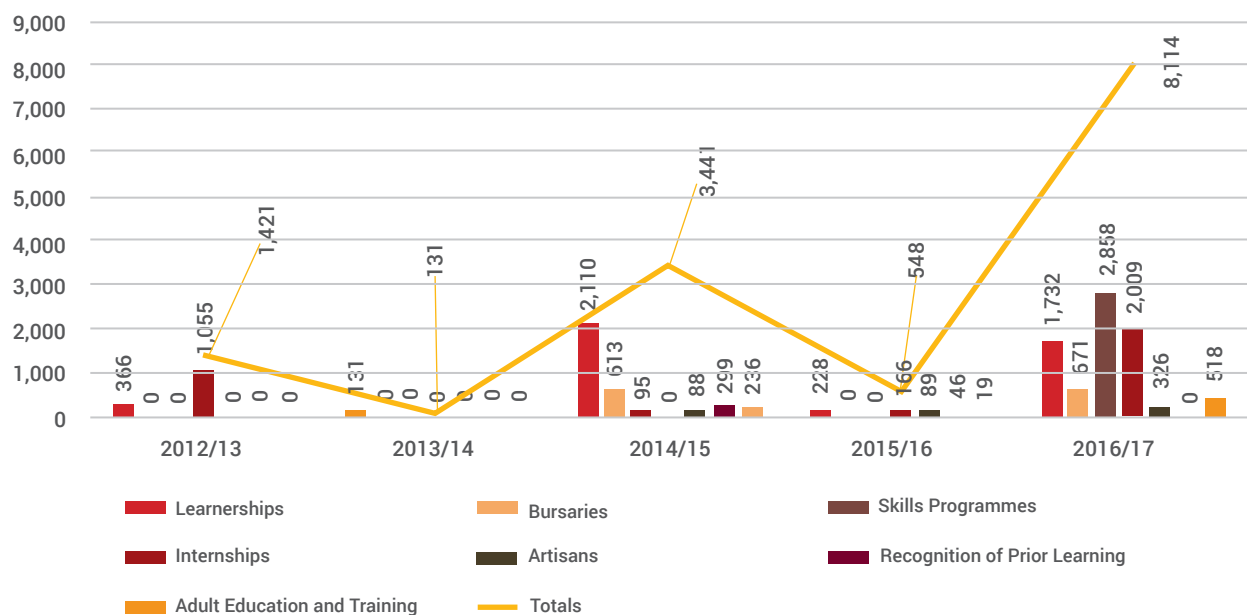


Services SETA, Annual report, 2012/13; 2013/14; 2014/15; 2015/16; 2016/17

Similarly, there has been an increase in the number of learners completing their learning interventions funded by the Services SETA. As Figure 6 indicates, the completion rates increased from 1 421 to 8 114 in 2012/13 and 2016/17, respectively. The highest number of completions were found in Learnerships and Internships. What the two figures indicate is that unemployed learners are the largest beneficiaries of the Services SETA's learning interventions.



Figure 6: Certifications/completion Across Learning Interventions, 2012/13 - 2016/17



Services SETA, Annual Report, 2012/13; 2013/14; 2014/15; 2015/16; 2016/17

## b) The state of education and training provisioning

### Skills Development Providers

The Services SETA uses public and private entities to provide training in the Services Sector. There were 1 408 public and private SDPs that were accredited by the Services SETA as at 31 April 2016. Gauteng had the highest number of SDPs (947), followed by KwaZulu-Natal (157) and the Western Cape (156). Table 18 illustrate the number of SPDs per Services SETA registered qualification.

Table 16: Services SETA's Accredited Training Service Providers by qualification

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
1	57712	Further Education and Training Certificate: Generic Management	4	97
2	61595	Further Education and Training Certificate: Business Administration Services	4	50
3	67465	National Certificate: Business Administration Services	3	47
4	59201	National Certificate: Generic Management	5	46
5	71490	National Certificate: Contact Centre Support	2	44
6	49648	National Certificate: New Venture Creation (SMME)	2	41
7	50080	Further Education and Training Certificate: Project Management	4	39
8	66249	Further Education and Training Certificate: New Venture Creation	4	37
9	23654	National Certificate: Management	3	33



#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
10	65750	National Certificate: Hairdressing	2	32
11	59097	Further Education and Training Certificate: Real Estate	4	31
12	65729	Further Education and Training Certificate: Hairdressing	4	27
13	59276	Further Education and Training Certificate: Marketing	4	26
14	65749	National Certificate: Hairdressing	3	25
15	65750	National Certificate: Hairdressing	2	25
16	61755	General Education and Training Certificate: Business Practice	1	21
17	23833	National Certificate: Business Administration Services	2	17
18	57937	General Education and Training Certificate: Hygiene and Cleaning	1	15
19	20188	National Certificate: Real Estate	6	13
20	93997	National Certificate: Contact Centre and Business Process Outsourcing Support	3	12
21	60780	Ladies Hairdresser (Hairdressing)	Trade	11
22	66249	Further Education and Training Certificate: New Venture Creation	4	11
23	93996	Further Education and Training Certificate: Contact Centre Operations	4	11
24	83946	National Certificate: Management	3	10
25	60713	Ladies Hairdressing (Hairdressing)	Trade	9
26	20908	National Diploma: Customer Management	5	7
27	58063	Further Education and Training Certificate: Labour Recruitment Services	4	7
28	67464	Further Education and Training Certificate: Marketing	4	7
29	80646	Further Education and Training Certificate: Beauty and Nail Technology	4	7
30	93995	Further Education and Training Certificate: Payroll Administration Services	4	7
31	20152	National Certificate: Ladies Hairdressing	4	6
32	71489	Further Education and Training Certificate: Contact Centre Operations	4	5
33	36233	National Certificate: Specialist Hygiene and Cleaning Services	2	4
34	58310	National Diploma: Health and Skincare	5	4
35	67229	National Diploma: Payroll Administration Services	5	4
36	23853	General Education and Training Certificate: Domestic Services	1	3
37	48874	National Certificate: Business Consulting Practice (Enterprise Resource Planning)	5	3
38	58309	National Diploma: Project Management	5	3



#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
49	93993	National Certificate: Labour Relations Practice	5	3
40	49129	Further Education and Training Certificate: Management and Administration	4	2
41	58395	National Certificate: Project Management	5	2
42	60781	Gentlemen Hairdresser (Hairdressing)	Trade	2
43	60993	Electrician	Trade	2
44	79626	Further Education and Training Certificate: Commercial Property and Facilities Management	4	2
45	80546	Further Education and Training Certificate: Auctioneering Support Services	4	2
46	20175	National Certificate: Hygiene and Cleaning Supervision	3	1
47	21787	National Certificate: Funeral Services Practice	3	1
48	21792	National Diploma: Contact Centre Management	5	1
49	48663	National Certificate: Mail Handling	3	1
50	49176	Further Education and Training Certificate: Business Systems Operations: End User (ERP)	4	1
51	60706	Plater (Government)	Trade	1
52	60707	Plater/Boilermaker (Government)	Trade	1
53	60709	Welder	Trade	1
54	60714	Gentlemen Hairdresser (Hairdressing)	Trade	1
55	60863	Plumber (Government)	Trade	1
56	60864	Bricklayer	Trade	1
57	60867	Plasterer	Trade	1
58	60873	Carpenter (Government)	Trade	1
59	61049	Fitter (including Machining)	Trade	1
60	61215	Diesel Mechanic	Trade	1
61	61218	Motor Mechanic	Trade	1
62	71609	National Certificate: Generic Management: Real Estate	5	1
63	71729	Further Education and Training Certificate: Public Relations Practice	4	1
64	71751	General Education and Training Certificate: Adult Basic Education and Training: Small, Medium and Micro Enterprises	1	1
65	74630	Further Education and Training Certificate: Generic Management: General Management	4	1
66	93994	National Diploma: Labour Relations Practice: Dispute Resolution	5	1

Source: Services SETA MIS



## Qualifications development

The Services SETA is planning to align existing qualifications with the occupational qualifications framework set by the Quality Council for Trades and Occupations (QCTO) and DHET to strengthen the provision side of skills development. In the last two years, the Services SETA has submitted applications for the registration of 25 new or aligned qualifications, see Table 17. A total of 5 applications have been accepted by QCTO.

**Table 17: Services SETA Occupational Qualifications Submitted to QCTO**

Qualification	OFO Code	Status
Programme / Project Manager	2017-121905	Registered by SAQA
Facilities Manager	2017-143901	Registered by SAQ
Contact Centre Manager	2017-143905	Registered by SAQA
Garden worker	2017-821401	Registered by SAQA
Hairdresser	2017-514101	Registered by SAQA
Mortician	2017-516304	Evaluation Process by QCTO
Funeral Director	2017-516301	Application for development submitted to QCTO
Beauty Technologist	2017-514207	Application for development submitted to QCTO
Labour Inspector	2017-335901	Re-alignment application submitted to QCTO
Market Research Analyst	2017-243102	Application for development submitted to QCTO
Qualification	OFO Code	Status
Sales and Marketing	2017-122101	Application for development submitted to QCTO
Laundry and Dry-Cleaning Operator	2017-715701	Application for development submitted to QCTO
Technical Quality Specialists	2017-121908	Submitted to QCTO for registration
Labour Recruitment Consultant	2017-333301	Application for development submitted to QCTO
Labour Recruitment Manager	2017-121907	Awaiting for documents from QDF
Postal Front-Line Service Worker	2017-421105	Recommended for SAQA registration
Healthcare Cleaner	2017-811202	Awaiting for documents from QDF
Beauty, Skin Care Therapist	2017-514201	Re-alignment application submitted to the QCTO
Nail Technician	2017-514204	Application for development submitted to QCTO
Rental Clerk	2017-524902	Application for development submitted to QCTO
Hygiene and Cleaning	2017-811201	Application for development submitted to QCTO
Domestic Housekeeper	2017-515201	Application for development submitted to QCTO
Embalming	2017-516303	Application submitted to QCTO
Skincare Therapist	2017-514201	Not met requirements
Laundry Worker (General)	2017-812101	Application for development submitted to QCTO

Source: Services SETA, QMD: Qualifications & Learning Programmes Division Occupational Qualifications Report



## Career Guidance

The Services SETA conducts annual career guidance and expo events across the country in order to introduce its offerings to prospective learners. In 2016/17, the Services SETA participated in and supported 33 career guidance events in the current reporting period to promote sector qualifications and facilitate access to skills development opportunities. Plans are afoot to conduct 20 campaigns in 2019/20.

## Skills Development Infrastructure

The Services SETA is supporting the skills development infrastructures in various parts of the country. These involve, renovation to existing infrastructure or development of new skills development centres. The aim is to increase access to skills development interventions in collaboration with either community colleges or TVET colleges. The list of current infrastructure projects are provided below and will be discussed further in Chapter 4.

1. Artisan Development Academy in collaboration with Motheo TVET College
2. North West Skills Development Centre in collaboration with the North West Provincial Government
3. Merrivale Skills Development Centre in collaboration with uMgungundlovu TVET College and uMngeni Municipality
4. KwaXimba Skills Development Centre in collaboration with Elangeni College and eThekweni Municipality
5. Paulpietersburg Skills Development Centre in collaboration with Mthashane TVET College and the Department of Social Development (KZN)
6. Beaufort West Trade Test Centre in collaboration with South Cape TVET College and the Beaufort West Municipality
7. Nkonkobe Skills Development Centre in collaboration with Lovedale TVET College and the Nkonkobe Municipality
8. Lovedale Skills Development Centre in collaboration with Lovedale TVET College
9. Prieska Trade Test Centre in collaboration with Northern Cape Rural TVET College and the Department of Public Works (Northern Cape)
10. Kokstad Skills Development Centre in collaboration with Esayidi TVET College and the Greater Kokstad Municipality
11. Cala Skills Development Centre in collaboration with iKhala TVET College and Sakhisizwe Municipality

## 3.4. PIVOTAL List

### a) Research methods used to identify occupations in the PIVOTAL list

The Services SETA employed primary and secondary research in identifying occupations in the PIVOTAL list. Primary research involved a survey of employers falling under the Services SETA scope, employer interviews, consultations with key stakeholders through workshops, the Services SETA Management and the Accounting Authority. The secondary research included analysis of WSP data, submitted by Services SETA employees as well as desktop literature reviews.

#### Literature review

Analysis of PIVOTAL list for the services sector was preceded by a thorough literature review. A wide-ranging literature review was conducted to understand skills demand and supply in the services sector. Key documents included the World Economic Forums report on “the Future of Jobs” (2016) and the United Nations University WIDER Working Paper on “Understanding and characterising the services sector in South Africa” (2016).

#### Performance Information

Analysis of performance constituted one component of the secondary data analysis. Performance information analysis included analysing enrolment data and WSPs. A descriptive evaluation research design was adopted to report on enrolled, planned or completed employer-reported and Services SETA-funded skills development between 2012 and 2017. The analysis was based on key measures that focused on access and participation, learner completion, relevance, and skills supply. The WSP and ATR data submitted to the Services SETA by employers between 2012 and 2018 was also analysed to investigate areas of planned training, where training takes place and areas that need interventions through PIVOTAL programme.

#### Employer survey

Between March and June 2018, the Services SETA conducted a survey amongst employers. The purpose of the survey was to identify hard-to-fill vacancies and skills gaps in the sector, investment in training by employers and PIVOTAL list. The sample was stratified by levy paying status and subsector to ensure representivity. iv) Stakeholder survey

#### Stakeholder Engagement

Between March and April 2018, the Services SETA conducted stakeholder workshops in all ten provincial offices. At these stakeholder interactions, a brief questionnaire collecting information about skills needs, including PIVOTAL was circulated among the participants. The sampling strategy used here was convenient sampling since the participation was limited only to the employers present at these workshops.



### **Consultation with SETA Accounting Authority**

The draft list of PIVOTAL programmes was approved by the Services SETA Accounting Authority.

### **b) The main findings that informed the PIVOTAL list**

Based on the discussions in Chapter 2 and Sections 3.2 and 3.3 of this Chapter, consideration was given to (i) ensuring the pipeline of supply that there are sufficient and relevant qualifications on offer; (ii) that there are sufficient training providers, including assessors and moderators; and (iii) adequate funding through Discretionary Funding is allocated to PIVOTAL programmes through skills programmes, internships, learnerships and bursaries.

### **c) Envisaged outcomes from the identified interventions**

The aim of the identified PIVOTAL is to close the skills gaps within the services sector. Research reveals that there is a high vacancy rate in the sector, especially at middle and senior management.

### **d) Consultative processes used to arrive at the occupations identified in the PIVOTAL list**

Consultation included interaction with stakeholders through provincial workshops, workshops with middle and senior management of the Services SETA, and industry representatives as outlined in the methodology section.

### **e) Quantifying the SETA PIVOTAL list**

The Services SETA PIVOTAL list is quantified based on a projection model developed for this purpose. The projection exercise followed the following methodology:

- The top ten occupations were identified for each chamber, based on the average number of planned interventions captured in the WSP submissions to Services SETA between 2012 and 2017 (excluding submissions where the chamber was listed as "Unknown");
- The average number of enterprises that submitted WSPs between 2012 and 2017 was determined for each chamber;
- The average number of planned interventions was divided by the average number of WSP submitters, to determine an average number of interventions per enterprise;
- The full population of both levy paying and non-levy paying enterprises operating in Services SETA related sectors was identified per chamber;
- The projections are based on a linear forward projection of planned training interventions, based on the assumption that the average number of planned interventions for the period 2012 to 2017 will also be applicable for future years. No other exogenous factors are considered for these projections.

### **f) Ranking of the PIVOTAL list**

The ranking of the PIVOTAL list of the Services SETA is based on the magnitude of demand and corresponding planned intervention. The magnitude is based on the projection of demand as explained above. Magnitude for planned intervention is based on the available budget. The PIVOTAL list is provided in Table 18.

Table 18: Services SETA PIVOTAL List 2019/20

#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED BY SETA
1	Services SETA	2019/20	2017-811201	Commercial Cleaner	Hotel / Motel Cleaner, Building Exterior / Interior Cleaner	National Certificate: Specialist Hygiene and Cleaning Services - Bursary National Certificate: Hygiene and Cleaning Supervision - Learnership General Education and Training Certificate: Hygiene and Cleaning - Learnership General Education and Training Certificate: Hygiene and Cleaning - Learnership	5 5 5	Yes Yes Yes	343432	17172
2	Services SETA	2019/20	2017-333402	Real Estate Agent	Real Estate Consultant, Leasing Consultant, Real Estate Referral Coordinator, Rental Agent, Leasing Agent (Buildings), Rental Property Consultant, Property Analyst / Consultant / Dealer / Developer / Planner	National Certificate: Real Estate - Bursary National Certificate: Real Estate, Further Education and Training - Bursary Certificate: Real Estate, National Certificate: Real Estate - Learnership National Certificate: Generic Management: Real Estate - Bursary	6 5 4 5	Yes Yes Yes Yes	190346	9517



#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED BY SETA
3	Services SETA	2019/20	2017-411101	General Clerk	Advisory Officer Clerical, Survey Information Officer, Administration Clerk / Officer, Client Services Administrator, Operation Services / Support Officer, Tender Evaluation Coordinator, Planning Support Officer, Administrative Assistant, Office / Field Assistant, Clerical Assistant / Officer, Buying Clerical Assistant / Officer, Buying Clerk	Further Education and Training Certificate: Payroll Administration Services - Learnership	4	Yes	154775	7739
						General Education and Training Certificate: Business Practice - Learnership	1	Yes		
						National Certificate: Business Administration Services - Learnership	2	Yes		
4	Services SETA	2019/20	2017-422206	Call or Contact Centre Agent	None	National Diploma: Contact Centre Management - Bursary	5	Yes	260	122
						National Certificate: Contact Centre Support - Learnership	2	Yes		
5	Services SETA	2019/20	2017-333401	Property Manager	Property Leasing Manager, Property Clearance / Contracts / Development Manager, Building Manager, Property Administrator, Property Manager (Services / Standards)	Further Education and Training Certificate: Real Estate - Learnership	4	Yes	862	130
						Certificate: Real Estate - Learnership	4	Yes		
						National Certificate: Generic Management: Real Estate - Bursary	5	Yes		



#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED BY SETA
6	Services SETA	2019/20	2017-332203	Sales Representative (Business Services)	Product Demonstrator, Beauty Sales Consultant, Sales Representative (Cosmetics and Skincare Products), Sales Representative (Detergents), Sales Representative (Jewellery and Watches)	Further Education and Training Certificate: Marketing - Bursary	4	Yes	15	7
7	Services SETA	2019/20	2017-514101	Hairdresser	Afro Hairdresser, Hair Stylist, Barber, Hair Dressing Technician	Ladies Hairdresser - Hairdressing - Learnership	Trade	Yes	541	120
						Gentlemen's Hairdresser - Hairdressing - Learnership	Trade	Yes		
						Further Education and Training Certificate: Hairdressing - Learnership	4	Yes		
						National Certificate: Hairdressing - Learnership	3	Yes		
					National Certificate: Hairdressing - Learnership	2	Yes			



#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED BY SETA
8	Services SETA	2019/20	2017-431101	Accounts Clerk	Assets Clerk / Coordinator, Debtors Clerk, Accounts Payable or Receivable Clerk, Billing Administrator / Representative / Officer, Audit Clerk, Ledger Clerk, Account Coordinator / Controller, Accounting Clerk, Settlement Clerk / Officer, Creditors Clerk	Further Education and Training Certificate: Payroll Administration Services - Learnership	4	Yes	67	60
						General Education and Training Certificate: Business Practice - 1 Learnership	1	Yes		
9	Services SETA	2019/20	2017-242101	Management Consultant	Business Turnaround Management Consultant, Resource Development Analyst, Business Analyst, Business Support Project Manager, Service Solutions Project Manager, Corporate Planner, Operations Analyst, Business Coach, E-commerce Programme Manager, Management Consulting Specialist, Business Consultant, Small Business Consultant /	Further Education and Training Certificate: Generic Management - Learnership	4	Yes	83	75
						Further Education and Training Certificate: Business Administration Services - Learnership	4	Yes		
						National Certificate: Generic Management - Bursary	5	Yes		



#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED BY SETA
10	Services SETA	2019/20	2017-516301	Funeral Director	Undertaker, Funeral Practitioner	Further Education and Training Certificate: Generic Management - Learnership	4	Yes	169	79
						Further Education and Training Certificate: Business Administration Services - Learnership	4	Yes		
						National Certificate: Generic Management - Bursary	5	Yes		



### 3.5. Conclusion

This Chapter presented occupational shortages and skills gaps with reference to hard-to-fill vacancies as well as the extent and nature of supply. Reasons for hard-to-fill vacancies include lack of qualified people and lack of relevant experience, in the main. The analysis of the pipeline of supply of skills indicates incremental progress as there is a continuous growth in enrolments at learning institutions and Services SETA-funded learner numbers are progressively increasing each year. The PIVOTAL list indicates interventions that have been prioritised for implementation. The list reflects needs that are broader than that of the sector but reflects the social needs and national priorities.





A close-up photograph of a person's face, heavily adorned with colorful makeup and gold glitter. The person has dark hair and is wearing a gold hoop earring. The background is a solid red color. The makeup includes blue and pink eyeshadow, black eyeliner, and gold glitter applied to the forehead, cheeks, and nose. The person's eyes are looking slightly to the right.

## Chapter Four: Sector Partnerships

## 4.1. Introduction

This chapter reports on existing and new partnerships between the Services SETA and key role players. The Services SETA has entered into partnerships with public, private and non-profit parties in order to deliver skills development for the services sector. Progress on the existing partnerships will be provided.

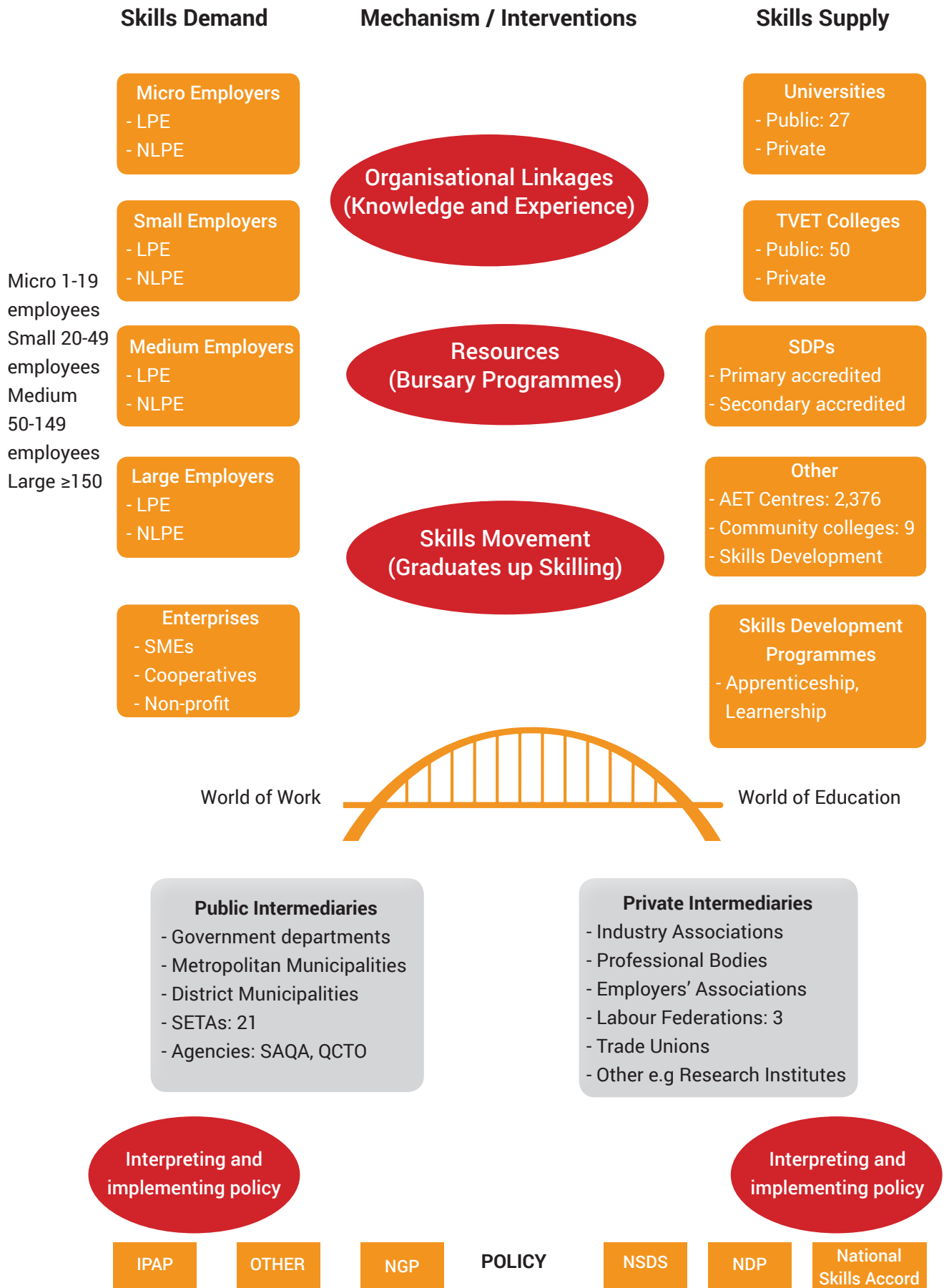
The Services SETA's partnership framework is informed by Porter's generic value chain, discussed in detail in the Strategic Plan: 2017/18. Porter's model was analysed against the framework provided in "Mapping Key Role Players and SETA Partnerships" issued by the DHET's Labour Market Intelligence Partnership, see Figure 7. The mapping of partnerships recognises that:

1. Employers (macro, medium and small) form the skills demand side of partnerships;
2. Universities, colleges, SDPs AET Centres, Community Colleges and Skills Development Centres constitute the skills supply side of the partnership;
3. Public intermediaries (government departments, municipalities, SETAs, government agencies) and private intermediaries (industry associations, professional bodies, employer associations, labour federations, trade unions) bridges the world of work and education.

Existing and new partnerships that comply with the above-mentioned elements were categorised into skills demand, skills supply and intermediaries and further broken-down by entity type.



Figure 7. Services SETA partnership framework





## 4.2. State of Existing Partnerships

Partnerships as at the end of the 2017/18, excluding legacy projects, for which implementation is continuing into the current financial year are regarded as existing. Existing partnerships are categorised first into Skills Demand Partnerships, Skills Supply Partnerships and Intermediary Partnerships. Thereafter, given their importance, partnerships are detailed for public TVET Colleges, public universities and Inter-SETAs. The purpose of existing partnerships include:

- Qualifications and curriculum development
- Infrastructure development
- Career expositions
- Skills development

### a) Skills Demand Partnerships

Skills Demand Partnerships are entered into with entities awarded discretionary grant funding. The purpose is development of skills covering different learning interventions and qualifications, either through regular or special projects. Over the years, partnerships have been entered into with the following role players:

1. Services SETA Levy Paying Employers
2. Services SETA Non-Levy Paying Employers
3. Non-Services SETA Employers
4. Public Service Employers
5. Trade Unions
6. Cooperatives
7. Non-Governmental Organisations

The Services SETA provides training and technical assistance to these entities to strengthen capacity and to project-manage implementation and ensure compliance with administrative and reporting requirements. Entities awarded funding through regular projects are responsible for learner recruitment in accordance with the requisite entrance requirements and the sub-contracting of accredited SDPs.

Public service employers include government departments, municipalities and state-owned enterprises. Funding for NGOs is most often not limited to their employees but targeted at the service skills development needs of the broader community in such a way that the NGO acts as an intermediary and project manages implementation.

### b) Skills Supply Partnerships

Skills Supply Partnerships entered into with SDPs for the purpose of skills development are presented in Table 20 below. Public TVET Colleges and public universities receiving Services SETA funding indirectly through the National Student Financial Aid Scheme (NSFAS) are not included in the table. Similarly, SDPs sub-contracted by Skills Demand Entities are not included. Therefore, the actual reach is much broader than



that of direct partnerships with the Services SETA.

Similar to Skills Demand Partnerships, Skills Supply Entities awarded discretionary funding for skills development are trained and provided with technical assistance to strengthen capacity to project manage implementation and ensure compliance with administrative and reporting requirements. A total of 40 existing partnerships with SDPs (see Table 19) had been concluded as at the end of the 2016/17 for which implementation is continuing into the current financial year.

**Table 19: Active Skills Supply Partnerships with the Services SETA**

Type of Entity	Number	%
Public TVET Colleges	15	38%
Public Universities	4	10%
Private SETA Accredited Skills Development Providers	19	48%
Private TVET Colleges	1	3%
Private Universities	1	3%
<b>TOTALS</b>	<b>40</b>	<b>100%</b>

### c) Intermediary Partnerships

Private intermediaries include industry associations whereas public intermediaries include government entities, agencies or institutes. In both instances intermediaries play a project management role in implementing skills development interventions for targeted beneficiaries. The Services SETA would provide similar support as described above. Table 20 presents the active partnerships.

**Table 20: Active Intermediary Partnerships with the Services SETA**

Type of Entity	Number	%
Public	4	57%
Private	3	43%
<b>TOTALS</b>	<b>7</b>	<b>100%</b>

In addition to the above, the Services SETA entered into a partnership with the DHET to conduct a research study on the provisioning of hairdressing programmes in TVET Colleges.

### d) Public TVET Colleges

The Services SETA established partnerships with a number of TVET Colleges. A total of 29 out of 50 public TVET College partnerships have been established and were active at the end of the 2017/18 financial year; 22/29 for skills development and 10/29 for infrastructure development for expanded access to skills development as indicated in Table 21 below.

The infrastructure development partnerships provide for the establishment of Skills Development Centres, Artisan Development Centres or Trade Test Centres subject to the need. The SDCs are in most instances owned and managed by a public TVET College or public university.

**Table 21: TVET Colleges' partnerships with the Services SETA**

#	Province	Town	College Name	Purpose of Partnership
1	Eastern Cape	Queenstown	Ikhala TVET College	- Infrastructure
2	Eastern Cape	King Williams Town	Lovedale TVET College	- Infrastructure - Skills Development
3	Eastern Cape	Butterworth	King Hintsha	- Infrastructure - Skills Development
4	Free State	Phuthaditjhaba, Qwaqwa	Maluti TVET College	- Skills development
5	Free State	Bloemfontein	Motheo TVET College	- Infrastructure - Skills Development
6	Gauteng	Germiston	Ekurhuleni TVET West College	-Skills development
7	Gauteng	Tshwane	Tshwane South TVET College	-Skills development
8	KwaZulu-Natal	Richardsbay	uMfolozi TVET College	- Skills development
9	KwaZulu-Natal	Kwamathutha	Coastal TVET College (Mobeni)	- Skills development
10	KwaZulu-Natal	Pinetown	Elangeni TVET College	- Infrastructure
11	KwaZulu-Natal	Port-Shepstone	Esayidi TVET College	- Infrastructure
12	KwaZulu-Natal	Newcastle	Majuba TVET College	- Skills development
13	KwaZulu-Natal	Vryheid	Mthashana TVET College	- Infrastructure
14	KwaZulu-Natal	Pietermaritzburg	uMgungundlovu TVET College	- Infrastructure
15	Limpopo	Lephalale	Lephalale TVET College	- Skills development
16	Limpopo	Phalaborwa	Mopani South East TVET College	- Skills development
17	Limpopo	Motetema	Sekhukhune TVET College	- Skills development
18	Limpopo	Polokwane	Capricon TVET College	- Skills development
19	Limpopo	Sibasa Vhenda	Vhembe TVTE College	- Skills development
20	Limpopo	Mokopane	Waterburg TVET College	- Skills development
21	Mpumalanga	Witbank	Nkangala TVET College	- Skills development
22	Northern Cape	Kimberly	Northern Cape Urban TVET College	- Skills development
23	North West	Rustenburg	Orbit TVET College	- Skills development
24	North West	Mafikeng	Taletso TVET College	- Skills development
25	North West	Klerksdorp	Vuselela TVET College	- Infrastructure
26	Western Cape	Stellenbosch	Boland TVET College	- Skills development



#	Province	Town	College Name	Purpose of Partnership
27	Western Cape	Cape Town	College of Cape Town TVET College	- Skills development
28	Western Cape	Tokai	False Bay TVET College	- Skills development
29	Western Cape	George	South Cape TVET College	- Infrastructure - Skills development

The establishment of the SDCs directly contributes to the achievement of NSDS III goal of “promoting the growth of the TVET College system that is responsive to sector, local, regional and national skills needs and priorities.” During the establishment phase, the primary partner of the Services SETA may be a government department or municipality but TVET Colleges will be engaged as early on as possible to ensure sustainability. These are long-term investments that involve funding for infrastructure and funding for skills development once the centres are in operation. The SDCs involve the following primary objectives:

1. Building strategic partnerships - establish strategic partnerships with all relevant stakeholders. This entails building solid relationships across all 21 SETAs and government.
2. Sourcing funding for skills development - source funding for skills development from all 21 SETAs.
3. Project managing skills development implementation - provide project management training for the implementation of all skills development programmes funded through the centre.
4. Facilitating critical skills programmes: facilitate provision of life skills, communication and computer literacy programmes to top up practical skills required in the workplace.
5. Leading local economic development initiatives - support for-profit and non-profit enterprises and cooperative development through relevant partnerships.
6. Advocacy - the centres should maximise youth involvement through lobbying and advocacy programmes such as Youth Parliament, Local Government and Legislature participation, and
7. Information hub - centres should be supported to provide career guidance counselling services and supply all the requisite information.

There is no operationalisation model developed to ensure maximum utilisation of facilities. It is against this background that formative evaluation of the Services SETA SDCs is being conducted to establish the scope of services, organisational structure, staffing, funding and cost structure as well as relationships with other education and non-education institutions (i.e. municipalities). The evaluation will be limited to SDCs that have been funded by the Services SETA as listed below. The evaluation will provide critical information and recommendations that will be used to develop an operational model that can be utilised to effectively and efficiently manage SDCs. The consolidated list of existing infrastructure projects and partners is provided in Table 22 below.

**Table 22: Services SETA initiated Skills Development Centres**

#	Province	Town	TVET College	Government Partners
1	Eastern Cape	Cala	Ikhala TVET College	Sakhisizwe Municipality
2	Eastern Cape	King Williams Town	Lovedale TVET College	Nkonkobe Municipality
3	Free State	Bloemfontein	Motheo TVET College	Mangaung Enterprise
4	KwaZulu-Natal	Kokstad	Esayidi TVET College	The Greater Kokstad Municipality
5	KwaZulu-Natal	KwaXimba (near Cato Ridge)	Elangeni TVET College	eThekwini Municipality
6	KwaZulu-Natal	Merrivale (near Howick)	UMgungundlovu TVET College	uMngeni Local Municipality
7	KwaZulu-Natal	Paulpietersburg	Mthashana TVET College	AbaQulusi Municipality
8	North West	Klerksdorp	Vuselela TVET College	North West Provincial Government Department of Public Works and Roads
9	Western Cape	Beaufort West	South Cape TVET College	Beaufort West Local Municipality
10	Northern Cape	Prieska	King Hintsha	Siyathemba Local Municipality
11	Eastern Cape	Alice	Ikhala TVET College	Nkonkobe Municipality

From the above, the Motheo TVET College is by far the largest investment, as it will serve as the National Artisan Development Academy.

### **e) Public Universities**

As at the end of the 2017/18 financial year, the Services SETA had existing partnerships with seven public universities for skills development (see Table 23). One included funding for a career exposition and another for qualifications and curriculum development for the funeral services industry, as shown in the table below. Notwithstanding, Services SETA funding, through NSFAS and other entities, indirectly reached an additional 14 public universities.



**Table 23: University Partnerships with the Services SETA**

#	Province	Town	University Name	Nature of Partnership
1	Free State	Bloemfontein	Central University of Technology	- Skills development
2	Limpopo	Sovenga	University of Limpopo	- Skills development
3	Limpopo	Thohoyandou	University of Venda	- Skills development
4	Mpumalanga	Mbombela	University of Mpumalanga	- Skills development
5	Western Cape	Cape Town	University of Cape Town	- Skills development
6	Gauteng	Johannesburg	University of Witwatersrand	- Skills development
7	Eastern Cape	Grahamstown	Rhodes University	- Skills development

#### **f) Inter-SETA**

The Services SETA is collaborating with 21 other SETAs to develop a suit of research tools and frameworks for skills development through a network of research chairs. The Services SETA is in the main funding the development of the M&E framework and Project Evaluation Tool that will be led by Rhodes University, and the development of the occupational mapping tool that will be led by the University of the Witwatersrand.

In addition, the Services SETA has a strong partnership with the Construction Education and Training Authority (CETA). The two SETAs have shared objectives and common approaches in the establishment of SDCs. The CETA is assisting the Services SETA to capitalise on the infrastructure development projects by utilising the infrastructure as practical workplaces for artisan development. The CETA is project managing the implementation of the artisan development interventions and the Services SETA is implementing top-up learning interventions to strengthen supply pipeline. Joint project teams work hand-and-hand to initiate and monitor programme implementation.

### **4.3. Strengths and Lessons Learnt from Existing Partnerships**

This section seeks to provide some understanding and insight into the lessons learnt thus far. The success of these partnerships requires evaluations of outcomes and impact; hence, it may be too early to assess at this stage, see Table 24.

**Table 24: Lesson learnt from existing partnerships**

Nature of partnership	Purpose of partnership
Skills Demand Partnerships	The Services SETA has streamlined internal and external systems to resolve enrolment challenges. Training workshops, manuals, technical assistance and online capturing tools have improved learner enrolment submissions and reduced the extent of remediation required. Smaller employers, public service employers and non-profit organisations most often require higher levels of support. Current challenges include administering learning intervention change requests, learner recruitment, learner orientation and preparedness, availability of SDPs especially in rural areas, learner retention, mentorship and ongoing implementation support. Earlier detection of implementation problems will enable more proactive solutions. Strategies to overcome these challenges are being explored and implemented
Skills Supply Partnerships	SDPs should align their applications for discretionary grants to their accreditation. Inadequate numbers of SDPs may result in an over-utilisation of existing providers. The attendant risk is that the quality of services rendered is compromised because the SDP is overstretched. Services SETA needs to consider reducing allocations to entities that may be applying for funding, to conduct training beyond their capacity
Intermediary Partnerships	Intermediaries often have competing interests which should not detract focus from their performance deliverables. Intermediaries should start small and incrementally increase the scale of their projects aligned to capacity and proven credentials
Public TVET Colleges	Memorandum of Understanding do not necessarily result in tangible projects and achievements. Other than that, it is too early to assess progress and the lessons learnt from these partnerships
Public Universities	These are mostly reached indirectly through NSFAS. It is too early to assess progress and the lessons learnt from these indirect partnerships.
InterSETA	Services SETA has a strong and successful partnership with the CETA which can be attributed to mutual leadership commitment and similar strategies and objectives to expand rural skills development through the establishment of SDCs. The lessons learnt in this process include clear delineation of roles and responsibilities, establishment of joint project teams, partners monitoring their own qualifications due to different processes and practices, reporting results aligned to funding source, non-financial contributions accounted for through indirect targets, determination of document management and storage needs and efficiency gains in joint procurement processes



## 4.4. New Partnerships

There are several new partnerships that the Services SETA has identified for the 2018/19 financial year. Stakeholder proposals categorised by primary activity included the following: provider development, business support, employment creation, InterSETA collaboration, workplace and education alignment, work orientation, mentorship development, skills development facilitator training, safety and regulation, infrastructure development, career guidance, basic education, e-learning, research development and disability support. These are discussed in Table 25 below.

**Table 25: New partnerships**

Nature of partnership	Purpose of partnership
Skills Demand Partnerships	The Services SETA has allocated discretionary grant funding to 21 entities. Two regular discretionary grant invitations were issued in mid-August and mid-September 2016 and yielded significant growth in partnership with 343 entities. A cooperative development project resulted in the establishment and development of 181 cooperatives during 2016/17. This project is ongoing and opportunities for continuing and expanding support to SMMEs will be considered. Workplace readiness and supplementary training to strengthen learner retention and access to employment are being explored
Skills Supply Partnerships	The Services SETA is training moderators and assessors across subsectors and has a project underway to expand the number of accredited SDPs to address the shortage of offering qualifications in under-serviced areas. The Services SETA has also established a project to train skills development facilitators
Intermediary Partnerships	The Services SETA has launched an Entrepreneurship and Cooperative Development Institute. A programme of action for developing new content; products and services for the Institute was announced at a Conference in Johannesburg on 01 March 2018, which was attended by more than 500 delegates. The programme of action aims to improve quality, increase relevance and enable scaling up of applied learning for entrepreneurs to grow their businesses and cooperatives. The programme will be implemented in partnership between, and collaboration with, the Services SETA, the Department of Higher Education and Training (DHET), the Department of Small Business Development (DSBD) and its Agencies, the Small Enterprise Development Agency (SEDA) and the Small Enterprise Finance Agency (SEFA).
Public TVET Colleges  Public Universities	Partnerships with identified TVET Colleges, to lead and maintain the SDCs will be strengthened. Opportunities for developing learning programmes and materials for public TVET Colleges is being considered with the aim of national access and ensuring widespread capacitation  The Services SETA has entered into new partnership with the University of Witwatersrand and Rhodes University to lead three research chairs



In addition, the Services SETA is supporting infrastructure development in different parts of the country. Suggested sides and provinces are indicated in table 26 below.

**Table 26: New Infrastructure support for skills development partnerships**

#	Side	Province
1	Ngqeleni	Eastern Cape
2	Emalahleni (Lady Frey)	Mpumalanga
3	Mkhuze	KwaZulu-Natal
4	Mount Coke	Eastern Cape
5	Lesedi (Heidelberg)	Gauteng
6	Emfundisweni	Eastern Cape
7	Ga-Phasha	Limpopo
8	Ga-Mafefe	Limpopo
9	Port Elizabeth College	Eastern Cape
10	East Cape Midlands	Eastern Cape
11	Alexander Bay	Northern Cape
12	South Cape (George)	Eastern Cape
13	Capricorn	Limpopo
14	Tshisahulu	Limpopo
15	Elsiesriver (Community college)	Western Cape
16	Witbank (Community college)	Mpumalanga
17	Thoyandou (Community college)	Limpopo
18	Kuruman (Community college)	Northern Cape
19	Goldfields	Free State
20	University of Cape Town	Western Cape
21	Entrepreneurship and Cooperative Development Institute building	Gauteng



## 4.5. Best practice for effective partnerships

Partnerships between the Services SETA and CETA have proven successful thus far. The Services SETA and CETA entered into a formal partnership. The main purpose of the partnership is to improve the coordination of skills funding through a central mechanism, which can optimize spending and impact of delivery, recognising that many occupations are cross-sectorial and are not optimally served by the current sectorial focus of SETAs. Key to the success of this partnership lies with the execution of the partnership. For example, a Joint Partnership Management Team unit has been established for the Project Management and Coordination of all SETA partnered special projects identified and approved by the partnered SETA's Executive Management and Accounting Authorities. The Joint Project Management Team unit comprises of members of both the Services SETA and CETA. The role of the Joint Project Management Team extends to: Scoping, Monitoring and Evaluation, Project Support and Administration, Project reporting and Closure, and Advisory Role.

## 4.6. Conclusion

The framework for mapping partnerships and stakeholder proposals has highlighted the gaps in existing partnerships and opportunities to explore new partnerships. Further mapping and alignment of the purpose of these partnerships to primary business activities has enhanced prioritisation. The development of a partnership framework is underway and will be concretised following further research, consultation and planning.





## Chapter Five: Skills Priority Actions

## 5.1. Introduction

Chapter 5 highlights key discussion points from Chapters 1, 2, 3 and 4. Drawing conclusions from those chapters, this chapter identifies possible areas of intervention and suggests actions that should be taken to address them. It also responds to measures that have been put in place to support national strategies and plans.

## 5.2. Findings from Previous Chapters

According to Chapter 1, the services sector is an important sector for the South African economy. Services sector contribute up to 22% of the GDP and creates employment opportunity to more than 3 million people, every year for the past three years. A challenge facing the sector is that it comprises of a large number of SMEs. Approximately, 73% of the services sector's enterprises are either medium or small. There is a need to prioritise training in the SMME space to support growth. Research reveals that medium enterprises are more likely to create new jobs than large ones.

Chapter 2 identified migration, technology, globalisation, legislation and policy, and green skills as key change drivers in the services sector. Implications for skills development are that the sector needs to respond appropriately and fast enough to ensure access to these developments. There is a need to constantly review current qualifications and the stage of readiness of the training providers. To this effect, the Services SETA has commissioned the review of up to 50 qualifications and has engaged the services of private providers to assist skills development providers with the registration and accreditation processes. Chapter 2 further highlighted the alignment between the Services SETA's skills development initiatives with key national policies such as the National Growth Plan, White Paper on Post-School Education and Training, NSDS III, National Development Plan and the 9-Point Plan. Regarding the latter three plans, a strong alignment is made on growing SMEs.

Chapter 3 discussed skills issues in the services sector. The chapter identified vacancies for which it is difficult to recruit – hard-to-fill vacancies and skills gaps. Hard-to-fill vacancies refer to vacancies for which employers are unable to recruit or attract suitable talent for a period of more than 6 months. This serves as proxy indicator of skills scarcity within the sector. The emergent list of hard-to-fill vacancies indicate that the sector is struggling to recruit for high level skills (NQF Level 6 and above) such as managerial, professional and technical occupational categories. These are regarded as productive occupations of the sector that largely drive economic growth in the sector. Equally, skills gaps are concentrated in social skills such as solving complex problems, people management skills and cognitive skills.

The PIVOTAL list of the Services SETA was developed using several different data sources evaluated against the criteria of focusing on transformational and national imperatives, and labour and social demands. This exercise resulted in a list comprising a mixture of hard-to-fill vacancies, skills gaps and trades. Importantly, the PIVOTAL list was developed taking cognisance of the need to balance supply across high, intermediary and entry level qualifications.



The analysis of partnerships in Chapter 4 indicated the Services SETA's partnership model to promote access to skills development. A mixture of strategies has been devised and implemented to increase access to skills development. These involve partnerships with universities, colleges (TVET and Community), government departments, state owned entities and collaboration with other SETAs.

### **5.3. Recommended Actions**

Based on the challenges and opportunities in the services sector that were outlined in Chapter 1 through to Chapter 4, the following skills priorities have been identified to respond appropriately:

#### **a) Alignment and review of Services SETA qualifications**

The Quality Council of Trades and Occupations has set new norms and standards for occupational qualifications. SETAs are required to align current qualifications to the new approach. The Services SETA has embarked on a programme to align current qualifications to the QCTO requirements. Central to the changes is the requirement for occupational qualifications to have theory, practical and workplace components. The process is expected to conclude by no later than 31 December 2018.

In addition to the process of aligning the qualifications to QCTO requirements, the Services SETA is reviewing about 60 qualifications to determine their relevance to current labour market needs. The project will be completed by the end of 2019/20 financial year.

#### **b) Promoting access to skills development**

The SSP 2019/20 will retain the promotion of access to skills development as a priority action. A three-pronged approach has been devised. These involve: skills development infrastructure development and support, provider capacitation and e-learning platform. Over the last three years, the Services SETA has supported the construction of skills development centres where none existed, and renovation of existing ones to ensure access to skills development. There are commitments to support 8 more skills development centres in the current financial year.

In the current financial year, 2018/19, the Services SETA has engaged service providers to support training providers seeking registration of qualifications and accreditation with the Services SETA. The services provider is responsible for development of the Services SETA qualifications training material that will be freely accessible to registered training providers.

#### **c) Entrepreneurship and cooperative development**

The South African Government's Nine-Point Plan and National Development Plan place a strong emphasis on developing small and medium enterprises. Point four of the Nine-Point Plan aims to "[unlock] the potential of small, medium and micro enterprises, cooperatives and township enterprises". Realising that entrepreneurs at different stages of the business life cycle and at different levels of capital (human, financial, social and intellectual) intensity need different content, products and services to grow and sustain their businesses. Services SETA through the Entrepreneurship and Cooperative Development Institute programme of action is

investing in the development of applied learning products such as business advisory services and business development services. Once proven successful, discretionary grant funding shall be awarded for quality supply scaling up delivery across all SETAs and sectors. This project is being implemented in partnership with learning institutions, corporate sector and government departments such as the Department for Small Business Development among others to support corporates and small enterprises.

The Programme of Action for the Institute comprises of 9 interventions that will be designed and developed into content, products and services for entrepreneurs both virtually and physically. They include: research and dialogue; online ecosystem; business advisory services; monitoring and evaluation; societies; micro entrepreneurship programme; business growth programme; start-up enterprise villages and skills development.

#### **d) Mobilisation of industry to participate in Work-based learning programmes**

Linked to the question of vocational training is work experience. For firms to be competitive, the labour force especially new entrants should be competent as well as qualified. Competence cannot be assumed from qualifications. Therefore, the skills system has to find a way of ensuring that qualified people also have experience and proof of competence. This is in the main the role played by internship programmes. A learner tracer study conducted by the Services SETA (2017d) to measure the impact of learnerships and internships reveals, among others, that the lack of mentorship was a major challenge.

This finding suggests the need to work closely with employers to ensure that learners find placement with companies in order to gain practical experience upon completing their theoretical learning. The Services SETA has prioritised the training of coaches and mentors to support work-based training and mentorship. In addition, the Services SETA aims to expand collaboration with employers, employer associations, trade unions and learners to facilitate access to work-based learning for those who obtain their qualifications.

#### **Measures to support national strategies and plans**

**National Skills Development Strategy** - the Services SETA is (i) establishing four university research chairs (ii) targeting 16 active Skills Development Centres by 2018 (iii) collaborating with Motheo TVET College and the Construction SETA to construct a National Artisan Academy and (iv) launching an Entrepreneurship and Cooperative Development Institute among others.

**Nine Point Plan** - advisory, incubation services, and linkage with other opportunities for SMEs will be initiated through ECDI.

**Strategic Infrastructural Projects** - the Services SETA has an integral role to play in terms of using the SIPs as a training platform. Supporting skills such as project management, human resources, cleaning, gardening and general administration will be facilitated through various learning interventions, as the need dictates.



## 5.4. Conclusion

In order to address the skills needs of the services sector, the Services SETA has identified four areas of priority for intervention: alignment and review of Services SETA qualifications; promoting access to skills development; Entrepreneurship and cooperative development; and mobilisation of industry to participate in work-based learning programmes.





## REFERENCES

- Beard, R. (2014) *Customer Experience Marketing: What is it?* [online], available: <http://blog.clientheartbeat.com/customer-experience-marketing/> [Accessed 6 December 2015]
- Bhorat, H., Steenkamp, F., Rooney, C., Kachingwe, N. & Less A. 2016. *Understanding and Charaterising Services Sector in South Africa*. WIDER Working Paper 2016/157. United Nations University.
- Buchner, A (2013) *5 Top Trends for Call Centres and the Pricing Model Dilemma* [online], available: <http://www.trinity3.com/2013/09/call-centres-pricing-model/> [Accessed 7 December 2015]
- Dhamija, V., Lee, G., Ianni, J., Sund, K.J., Jung, H., Boon, H., Abdallah, F., and Finger, M. (2010) *ICTs, New Services and Transformation of the Post', International Telecommunication Union* [online], available: [https://www.itu.int/ITU-D/tech/rural\\_telecom/Rural\\_Publications/dcc\\_livreUitEn.pdf](https://www.itu.int/ITU-D/tech/rural_telecom/Rural_Publications/dcc_livreUitEn.pdf) [accessed: 8 December 2015].
- Deloitte LLP (2015) *Business Services Outlook 2015* [online], available: <http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/bps/deloitte-uk-business-services-outlook-2015.pdf> [accessed: 9 December 2015]
- DHET (2015) *Statistics on Post-School Education and Training in South Africa: 2013*. Published by the Department of Higher Education and Training. [www.dhet.gov.za](http://www.dhet.gov.za)
- Department of Telecommunications and Postal Services (2016) *South Africa Connect: Creating Opportunities, Ensuring Inclusion – South Africa's Broadband Policy* [online], available: <http://www.dtps.gov.za/25-programmes.html> [accessed 10 December 2015].
- Holmes, R., Dove, M., Wells, M., Goodwin, D., Loly, M., Scott, P. and Hawke, M. (2013) *2013/14 Global Contact Centre Benchmarking Report* [online], available: <http://www.dimensiondata.com/Global/Downloadable%20Documents/2013%20Global%20Contact%20Centre%20Benchmarking%20Report%20with%20SME%20Commentary.pdf> [accessed: 9 December 2015]
- National Planning Commission (2011) *National Development Plan 2030: Our Future – Make it Work*, Pretoria: National Planning Commission.
- Republic of South Africa (2011) *Consumer Protection Amendment Act 2011*.
- Nayak, N. (2013) *From Marketing Communications to Experience Engineering: The New Role of CMO's in the Digital Era* [online], available: [https://www.accenture.com/in-en/~/\\_media/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Technology\\_7/Accenture-Marketing-Communications-Experience-Engineering.pdf](https://www.accenture.com/in-en/~/_media/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Technology_7/Accenture-Marketing-Communications-Experience-Engineering.pdf) [accessed: 6 December 2015]
- Rouse, M. (2014) *Customer Relationship Management* [online], available: <http://searchcrm.techtarget.com/definition/CRM> [Accessed 6 December 2015]
- Services SETA (2017a) *Skills supply and demand in the hairdressing industry*. Parktown: Services SETA
- Services SETA (2017b) *Employer Survey*. Parktown: Services SETA



Services SETA (2017c) *Labour Market Analysis*. Parktown: Services SETA

Services SETA (2017d) *Performance Information Analysis*. Parktown: Services SETA

South African Reserve Bank (2016). *Statement of the Monetary Policy Committee* [online], available: <https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/7223/MPC%20Statement%2017%20March%202016%20.pdf> [accessed: 29 July 2016]

Statistics South Africa (2018a) Gross Domestic Product, Fourth Quarter 2015, [online], available: <http://www.statssa.gov.za/publications/P0441/P04414thQuarter2016.pdf> [accessed 21 May 2018].

Statistics South Africa (2018b) *Quarterly Labour Force Survey, Quarter 4, 2016* [online], available: <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2016.pdf> [accessed 21 May 2018].

The Department of Trade and Industry (the dti) (2016) *Industrial Policy Action Plan 2016/17 – 2017/18: Economic Sectors, Employment and Infrastructure Development Cluster* [online], available: <https://www.thedti.gov.za/default.jsp> [accessed: 29 July 2016]

Von Broembsen, M. (2012). Mediating from the Margins: The Role of Intermediaries in Facilitating Participation in Formal Markets by Poor Producers and Users. *South African Journal of Labour Relations* Vol 36 (1) pp. 31-53.

World Bank Group (2016) *Global Economic Prospects, June 2016: Divergences and*

*Risks*, Washington, DC: World Bank. Washington, DC: World Bank. doi:10.1596/978-1-4648-0777-0. License: Creative Commons Attribution CC BY 3.0 IGO [online], available: <https://openknowledge.worldbank.org/bitstream/handle/10986/24319/9781464807770.pdf?sequence=5> [accessed 28 July 2016]





**Annexure A: Continuous  
Improvement Plan:  
SSP 2019/20**

## CONTENTS

1. Introduction	1
2. Progress	1
3. CIP Matters	2
3.1. Research Agenda and Strategy	2
3.2. Collaboration	3
3.3. Improving Data Sources	4
3.4. Organizing Framework for Occupations (OFO) and Sector PIVOTAL list	4
3.5. Developing mechanisms for Skills Planning and LMIP	4
3.6. Alignment with Government Priorities	5
3.7. Research Capacity in the system	5
3.8. Career advice system	6
3.9. Role of Accounting Authority in the development of the SSP	6
3.10. Stakeholder engagement in preparation for the SSP	6
4. Conclusion	7
5. Approval	7



## 1. INTRODUCTION

The revised Sector Skills Plans Framework and Guidelines issued by the Department of Higher Education and Training in 2017, requires SETAs to submit a Continuous Improvement Plan (CIP) accompanying each Sector Skills Plan (SSP) update. This CIP has been prepared in line with the prescribed format of the revised Framework. The first section of the CIP highlights areas of improvement that were identified in the 2017/18 submission. The second section discusses the CIP Matters as recommended by the DHET. The final section presents the approval by the Chairperson of the Accounting Authority.

## 2. PROGRESS

The SSP 2017/18 CIP identified the inability of the Services SETA to quantify the magnitude of skills demand as a serious challenge. The Services SETA has since addressed this problem, firstly, by incorporating a question on the list of hard-to-fill vacancies and skills gaps, with the accompanying request to indicate the magnitude of demand. Secondly, the Services SETA commissioned the development of a skills demand forecast model. The model has been used to determine the magnitude of skills demand in the short- to medium-term.

Continuous enhancements have been effected on the Services SETA Learner Information Management System in order to improve the integrity of learner and employer data. The Workplace Skills Plan template has been modified firstly to make it user-friendly for employers submitting their plans and, secondly, to incorporate critical skills demand surveillance and analysis questions as outlined above.

Lastly, the Services SETA developed a Planning Policy that covers research, reporting and impact evaluation frameworks. These documents will help to guide the research agenda and procedures in the Services SETA which will result in improved alignment between research findings and skills demand on the one hand, and improved quality of research findings and reports on the other hand.

### 3. CIP Matters

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
3.1. Research Agenda and Strategy	<p><b>Title:</b> Analysis of workplace training demand and supply</p>	<p>The purpose of this study is to identify the mismatch between the skills demand and supply in the services sector, by analyzing the Mandatory Grant (WSP/ATR) data. The completion of the research study is 31 July 2018</p>	<p>Findings from the final report will be incorporated in the 1 August 2018 sub-mission of the SSP</p>
	<p><b>Title:</b> Employer Survey</p>	<p>The purpose of this study is to understand the scale of the workforce and occupations in demand. The research study will be completed on 30 June 2018</p>	<p>Findings from the final report will be incorporated in the 1 August 2018 sub-mission of the SSP</p>
	<p><b>Title:</b> Analysis of hard-to-fill vacancies and skills gaps in the workplace</p>	<p>This project is part of the DHET ESS pilot study that looks at the skills scarcity in the economy using hard-to-fill vacancies and skills gaps as proxies. The project was completed on 31 April 2018</p>	<p>Not Applicable</p>
	<p><b>Study Title:</b> A formative evaluation of Services SETA funded Skill Development Centres (SDCs) across the country</p> <p><b>Title:</b> Economic and Labour Market analysis of the funeral industry</p>	<p>The purpose of this study was to assess the impact of these learning programmes on beneficiaries. The research project will be completed in December 2018</p> <p>The purpose of this project is to investigate the impact of new venture intervention on its beneficiaries. The project has not started yet. The project will be completed in October 2018</p>	<p>Final report on findings will be incorporated in SSP 2020/21 update</p> <p>Final report on findings will be incorporated in SSP 2020/21 update</p>



MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
	<p><b>Theme:</b> Curriculum, programmes and qualifications</p> <p><b>Topic:</b> Needs assessment for curriculum development and curriculum development</p> <p><b>Title:</b> Hairdressing Study</p>	<p>The study aims to undertake a rapid appraisal of the provisioning of hairdressing programmes in TVET Colleges. The research project was completed in February 2017</p>	<p>Not Applicable</p>
	<p><b>Theme:</b> Learner/Entrepreneurial success</p> <p><b>Topic:</b> Mentoring and support of learners</p> <p><b>Title:</b> Impact Assessment of Enterprise Development Intervention</p>	<p>The purpose of this project is to investigate the impact of new venture intervention on its beneficiaries. The project has not started yet.</p>	<p>The project is expected to start in July 2017</p>
3.2. Collaboration	<p>Collaboration with Universities</p> <p>Rhodes, Wits and Mpumalanga</p> <p>Collaboration with TVET Colleges</p>	<p>The Services SETA has established research chairs with 3 universities:</p> <p>The Services SETA aims to establish 2 new research chairs</p>	<p>The Services SETA aims to establish 3 new partnerships with Universities in 2017/18</p> <p>The Services SETA aims to establish 3 new partnerships with TVET Colleges in 2017/18</p>
		<p>The Services SETA works closely with the CETA on skills development centres and artisan development academy at Motheo College in the Free State</p>	<p>This partnership is envisaged to continue into the foreseeable future</p>



MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
3.3. Improving Data Sources	Mandatory Grant	The Services SETA has commissioned a project to update database of employers for improved communication and interaction. This is a follow up last year's employers survey which yielded low response rates	Not Applicable
	Performance information	The Services SETA has been continuously as-sessing and updating the integrated Management Information System to strengthen the quality of learners' enrolment and completion data.	The process is ongoing as the system was only deployed in 2016/17
	Stakeholder information	Provincial offices update stakeholder information on a quarterly basis	An uniform database template is being developed to ensure consistency across the provinces
3.4. Organizing Framework for Occupations (OFO) and Sector PIVOTAL list	Primary research	Findings from six research studies were used in this update.	There are currently five research under-way and will be completed before the end of 2018/19
	Request for OFO change/update from Labour and Collective Services Chamber was submitted to DHET	All requests were approved	Submissions from Personal Care Services Chamber are expected in 2018/19
3.5. Developing mechanisms for Skills Planning and LMIP	The Services SETA continues to participate in the LMIP	The Services SETA staff took part in the LMIP Colloquium held on September 2016 The Services SETA conducted an employer survey in 2016/17 to improve the quality of labour market information	The Services SETA will be sponsoring the next research colloquium scheduled for September 2017 The Services SETA plans to pilot the proposed ESSP



MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
3.6. Alignment with Government Priorities	The Services SETA's Sector Skills Plan is aligned to the Eight Goals of the National Skills Development Strategy III, the White Paper on Post-School Education and Training and the National Development Plan	The Services SETA has partnered with the Department for Small Businesses to establish Entrepreneurship and Cooperative Development Institute	
3.7. Research Capacity in the system	Planning Department	The Services SETA has strengthened the research capacity with the appointment of Senior Manager: Planning, Manager: Impact Assessment	The Services SETA is in the process of recruiting for a Data Analyst to further strengthen research capacity in the department
	External Service Provider	The Services SETA continues to appoint on the services of the external services providers where large-scale research is involved	Continuous
	Research Reference Group	The Services SETA establishes a Research Reference Group for every research projects to strengthen quality oversight. Research reference groups were established for SSP Research and the Hairdressing research study	The Services SETA will continue to establish a Research Reference Group for each research study to strengthen oversight and quality of outputs
	Research Chairs	The Services SETA is establishing new Research Chairs with the University of the Witwatersrand and Rhodes University	
	Research Reference Group	The Services SETA establishes a Research Reference Group for every research projects to strengthen quality oversight. Research reference groups were established for SSP Research and the Hairdressing research study	The Services SETA will continue to establish a Research Reference Group for each research study to strengthen oversight and quality of outputs

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
	Research Chairs	The Services SETA is establishing a Research Chair with the University of Mpumalanga	The Services SETA plans to establish two additional Research Chairs in 2018/19 e Services SETA plans to establish additional Research Chair in 2017/18
3.8. Career advice system	The Services SETA runs a series of career exhibitions and outreach programmes through the Corporate Services Department. The Provincial offices, located in all the nine provinces with two offices in Eastern Cape, also support the outreach programmes and are the closest point of call for learners and employers	The Services SETA undertook 15 career guidance events	The target for the current financial year is 33
3.9. Role of Accounting Authority in the development of the SSP	The Accounting Authority (AA) of the Services SETA approves the SSP. Key research findings that inform the SSP and all drafts of the SSP are presented to the AA for discussion and ultimately adoption The AA of the Services SETA also approves the Research Agenda	A consultation with the Accounting Authority took place on 13 June 2018	Continuous
3.10. Stakeholder engagement in preparation for the SSP	Key stakeholders participate in various stages of the SSP, including the formative research	Stakeholder workshops were held in the development of SSP 2019/20 updates as outlined in the SSP	



## 4. CONCLUSION

The Services SETA has made extensive use of primary research to update SSP 2019/20. Improvements in the research methods has allowed the Services SETA to determine the magnitude of skills demand, provide the medium-term projections and reasons for scarcity.

Developments in improving data integrity include enhancements to the Learner Information Management System and Workplace Skills Plan template.

The Services SETA has strengthened collaboration with Post-School Education and Training institutions by increasing the number of research chairs with universities. There are currently four research chairs with three universities. Two other research chairs are planned for 2018/19. Regular update of OFO Code has ensured alignment between skills demand and supply by ensuring availability of relevant qualifications, and possible gaps.

Alignment to the Government's 9-Point plan has strengthened the Services SETA's contribution to Government policies and programmes. The establishment of the Entrepreneurship and Cooperative Development Institute will facilitate the Services SETA's role in promoting SMEs. The use of the Research Reference Group at the Services SETA has strengthened oversight over the quality of research outputs. Plans are afoot to establish the Research Ethics Committee to exercise oversight to ethical conduct in research at the Services SETA.

Career advice programmes run by the Services SETA continue to position the SETA among prospective learners and resulted in increased uptake of the Services SETA programmes. The Services SETA plans to incrementally increase the number of career advice programmes yearly to sustain the momentum.

The development and update of the Services SETA SSP continues to be a highly participatory process that involves the Management, Accounting Authority and industry representatives.

## 5. APPROVAL

This CIP has been informed by the research agenda originally adopted by the Governance, Risk and Strategy Committee of the Accounting Authority and updated in accordance with implementation developments. It is submitted as an annexure to the Services SETA Sector Skills Plan 2019/20.



DR MARIA MARINKIE MADIOPE  
CHAIRPERSON: ACCOUNTING AUTHORITY

DATE: 31 JULY 2018



