



SECTOR SKILLS PLAN 2018/19



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



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: 28/07/2017

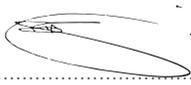
Andile Nongogo

Signature: 

Chief Executive Officer

Date: 28/07/2017

Themba Mhambi

Signature: 

Chairperson: Accounting Authority

Date: 28/07/2017

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

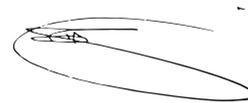
FOREWORD

I am pleased to present the Services SETA Sector Skills Plan (SSP) update for 2018/19. The Services SETA recognises the importance of the SSP in informing supply-side planning in post-school education and training and SETA funding priorities in fulfilment of its mandate. Ensuring relevance of SETA and sector investments in post-school education and training through credible research if we are to achieve a positive impact on employment and entrepreneurship for economic growth, is imperative.

Recent debates on the need to demonstrate and strengthen the alignment between SETA investments and researched hard-to-fill vacancies and skills gaps highlighted the importance of representative data on sector demand and supply. Primary research on sector recruitment trends, over and above employers submitting mandatory grant applications, was used to strengthen the reliability of the information upon which Strategic and Annual Performance Plans are based. Better use and analysis of the Services SETA performance information will further aid sound decision-making and investments.

The services sector, across the scope and coverage of its sub-sectors, is diverse and widespread, covering several cross-cutting occupations and qualifications. The Business Services subsector in general fall under the scope of the Services SETA; hence, entrepreneurship and entrepreneurial development are key strategic imperatives for the SETA. The Services SETA is positioned to support national and sectoral priorities and will achieve these through partnerships across the skills development value chain and special projects such as skills development centres and rural infrastructure development.

Recent improvements and achievements of the Services SETA will positively contribute towards the new SETA landscape regardless of its shape and form.



MR THEMBA MHAMBI

CHAIRPERSON: ACCOUNTING AUTHORITY

DATE

TABLE OF CONTENTS

List of Tables	iv
List of Figures	v
List of Acronyms	vi
Executive Summary	viii
Research Process and Methods	x
CHAPTER ONE: SECTOR PROFILE	1
1.1. Introduction	1
1.2. Scope of Coverage	1
1.3. Key Role-Players	6
1.4. Economic Performance	8
1.5. Employer Profile	11
1.6. Labour Market Profile	14
1.7. Conclusion	21
CHAPTER TWO: KEY SKILLS ISSUES	23
2.1. Introduction	25
2.2. Change Drivers	25
2.3. Alignment with National Strategies and Plans	29
2.4. Conclusion	30
CHAPTER THREE: OCCUPATIONAL SHORTAGES AND SKILLS GAPS	31
3.1. Introduction	33
3.2. Occupational Shortages and Skills gaps	33
3.3. Extent and Nature of Supply	46
3.4. PIVOTAL List	55
3.5. Conclusion	63
CHAPTER FOUR: SECTOR PARTNERSHIPS	65
4.1. Introduction	67
4.2. State of Existing Partnerships	69
4.3. Strengths and Lessons Learnt from Existing Partnerships	75
4.4. New Partnerships	77
4.5. Best Practice for Effective Partnerships	78
4.6. Conclusion	78
CHAPTER FIVE: SKILLS PRIORITY ACTIONS	79
5.1. Introduction	81
5.2. Findings from Previous Chapters	81
5.3. Recommended Actions	82
5.4. Conclusion	83
REFERENCES	84

LIST OF TABLES

Table 1: Services SETA Scope of Coverage by Chamber, Sub-sector and SIC Code	2
Table 2: Subsector Descriptions	4
Table 3: Gross Value Added, 2016	9
Table 4: Services SETA Employers by Trading Status and Provincial Spread	11
Table 5: Services SETA Sub-sectors by Size and Levy Status	13
Table 6: Employment by Gender, Race and Age in the Services Sector	16
Table 7: Profile of the Labour Force of Services SETA Levy-Paying Employers	17
Table 8: Employment by Occupation and Qualifications in Services Sector	18
Table 9: Profile of the Labour Force of Services SETA's Levy-Paying Employers	20
Table 10: Alignment with National Strategies and Plans	29
Table 11: Hard-to-fill Vacancies in the Services Sector June 2014 and June 2016	35
Table 12 Services Sector Skills Gaps	43
Table 13: Trade Interventions Earmarked by the Services SETA	46
Table 14: Enrolment and Completion Figures of Learners at Tertiary Institutions	47
Table 15: Enrolment and completion rates of SETA-funded learning interventions	48
Table 16: Services SETA Funded Learner Enrolments by Learning Intervention	49
Table 17: Certifications/completion Across Learning Interventions, 2011-2016	50
Table 18: Services SETA's Accredited Training Service Providers by qualification	51
Table 19: Services SETA Occupational Qualifications Submitted to QCTO	54
Table 20: Services SETA PIVOTAL List 2018/19	58
Table 21: Active Skills Demand Partnerships with the Services SETA	69
Table 22: Active Skills Supply Partnerships with the Services SETA	70
Table 23: Active Intermediary Partnerships with the Services SETA	71
Table 24: TVET Colleges' partnerships with the Services SETA	72
Table 25: Services SETA initiated Skills Development Centres	74
Table 26: University Partnerships with the Services SETA	75
Table 27: Lesson Learnt From Existing Partnerships	76
Table 28: New Partnerships	77

LIST OF FIGURES

Figure 1: Services SETA's Key Stakeholders	7
Figure 2. National GVA growth, 2011-2016	9
Figure 3. Services SETA sub-sector GVA growth, 2011-2016	10
Figure 4: Employment by Industry, millions	14
Figure 5: Number of Vacancies by Subsector in Last 12 months	34
Figure 6: Demand for Skills in Different Industry Sectors, 2015 and 2020	42
Figure 7. Services SETA Partnership Framework	68

LIST OF ACRONYMS

AET	Adult Education and Training
ATR	Annual Training Report
BBBEE	Broad-Based Black Economic Empowerment
DHET	Department of Higher Education and Training
DTI	Department of Trade and Industry
GATS	General Agreement on Trade and Services
GDP	Gross Domestic Product
HEI	Higher Education Institution
HEMIS	Higher Education Management Information System
ICT	Information Communication Technology
IPAP	Industrial Policy Action Plan
LPE	Levy Paying Employer
MOU	Memorandum of Understanding
MTSF	Medium-Term Strategic Framework
NAMB	National Artisan Moderation Body
NDP	National Development Plan
NGP	New Growth Path
NLPE	Non-Levy Paying Employer
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
OFO	Organising Framework for Occupations
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PFMA	Public Finance Management Act
QCTO	Quality Council for Trade and Occupations
QLFS	Quarterly Labour Force Survey
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SDC	Skills Development Centre
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SDP	Skills Development Provider
SETA	Sector Education and Training Authority
SIC code	Standard Industrial Classification code
SIPs	Strategic Integrated Projects
SME	Small Micro Enterprises

SMME	Small, Medium and Micro Enterprises
SQMRs	SETA Quarterly Monitoring Reports
SSP	Sector Skills Plan
Stats SA	Statistics South Africa
TVET	Technical and Vocational Education and Training
WSP	Workplace Skills Plan
WTO	World Trade Organisation
QLFS	Quarterly Labour Force Survey

EXECUTIVE SUMMARY

This Sector Skills Plan (SSP) 2018/19 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 include analysis of employers' recruitment data, Services SETA employers' mandatory grant data, Services SETA performance information, employer survey and stakeholder engagements. Secondary research include analysis of Stats SA's Quarterly Labour Force Survey and Quantec data sets. Research findings were validated through a series of workshops comprising of the management of the Services SETA and key industry representatives.

In this SSP, the term 'services sector / sub-sectors' refers to the 70 Standard Industrial Classification (SIC) Codes demarcation as determined by the Department of Higher Education and Training (DHET). The 70 industries have been divided into six chambers and 16 sub-sectors for operational purposes. There are 119,381 employers actively trading within the sector. The large majority of employers are classified as medium to small (73%). Employers are concentrated in Gauteng, KwaZulu-Natal and the Western Cape provinces. Key role players with influence on the services sector, include the Accounting Authority, Chamber Committees, employers, employees and professional bodies. The Services SETA has formed a number of partnerships with business and labour to foster greater collaboration on skills development initiatives.

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 and Quantec indicates that the sector contributes 22% of the GDP and employs more than 3 million people. Analysis of labour market activities, indicates that there were 3,278,941 people employed in the services sector in 2016, Q4. The greater majority of the labour force is black (80%), women (57%), and relatively young (15-34 years, 37%). The Cleaning and Hiring Services and Business and Management Services Chambers employ close to 2 million people between them, making them the largest employers. A high number of employees are found in the clerical, elementary and domestic occupational categories. The implications for skills development are that the sector should strike a proper balance between training for productive industries in order to support economic growth and non-productive sector to promote transformation and equity.

Change drivers in the sector include technological change. The rate of technological change has an impact across services industries in terms of how current products and services are developed as well as how people interface with the market. Industries mostly affected by technological change include marketing, real estate, postal services, contact centres and funeral services. Increasing use of technology in the services sector requires adaptations to existing qualifications or the development of new ones, as well as increasing provider capabilities and capacity.

Policy and legislative changes are some of the drivers of change that have an impact on the services sector. The new Broad-based Black Economic Empowerment (BBBEE) code which requires 51% black ownership of companies with an annual turnover of more than R10 million. This has faced increasing resistance, with foreign originating firms having less appetite to allocate portions of their business to black South Africans at low cost or no cost in some cases, to the incumbents.

Environmental policies also impact on the sector, especially on 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. This presents the Cleaning Services sub-sector with an opportunity to develop and implement green skills. Due to increasing environmental concerns the Funeral Services sub-sector has seen growth in private cemeteries and crematoriums. Additionally qualified people might be needed to meet the growing demand.

The hair-care industry tends to be highly informal, with poor adherence to environmental policies. Product suppliers provide short-term training which at times might be insufficient to meet industry standards. Often this training ignores ethics, health and environmental safety, and the handling and disposal of dangerous chemicals. The lack of training standards means that hairdressers with no understanding of the dangers to environment and health continue to practise.

Alignment between this SSP 2018/19 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 66 occupations for which it is difficult to find suitable candidates. The identified occupations are a proxy indicator of scarcity. An analysis of the supply pipeline for the services sector indicates growing trends in enrolment of learners in services-related qualifications at colleges and universities. As a result of the increasing enrolment trends, the Services SETA funding has correspondingly increased over the last five years. A total of 59 skills gaps were identified for which skills programmes will be designed. The PIVOTAL list has been developed jointly with key stakeholders and the magnitude of demand, and the planned interventions have been quantified. These programmes will inform the updates of the Strategic and Annual Performance Plans 2018/19.

Given the importance of partnerships in skills development, the Services SETA has fostered 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. Partnerships focus on skills demand and supply, the roles of TVET Colleges, Higher Education Institutions (HEIs), intermediaries and Inter-SETA collaboration. Partnerships on inter-SETA collaboration is the best 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:

- Promoting access to skills development
- Entrepreneurship and enterprise development
- Aligning Services SETA qualifications
- Promoting workplace learning

RESEARCH PROCESS AND METHODS

The SSP 2018/19 update is informed by primary and secondary data. Primary data was gathered through qualitative and quantitative research methods, and a combination of both methods. The secondary research involved review of existing literature and research study reports. Primary research studies that inform this update are highlighted below.

a) Analysis of change drivers and skills demand in the Services Sector

Objective of the study	The purpose of the research was to identify sectoral change drivers and occupations in demand
Research design	Quantitative and qualitative
Research method	Literature review, interviews and focus group discussions
Sample size	Convenience sampling was used to identify and recruit 26 key informants and participants for the six focus group discussions, representing 6 Services SETA Chambers and 16 sub-sectors
Data sources	Literature sources, key informants and focus group discussions
Study duration	Started 10 November 2015 and completed on 31 March 2017

b) Mandatory Grant data and Services SETA performance information analysis

Objective of the study	The objective of the study was to identify skills supply and SETA performance with particular focus on the mismatch between skills supply and demand in the services sector
Research design	Quantitative
Research method	The research method employed was quantitative and involved analysis of the mandatory grant information (Workplace Skills Plan (WSP)/Annual Training Report (ATR) and learning interventions
Sample size	The sample size consisted of all employers who submitted WSPs and ATRs between 2011/12 and 2015/16
Data sources	WSP and ATR datasets and SQMRs
Study duration	Started June 2016 and completed on 31 March 2017

c) 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	Sample 1: 2 075 entities who submitted at least one WSP and ATR, and 3 645 entities that never submitted a WSP and ATR
Data sources	Completed questionnaires and interview notes
Study duration	Started August 2016 and completed on 31 March 2017.

d) Learner tracer study

Objective of the study	The purpose of this study was to assess the impact of internships and learnerships on beneficiaries in terms of job and income generation trends and opportunities, including status, progression, and earnings.
Research design	Quantitative and qualitative
Research method	The study used survey questionnaires and semi-structured interviews to collect data from learners.
Sample size	The sample size comprised of 800 survey participants and 116 in-depth interviews
Data sources	Completed questionnaires and interview notes
Study duration	Started May 2016 and completed on 14 April 2017

e) Analysis of hairdressing provisioning

Objective of the study	The study aimed to undertake a rapid appraisal of the provisioning of hairdressing programmes in TVET Colleges, in relation to labour market demand
Research design	Qualitative and quantitative
Research method	Desktop research, in-depth interviews focus group discussions and consultative engagement via a stakeholder workshops
Sample size	19 in-depth interviews, 51 informal hairdressers, two focus group discussion, 10 site visits with TVET colleges and validation workshop
Data sources	Interviews, focus group discussions notes and secondary data analysis
Study duration	Started August 2016 and completed on 14 February 2017

f) Services Sector value chain analysis

Objective of the study	The purpose of this project/analysis was to identify, define and develop a conceptual framework for the Services Sector value chain and map out an employment value chain
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

g) WSP/ATR analysis

Objective of the study	The purpose of this project was to analyse WSP/ATR data in order to understand workplace training demand supply and project the magnitude across the services sector
Research design	Quantitative
Research method	Desktop analysis of existing data
Sample size	Average of 2800 employees submitting WSPs
Data sources	WSP/ATR submissions
Study duration	Started June 2017 and planned to be completed on 31 December 2017

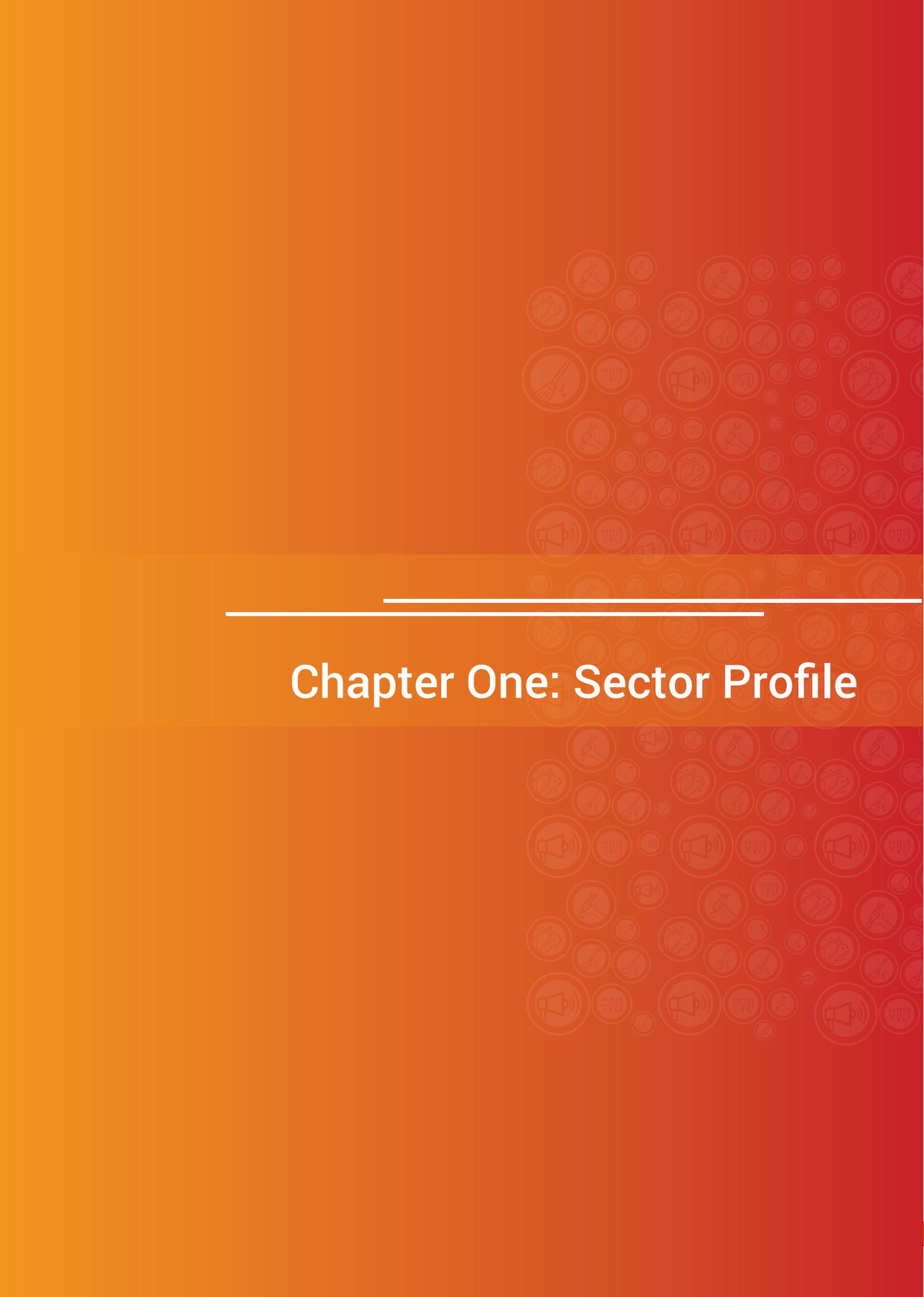
STAKEHOLDER CONSULTATIONS

In preparing this update, the Planning Department of the Services SETA consulted with both internal and external stakeholders. Consultations with internal stakeholders are highlighted below:

Nature of stakeholders	Date
Middle management of the Services SETA	15 May 2017
Senior management of the Services SETA	19 May 2017
Governance, Risk and Strategy Committee	14 July 2017
EXCO of the Accounting Authority	26 July 2017

Consultations with external stakeholders included workshops in the following provinces:

Province	Date
Northern Cape	19 April 2017
Free State	05 May 2017
North West	19 May 2017
KwaZulu-Natal	08 June 2017
Mpumalanga	21 June 2017
Eastern Cape	05 July 2017 & 6 July 2017
Industry representatives	12 July 2017



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 includes analysis of Services SETA Workplace Skills Plan (WSP) and Annual Training Report (ATR) data, the employer survey carried out by the Services SETA in 2016/17, Services SETA Performance Information, Quarterly Labour Force Surveys (QLFS), Quarterly Employment Surveys (QES) by Statistic South Africa and Quantec data. WSP and ATR data has been used in the main to corroborate data from Stats SA and Quantec which provides a national picture of the services sector economy. Secondary data includes a review of research studies commissioned by the Services SETA, highlighted above, 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 (GATS) 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 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 including 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

Services SETA employers and their services	
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; and agents and other laundry facilities.
Domestic Services	The employment of hired workers by private households for the performance 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 client 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 volume 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 the 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 of time; 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.

Services SETA employers and their services	
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 a particular 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, provider make-up analysis and clean and style wigs and hairpieces.
Beauty Treatment	Beauty treatment, nail technology, product distribution and 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 and the 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 services 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 Figure 1.

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. It is for practical purposes that it is necessary for the Accounting Authority to delegate some of its responsibilities and functions to one or more committees. Such 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 (NSDS) III 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 sub-sectors of the Chamber, as presented in Figure 1. 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 sub-sectors falling within the scope of the relevant committee.

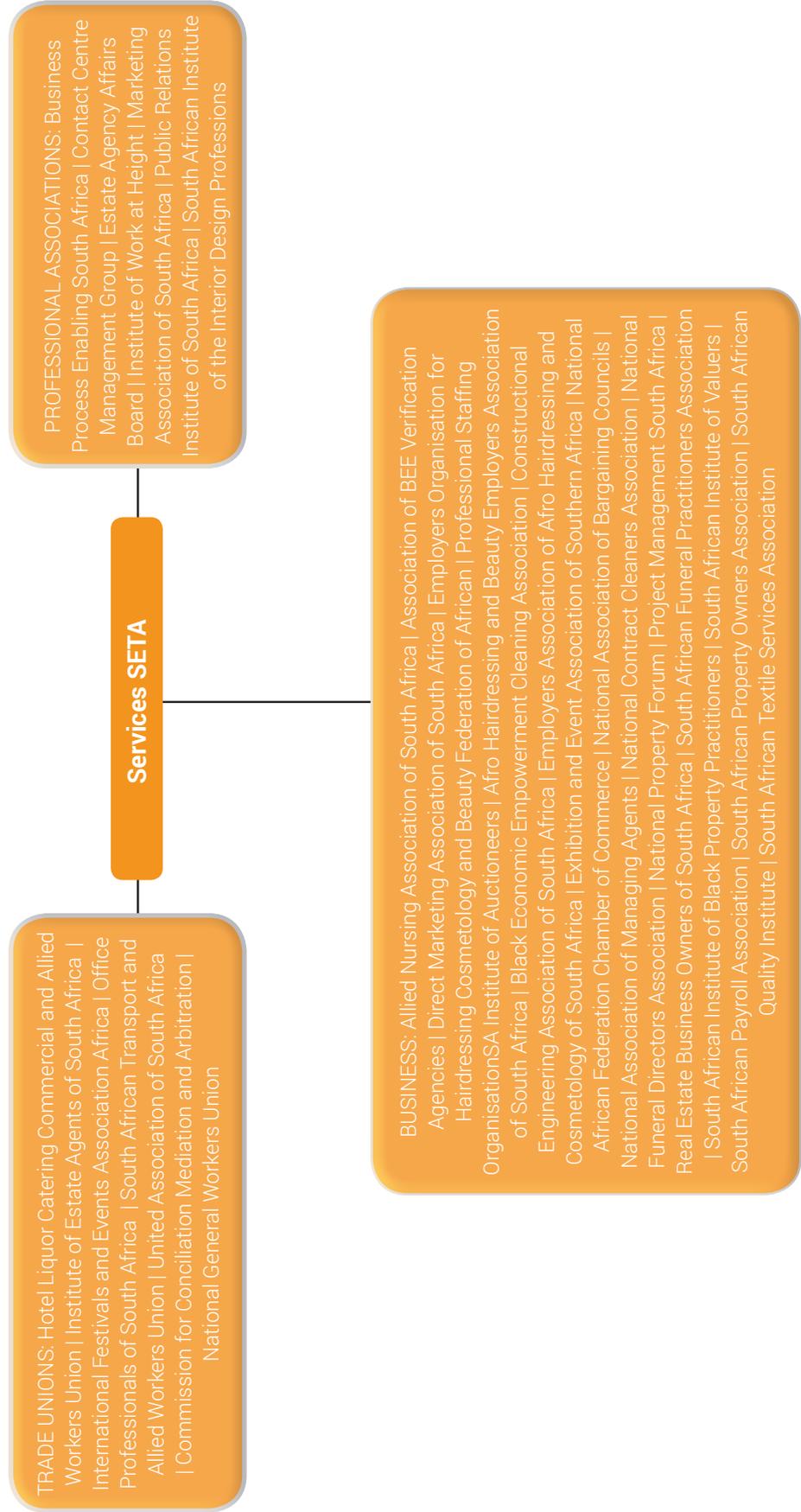
c) Employers

It is estimated that there were about 119,831 employers who were actively trading (Services SETA Employer Database, March 2016) in South Africa. Approximately, 35,594 employers are paying their skills development levy through the South African Revenue Services. While employers are found in all the 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 with regard to the identification of hard-to-fill vacancies and skills gaps, and qualifications required. They participate in qualification development processes. Trade unions represent the interest of their members and currently, three trade unions are represented on the Accounting Authority.

Figure 1: Services SETA's Key Stakeholders



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 future outlook, and the competitive nature of the sector.

Analysis of the South African economy points to the fact that it is service-oriented. Along with South Asian countries, the South African economy has witnessed large-scale deindustrialisation and the surge of service industries since the 1980s (Pillay, 2014; Haroon, et al. 2016). Haroon et al (2016) point out that by 2005, the services sector contributed up to 50% of the GDP of the South Asian countries combined. This implies that service-led growth plays a key role in structural transformation and economic development.

South Africa is resembling these countries in many ways. For purposes of economic reporting and forecasting of economic trends, SIC codes of sub-sectors in Services SETA's mandate were compared with economic data available¹. All Services SETA sub-sectors have been summarised into three main economic categories namely:

- Professional Business Services;
- Business Activities n.e.c.; and
- Other Community, Social and Personal Services.

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 each of the applicable economic sectors makes to the economy of South Africa. Table 3 indicates that the Services SETA-related sectors combined contributed approximately 18.2% to the economy of South Africa in 2016 in terms of gross value added (GVA). 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 an almost equal contribution made by the Business Activities and Other Community, Social and Personal Services sectors.

¹As indicated above, existing information available only provides statistics on the broad definitions of economic sectors. For this analysis, only those sub-sectors that most closely represent the industries within the mandate of the Services SETA were included.

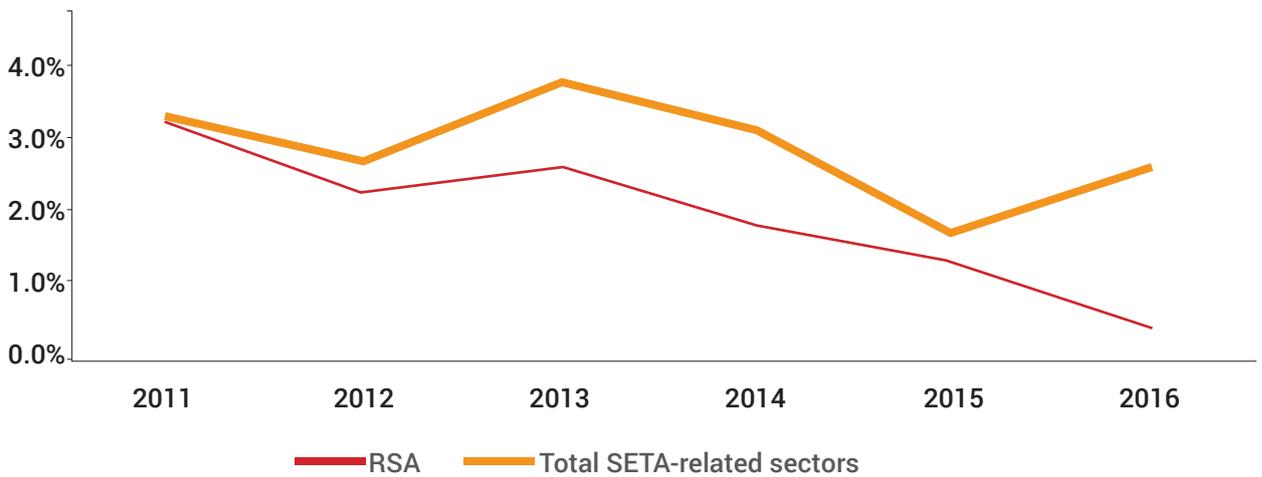
Table 3. Gross Value Added, 2016

Sector	GVA 2016 (R million)
Professional Business Services	R324,457
Business Activities n.e.c.	R92,712
Other Community, Social and Personal Services	R91,818
Total SETA-related Sectors	R508,987
RSA Total	R2,793,668

Source: Urban-Econ calculations based on Quantec EasyData, Standardised Regional Data Set, 2017

Economic growth (or decline) is the most important factor influencing employment as it indicates the capacity of an economy to generate jobs. It is, therefore, also important to understand the economic growth trends for South Africa in general and for the Services SETA related sector in particular, as is presented in the Figures below.

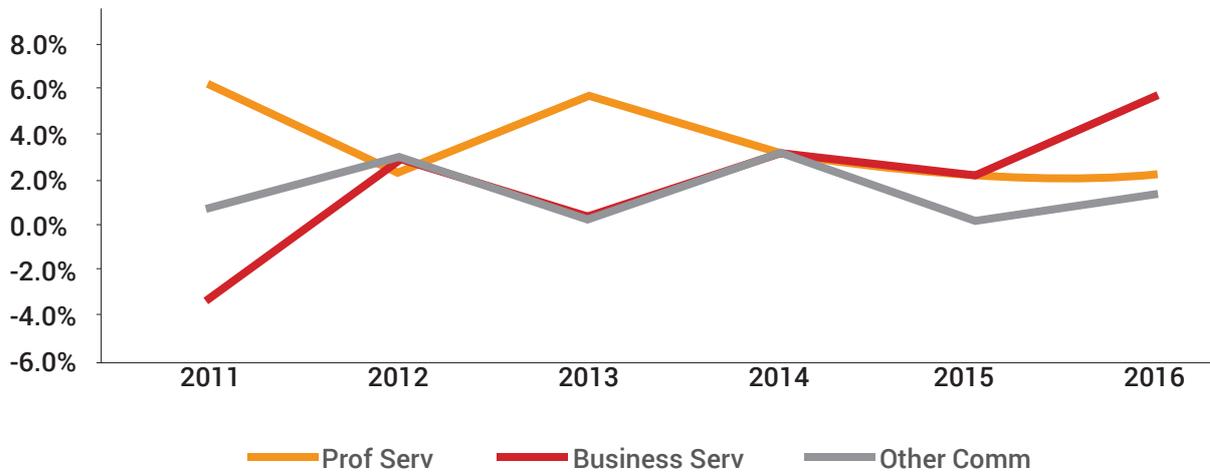
Figure 2. National GVA growth, 2011-2016



Source: Urban-Econ calculations based on Quantec EasyData, Standardised Regional Data Set, 2017

According to Figure 2, over the past six years, the South African economy experienced slowing economic growth, with GVA growth declining from 3.21% in 2011 to 0.38% in 2016. This figure indicates that although the Services SETA-related sectors also recorded a downward trend over this period, it consistently outperformed the national economy.

Figure 3. Services SETA sub-sector GVA growth, 2011-2016



Source: Urban-Econ calculations based on Quantec EasyData, Standardised Regional Data Set, 2017

Since 2015, the Service SETA related sectors have seen accelerated growth, together increasing to a growth rate of 2.56% in 2016. This performance was driven mainly by the Professional Services sub-sector between 2011 and 2015, see Figure 3. The Business Services saw substantial growth since 2013 and has over the past two years become the fastest growing Services SETA related sub-sector, recording a growth rate of 5.66% in 2016.

These trends are in line with recent economic indicators which points to the fact that the South African economy has entered a technical recession. The situation is likely to be exacerbated by the fact that South African government credit rating, along with major state-owned entities such as Eskom and Transnet, has been downgraded to junk status by major credit-rating agencies such as Standard and Poor, Moody's Investors Service and Fitch Ratings.

Implication 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 eservices 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 low-skilled labour force. As will be highlighted below, the services sector in South Africa is mainly serviced by 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 under its scope. Approximately 163,495 employers fall within its demarcation (as of May 2017), as illustrated in Table 4. Of these 119,831 employers were actively trading while almost 25,000 were no longer trading. In terms of geographic spread, employers are found in all nine provinces of South Africa but with high concentration in three developed and industrialised regions of Gauteng, KwaZulu-Natal and Western Cape.

Table 4: Services SETA employers by trading status and provincial spread

Province	Active	Inactive	Not verified	Grand Total
Eastern Cape	4,139 (3%)	1,563 (6%)	1,055 (6%)	6,757
Free State	2,331 (2%)	718 (3%)	414 (2%)	3463
Gauteng	77,558 (65%)	14,194 (58%)	12,216 (64%)	103,968
KwaZulu-Natal	10,844 (9%)	2,539 (10%)	1,356 (7%)	14,739
Limpopo	1,824 (2%)	374 (2%)	219 (1%)	2,417
Mpumalanga	3,092 (3%)	638 (3%)	478 (3%)	4,208
North West	2,097 (2%)	396 (2%)	388 (2%)	2,881
Northern Cape	828 (1%)	216 (1%)	154 (1%)	1,198
Unallocated			3 (0%)	3
Western Cape	17,118 (14%)	3,918 (16%)	2,825 (15%)	23,861
Total	119,831 (100%)	24,556 (100%)	19,108 (100%)	163,495

Source: Services SETA Database, 2017

Findings in Table 4 illustrate the fact that the majority of employers are located in developed cities of Johannesburg, Durban and Cape Town. This situation highlights the need to expand access to training to rural provinces of Limpopo, Eastern Cape, Mpumalanga, Northern Cape, Free State, North West and even most parts of KwaZulu-Natal in order to promote equity.

Proportionally, the majority of employers are in the Management and Business Services Chamber with 84,073 employers, followed by Real Estate and Related Services Chamber with 7,510 employers; while the lowest numbers recorded in the Marketing and Communication Services Chamber. There is high concentration of activity within the business and real estate services subsectors.

In terms of levy payment, Labour and Collective Services Chamber is the highest contributor, followed by the Communication and Marketing Services Chamber, and Cleaning and Hiring Services Chamber. These trends are in line with international trends whereby communication and transport subsectors are the main drivers of economic growth within the service economy (Pillay 2014, Haroon et al., 2016).

The Labour and Collective Services Chamber of the Services SETA include temporary employment agencies. Temporary employment is common within the communication, marketing, cleaning and transport/logistic services (Haroon, et al., 2015). It is important to note that, the majority of employers belonging to the Cleaning and Hiring Services Chamber can be found in transport, logistic and construction industries. Therefore, the finding above is consistent with international trends where definitions of services sector include these industries.

Table 5: Services SETA Sub-sectors by Size and Levy Status

Chamber	Paying				Non-Paying					
	Total	Large	Medium	Small	Unknown	Total	Large	Medium	Small	Unknown
Cleaning and hiring services	565 (31.2%)	45 (8.0%)	77 (13.6%)	419 (74.2%)	24 (4.2%)	1,810 (68.8%)	59 (3.3%)	72 (4.0%)	1,419 (78.4%)	260 (14.4%)
Communication Management Services	444 (32.3%)	17 (3.8%)	31 (7.0%)	384 (86.5%)	12 (2.7%)	1,374 (67.7%)	10 (0.7%)	20 (1.5%)	1,245 (90.6%)	99 (7.2%)
Labour and collective services	554 (37.5%)	86 (15.5%)	68 (12.3%)	386 (69.7%)	14 (2.5%)	1,477 (62.5%)	97 (6.6%)	118 (8.0%)	1,126 (76.2%)	136 (9.2%)
Management and business Services	15,570 (22.7%)	239 (1.5%)	536 (3.4%)	14,487 (93.0%)	308 (2.0%)	68,503 (77.3%)	340 (0.5%)	850 (1.2%)	61,516 (89.8%)	5,797 (8.5%)
Personal care services	416 (9.3%)	5 (1.2%)	26 (6.3%)	328 (78.8%)	57 (13.7%)	4,459 (90.7%)	18 (0.4%)	28 (0.6%)	3,163 (70.9%)	1,250 (28.0%)
Real estate and related activities	1,097 (17.1%)	11 (1.0%)	46 (4.2%)	987 (90.0%)	53 (4.8%)	6,413 (82.9%)	19 (0.3%)	41 (0.6%)	5,502 (85.8%)	851 (13.3%)
Not Allocated						201 (100%)		2 (0.6%)	58 (28.9%)	141 (70.1%)
Grand Total	35,594 (42.3%)	462 (1.3%)	937 (2.6%)	3,3267 (93.5%)	928 (2.6%)	84,237 (57.7%)	543 (0.6%)	1,131 (1.3%)	74,029 (87.9%)	8,534 (10.1%)

Source: Services SETA Database, 2017

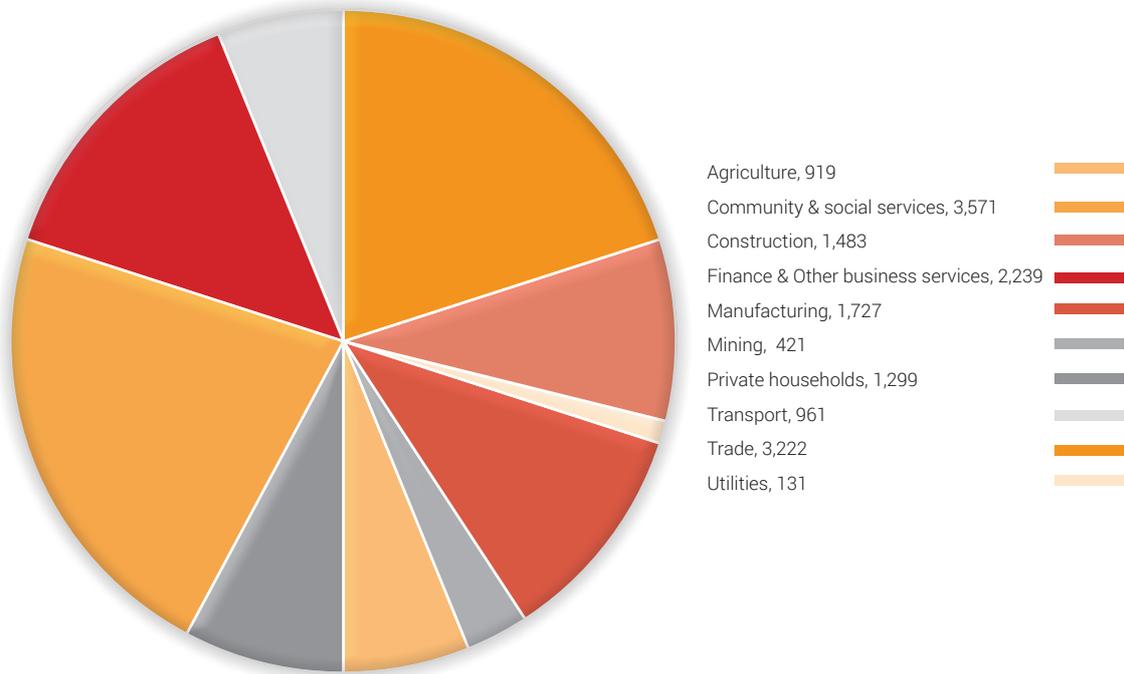
1.6. Labour Market Profile

This section discusses the number of people employed within the services sector; disaggregated by race, gender, age, disability status, sub-sectors, occupational groups and geographical location. Data used is derived from Stats SA's QLFS and QES, and Services SETA's WSP and ATR 2016.

a) Employment by sector

The services sector is the largest industry in the South African economy. It is also the largest employer as illustrated in Figure 4.

Figure 4: Employment by Industry, millions



Source: Statistics South Africa, 2017b

According to Figure 4, the highest employment numbers proportionately were recorded in the Community and Social Services industry (3,571 million people) followed by Trade (3,222 million people) and Finance and Other Business Services (2,329 million people). Analysis of the Stats SA's QLFS covering Q4 2008 to Q1 2016 at 3-digit level, reveals that the majority of people were employed under Private Household and Business Activities n.e.c., with 1,293,612 and 1,105,175 employees respectively (Stats SA, 2017b). When the Stats SA QLFS of 2017 (Stats SA, 2017a) is juxtaposed to 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 the extent to which workplaces address these issues. The section below looks at the gender, age, race and age profile of the services sector workforce.

i) Gender

International trends on demographic features of the services sector employees' points towards a bias towards men (Pillay, 2014; Haroon, et al., 2016). This is due to the fact that 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 52% of labour force in the services sector is comprised of men. However, a disaggregation of data by Services SETA SIC codes reveals a different picture. Table 6 indicates that up to 56% of services sector comprises of women. This trend has persisted over the past five years.

A further triangulation exercise conducted in this update involves analysis of employers' data obtained from WSP and ATR², see table 7. This data indicates that the majority of the labour force is male (57%). This is due to the fact that a majority of employers that submitted WSP and ATR to the Services SETA trade in industries such as transport, logistic, construction, manufacturing, security, communication and temporary employment services which are likely to be dominated by men.

ii) Race

Regarding racial composition of the services sector workforce, almost 80% is African, as highlighted in Table 7. Followed by Whites and Coloured at 11% 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 population is concentrated in low-skill and low-pay jobs. This is something which any training intervention should take into account as counselled by the NSDS III.

iii) Age

According to Stats SA data, the majority of employees in the services sector (33%) are aged between 35-44 years, as illustrated in Table 8. This implies that this sector tends to attract a fairly young workforce. Similar trends can be observed in the WSP data, Table 7. The services sector, therefore, offers a unique opportunity to address youth unemployment. Learning pathways such as Learnership or Internship could be preferred.

² As of April 2017, about 36,000 employer submitted the WSPs and ATRs. Therefore, it is important to note that the data presented is not intended to be used for generalisations across the sector, but to give useful insights into the SETA's levy payers.

Table 6: Employment by Gender, Race and Age in the services sector³

Gender	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
Male	1,266,522 (43.9%)	1,259,857 (43.1%)	1,288,884 (43.2%)	1,402,577 (44.4%)	1,384,618 (43.8%)
Female	1,617,126 (56.1%)	1,662,957 (56.9%)	1,693,663 (56.8%)	1,758,012 (55.6%)	1,774,124 (56.2%)
Total	2,883,648 (100%)	2,922,814 (100%)	2,982,547 (100%)	3,160,589 (100%)	3,158,742 (100%)
Race	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
Black African	2,251,773 (78.1%)	2,261,318 (77.4%)	2,377,227 (79.7%)	2,516,937 (79.6%)	2,508,394 (79.4%)
Coloured	234,314 (8.1%)	264,767 (9.1%)	260,895 (8.7%)	266,683 (8.4%)	261,481 (8.3%)
Indian/ Asian	52,460 (1.8%)	78,063 (2.7%)	67,855 (2.3%)	63,298 (2.0%)	53,531 (1.7%)
White	345,101 (12.0%)	318,665 (10.9%)	276,570 (9.3%)	313,671 (9.9%)	335,337 (10.6%)
Total	2,883,648 (100%)	2,922,814 (100%)	2,982,547 (100%)	3,160,589 (100%)	3,158,742 (100%)
Age	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
15-24yr	232,001 (8.0%)	233,786 (8.0%)	193,795 (6.5%)	267,653 (8.5%)	199,270 (6.3%)
25-34yr	931,861 (32.3%)	874,756 (29.9%)	918,668 (30.8%)	936,322 (29.6%)	926,371 (29.3%)
35-44yr	851,176 (29.5%)	963,938 (33.0%)	973,421 (32.6%)	985,754 (31.2%)	1,049,153 (33.2%)
45-54yr	617,471 (21.4%)	605,738 (20.7%)	622,828 (20.9%)	657,730 (20.8%)	698,034 (22.1%)
55-64yr	251,139 (8.7%)	244,596 (8.4%)	273,835 (9.2%)	313,130 (9.9%)	285,914 (9.1%)
Total	2,883,648 (100%)	2,922,814 (100%)	2,982,547 (100%)	3,160,589 (100%)	3,158,742 (100%)

Source: Statistics South Africa, 2017b

³ At Stats SA's 3-digit level

Table 7: Profile of the Labour Force of Services SETA Levy-Paying Employers

Gender	Cleaning and Hiring Services	Communication and Marketing Services	Labour and Collective Services	Management and Business Services	Personal Care Services	Real Estate and Related Services	Unknown	Totals
Male	14,613 (48%)	7,642 (38%)	45,042 (62%)	142,863 (60%)	1,021 (43%)	3,956 (45%)	1,793 (55%)	216,930 (57%)
Female	15,843 (52%)	12,469 (62%)	28,189 (38%)	96,427 (40%)	1,373 (57%)	4,854 (55%)	1,458 (45%)	160,613 (43%)
Total	30,456 (100%)	20,111 (100%)	73,231 (100%)	239,290 (100%)	2,394 (100%)	8,810 (100%)	3,251 (100%)	377,543 (100%)
Race Categories	Cleaning and Hiring Services	Communication and Marketing Services	Labour and Collective Services	Management and Business Services	Personal Care Services	Real Estate and Related Services	Unknown	Totals
Black African	25,935(85%)	7,267 (36%)	59,077 (81%)	164,901 (69%)	1,022 (43%)	2,819 (32%)	2,299 (71%)	263,320(70%)
Coloured	2,397 (8%)	5,890 (29%)	5,794 (8%)	23,046 (10%)	330 (14%)	818 (9%)	267 (8%)	38,542 (10%)
Indian / Asian	206 (1%)	2,190 (11%)	1,535 (2%)	9,549 (4%)	152 (6%)	617 (7%)	105 (3%)	14,354 (4%)
White	1,903 (6%)	4,315 (21%)	6,787 (9%)	41,284 (17%)	882 (37%)	4,553 (52%)	578 (18%)	60,302 (16%)
Unknown	15 (0%)	449 (2%)	38 (0%)	510 (0%)	8 (0%)	3 (0%)	2 (0%)	1,025 (0%)
Total	30,456 (100%)	20,111 (100%)	73,231 (100%)	239,290 (100%)	2,394 (100%)	8,810(100%)	3,251 (100%)	377,543 (100%)
Age Categories	Cleaning and Hiring Services	Communication and Marketing Services	Labour and Collective Services	Management and Business Services	Personal Care Services	Real Estate and Related Services	Unknown	Totals
35 & below	15,548 (51%)	14,488 (72%)	46,758 (64%)	145,806 (61%)	1,217 (51%)	3,175 (36%)	1,889 (58%)	228,881 (61%)
36-54	12,999 (43%)	4,981 (25%)	22,820 (31%)	80,514 (34%)	939 (39%)	3,906 (44%)	1,210 (37%)	127,369 (34%)
55+	1,909 (6%)	642 (3%)	3,653 (5%)	12,970 (5%)	238 (10%)	1,729 (20%)	152 (5%)	21,293 (6%)
Total	30,456 (100%)	20,111 (100%)	73,231 (100%)	239,290 (100%)	2,394 (100%)	8,810 (100%)	3,251 (100%)	377,543 (100%)

Source: Services SETA Mandatory Grant Data, May 2016

c) Occupational trends

Data from Stats SA indicates that in 2016 the majority of the workforce in this sector was employed at the level of domestic worker (31.2%) followed by sales persons (23.1%), Table 8. On the other hand, the majority of the workforce has not completed secondary education (41.4%) with some having completed secondary education (27.0%). Only 12% of the workforce had tertiary education. This state of affairs has implications for skills development. There is a need for the Services SETA to maintain a proper balance between developing the skills at the lower levels of the workforce which is in the majority, to promote transformation and equity, and up-skilling those who are at professional and managerial levels, to promote economic growth in the services sector.

Chapter 3 of this SSP has sought to ensure a balanced mix of higher and lower levels of occupational categories in identifying the list of hard-to-fill vacancies and skills gaps. The PIVOTAL list as well, has ensured that prioritised programmes are transformational in nature and address skills required to grow the services sector's economy.

Table 8: Employment by Occupation and Qualifications in services sector⁴

Categories	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
Managers	143,779 (5%)	135,766 (4.6%)	153,434 (5.1%)	155,582 (4.9%)	171,830 (5.4%)
Professionals	131,167 (4.5%)	164,824 (5.6%)	144,564 (4.8%)	123,437 (3.9%)	132,320 (4.2%)
Technicians and Associate Professionals	161,205 (5.6%)	166,584 (5.7%)	145,889 (4.9%)	181,468 (5.7%)	167,962 (5.3%)
Clerical Support Workers	198,607 (6.9%)	210,059 (7.2%)	217,871 (7.3%)	239,618 (7.6%)	249,253 (7.9%)
Service and Sales Workers	550,358 (19.1%)	559,028 (19.1%)	602,027 (20%)	646,010 (20.4%)	729,219 (23.1%)
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	1,316 (0.0%)	4,082 (0.1%)	3,109 (0.1%)	3,551 (0.1%)	0 (0%)
Craft and related trade	58,487 (2%)	60,280 (2.1%)	69,019 (2.3%)	75,914 (2.4%)	65,066 (2.1%)

⁴ At Stats SA's 3-digit level

Occupation	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
Plant and Machine Operators and Assemblers	62,629 (2.2%)	60,696 (2.1%)	57,637 (1.9%)	76,103 (2.4%)	68,134 (2.2%)
Elementary Occupations	594,136 (20.6%)	590,490 (20.2%)	590,461 (19.8%)	650,158 (20.6%)	590,697 (18.7%)
Domestic worker	981,962 (34.1%)	971,005 (33.2%)	998,535 (33.5%)	1,008,748 (31.9%)	984,260 (31.2%)
Total	2,883,648	2,922,814	2,982,547	3,160,589	3,158,742
Level of Education	Jan-Mar 2012	Jan-Mar 2013	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2016
No schooling	100,068 (3.5%)	109,276 (3.7%)	102,039 (3.4%)	114,146 (3.6%)	103,242 (3.3%)
Less than primary completed	317,997 (11%)	307,666 (10.5%)	311,931 (10.5%)	308,168 (9.8%)	295,684 (9.4%)
Primary completed	200,497 (7%)	174,805 (6.5%)	165,675 (5.6%)	184,120 (5.8%)	177,492 (5.6%)
Secondary not completed	1,156,933 (40.1%)	1,218,599 (41.7%)	1,214,233 (40.7%)	1,311,089 (41.5%)	1,306,682 (41.4%)
Secondary completed	706,868 (24.5%)	726,991 (24.9%)	798,187 (26.8%)	799,918 (25.3%)	853,918 (27%)
Tertiary	356,112 (12.3%)	349,913 (12%)	351,102 (11.8%)	401,346 (12.7%)	379,268 (12%)
Other	45,172 (1.6%)	35,565 (1.2%)	39,379 (1.3%)	41,801 (1.3%)	42,458 (1.3%)
Total	2,883,648	2,922,814	2,982,547	3,160,589	3,158,742

Source: Statistics South Africa, 2017b

Table 9: Profile of the Labour Force of Services SETA's Levy-Paying Employers

Occupational Categories	Cleaning and Hiring Services	Communication and Marketing Services	Labour and Collective Services	Management and Business Services	Personal Care Services	Real Estate and Related Services	Unknown	Totals
Managers	1,174 (3.0%)	3,814 (19.0%)	2,424 (3.3%)	19,855 (8.3%)	231 (9.6%)	887 (10.1%)	454 (14.0%)	28,839 (7.6%)
Professionals	296 (1.0%)	2,657 (13.2%)	4,078 (5.6%)	20,082 (8.4%)	183 (7.6%)	735 (8.3%)	276 (8.5%)	28,307 (7.5%)
Technicians and Associate Professionals	1,165 (3.8%)	1,829 (9.1%)	13,606 (18.6%)	31,850 (13.3%)	388 (16.2%)	4,570 (51.9%)	388 (11.9%)	53,796 (14.2%)
Clerical Support Workers	1,050 (3.4%)	10,257 (4.6%)	6,706 (1.5%)	43,416 (11.2%)	320 (29.2%)	679 (5.1%)	287 (8.5%)	62,715 (9.0%)
Service and Sales Workers	3,663 (12.0%)	935 (4.6%)	1,114 (1.5%)	26,827 (11.2%)	699 (29.2%)	449 (5.1%)	275 (8.5%)	33,962 (9.0%)
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	660 (2.2%)	130 (0.6%)	6,923 (9.5%)	12,190 (5.1%)	96 (4.0%)	259 (2.9%)	64 (2.0%)	20,322 (5.4%)
Plant and Machine Operators and Assemblers	2,605 (8.6%)	111 (0.6%)	21,004 (28.7%)	22,769 (9.5%)	235 (9.8%)	166 (1.9%)	284 (8.7%)	47,174 (12.5%)
Elementary Occupations	19,832 (65.1%)	377 (1.9%)	16,555 (22.6%)	59,118 (24.7%)	242 (10.1%)	1,029 (11.7%)	1,222 (37.6%)	98,375 (26.1%)
Unknown	11 (0.0%)	1 (0.0%)	821 (1.1%)	3,183 (1.3%)	0 (0.0%)	36 (0.4%)	1 (0.0%)	4,053 (1.1%)
Total	30,456	20,111	73,231	239,290	2,394	8,810	3,251	377,543

Source: Services SETA Mandatory Grant Data, May 2017

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 10 years. It is expected that these trends will grow. This implies that the services sector will require greater investment in skills development in order to sustain the levels of growth witnessed so far. Chapter 3 will highlight specific areas of skills development intervention, especially the PIVOTAL list.

In addition, 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 using the Quarterly Labour Force Survey and the data from the Services SETA levy-paying members highlight the need for the Services SETA to implement interventions that address the skills development needs of a wide audience – those who are at lower ranks of the employment spectrum on the one hand, and those who are at the higher level, on the other hand. Moreover, research emphasises the need to train at the higher level of education to realise growth in the South African economy (Reddy et al, 2011). Yet, the majority of the labour force needs their basic levels of education improved. The Services SETA will take into account the demand for training at varying levels in planning for skills development in the services sector.

Table 9 provides a breakdown of employment labour force by Services SETA employers by occupation, using WSP 2017 submission data. In line with the findings of the QLFS above, the majority of the workforce is employed at the elementary level (26%) followed by Technicians and Associate Professionals (14%).

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. The 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 nine provincial offices of the Services SETA. Identified change drivers were then validated with the Services SETA management, and Accounting Authority through workshops. Technology, globalisation, policy and legislation, population growth and urbanisation, and responsible resource use have been identified as the main change drivers in the services sector.

2.2. Change Drivers

a) Information and Communication Technology

Chapter 1 highlighted that technological innovation drives economic growth and development in South Africa. 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 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 the traditional work 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 a 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 communications 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 indicates 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. These developments have implications for the Services SETA. There is a need to develop relevant qualifications for contact centres.

In the funeral services sub-sector, technology is changing how customers engage with services offered by funeral enterprises. Some enterprises are developing a strong online presence to manage most of their business operations from appointment scheduling, to viewing products (e.g. caskets), or booking suppliers for funerals and managing customer relations using social media. The challenge in the sector is the struggle to obtain accredited training due to the shortage of training service providers. There are fewer morticians in the industry and it is difficult to find qualified people. The Services SETA has partnered with the University of Limpopo to development qualifications for the funeral industry. In addition, the Services SETA is providing training to more than 400 assessors and moderators.

b) 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 haircare 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).

c) 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 sub-sector 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 sub-sector is directly affected by new BBBEE code, which requires 51% black ownership for some large organisations that are predominately owned by overseas businesses.

d) Population growth and urbanisation

With the expected growth in the global population, higher levels of urbanisation are expected worldwide, with the United Nations projecting that by the year 2020, the global urban population will increase by an additional 380 million people (Roberts, 2016). Research suggests that demographic issues – which include population growth and urbanisation, influence the demand for labour and supply of labour. While urbanisation brings with it some challenges such as pressure on resources, infrastructure and unemployment, it also has the potential to create a new source of demand and offers new opportunities for innovation in order to meet the needs and expectations of the population for a better quality of life in various service-related industries.

The new opportunities brought upon will increase the demand for housing and thereby increase demand for real estate services. The continued urbanisation and demographic changes, especially from the emerging markets will further increase the sector's impact on the environment. Importantly, equipment rental businesses are expected to experience growth in the demand for their services as decision-makers increasingly choose leasing and rental options for heavy equipment required in construction projects. Hiring Services sub-sector had the potential to grow and increase employment through the government's Strategic Integrated Projects (SIPs) and the continued implementation of the Human Settlement Development Plan; thus meeting the job demands of the rising urban populations. A further implication is that technological advancement would soon result in demand for new skills and qualifications by employees.

e) Responsible resource use

As South Africa transitions 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. However, 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 laundry industry is a large consumer of "laundry liquids, powders, emulsifiers, starches, boosters, bleaches, dry cleaning detergents, wet cleaning chemicals, spotters, sanitizers" and other products (Laundry-ME, 2015). Incorporating the latest developments in cleaning solvents into the education and training of workers in the industry will ensure that, as a whole, the industry is prepared to maintain the drive to go green.

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).

2.3. Alignment with National Strategies and Plans

This section looks at the major national plans and strategies that affect the services sector, with particular 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 Policy or Plan	Implications for skills planning
National Skills Development Strategy (III)	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 two university research chairs, (ii) targeting 16 active Skills Development Centres by 2017, (iii) collaborating with Motheo TVET College and Construction SETA to construct a National Artisan Academy and (iv) is exploring the feasibility of establishing Enterprise Development Academy among others. Please see Chapter 4 for more details.
Industrial Policy Action Plan	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. From a Services SETA perspective IPAP requires assistance with skills development during the expansion phase. Services SETA participates in the DTI's Monyetla Project which involves training contact centre personnel. The key lessons learned will be used to inform future projects of a similar nature.
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 flagship programme in this regard is the planned establishment of the Entrepreneurship Development Academy.

2.4. Conclusion

This chapter identified technology, globalisation, policy and legislation, demographic change (population growth and urbanisation), and responsible resource 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 demand in the services sector. In addition, the chapter outlined the Services SETA's alignment with key national policies in order 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. Continuous assessment of the Services SETA's contributions in this regard is necessary to ensure the relevance of the various interventions. This point will be revisited in Chapter 4.

3.1. Introduction

This Chapter looks at the extent and nature of skills demand and supply and identifies hard-to-fill vacancies and skills gaps in the services sector. Findings are drawn from primary and secondary data sources. Primary data sources include an employer survey, WSP and ATRs, recruitment analysis and engagements with industry representatives, the Services SETA management and the Accounting Authority of the Services SETA. A desktop analysis of literature on skills demand and supply, including reports of studies commissioned by the Services SETA constitute the secondary data analysis.

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.

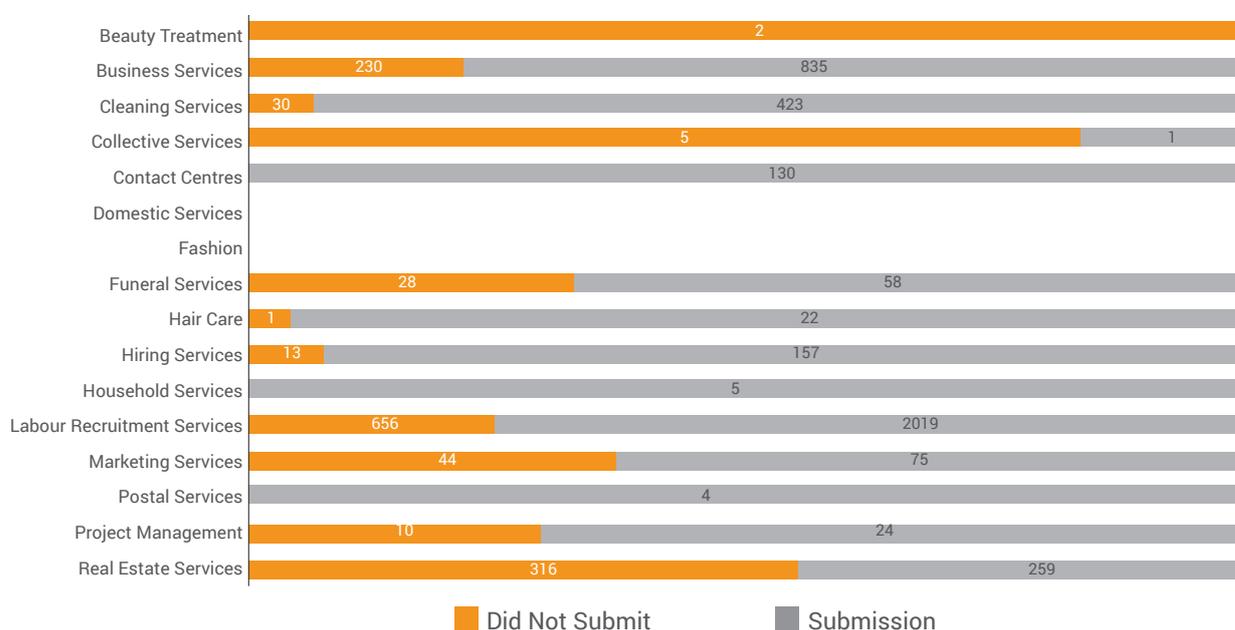
Early indications are that there is likely to be a high skills demand in fields such as architecture, engineering, computation and mathematics; a moderate decline in manufacturing and production roles, but a significant decline in office and administrative roles. Business and financial operations, sales and related services together with construction, register a flat global employment outlook (Ibid). For developing countries, personal care and services occupations are expected to grow due to demographic and social factors.

The Services SETA's approach to the analyses of hard-to-fill vacancies and skills gaps is informed by the above observations. The Services SETA commissioned studies that looked at the current and employment trends in the services sector. Findings from these studies have been used to inform hard-to-fill vacancies and skills gaps in this SSP. In addition, the Services SETA plans to conduct a study that takes a long-term view of the occupational needs and skills gaps. Primarily, the study is futuristic looking at the nature of job types in the next 10 to 15 years, that is, new jobs that are likely to emerge in South Africa and those that are likely to undergo fundamental realignment or become obsolete.

a) Hard-to-fill vacancies

Between January 2016 and March 2017, the Services SETA conducted a survey amongst employers to understand skills demand in the sector. The survey was stratified according to the size of the company and submission status – that is, those that submit WSP “Submission” and those that did not submit “Did not submit” (Service SETA, 2017b). The survey was supplemented by an analysis of the WSP and ATRs submitted between December 2016 and April 2017. According to the employer survey, a total of 5,374 job vacancies were reported by employers across all subsectors in the period under review. A total of 101 employers from the ‘Did not Submit’ sample reported about 1,335 job vacancies in the last 12 months, while 185 employers from the ‘Submission’ sample reported 4,012 job vacancies (Figure 5).

Figure 5: Number of Vacancies by Subsector in Last 12 months



In both samples, the highest number of job vacancies were reported in the Labour Recruitment Services with 2,019 from the ‘Submission’ sample and a further 656 reported by employers from the ‘Did not Submit’ sample. The Business Services and Real Estate Services subsectors respectively recorded the next highest combined number of job vacancies for both samples. Proportionally, the Household Services, Postal Services, and Beauty Treatment subsectors reported the lowest number of job vacancies across both samples.

In addition, the Services SETA commissioned a research that included analysis of weekly and daily newspapers' job adverts extending from June 2014 to June 2016 (Services SETA, 2017c). These findings were also revised using the employer survey which sought to ask employers about the extent of difficulties with regard to filling vacant posts. Table 11 outline occupations for which it was difficult to recruit, by occupational category. This table highlights that high levels of vacancy rate are concentrated at the manager, professional, technician and professional associate. These categories of occupations require high levels of skills or qualifications.

Table 11: Hard-to-fill Vacancies in the Services Sector June 2014 and June 2016

#	OFO Code	Occupation	Specialisation(s)
Managers			
1	2015-121204	Recruitment Manager	None
2	2015-121206	Health and Safety Manager	Safety, Health and Environmental (SHE) Manager
3	2015-121902	Corporate Services Manager	Business Services Manager, Administrative Services Manager
4	2015-121905	Programme or Project Manger	Project Director
5	2015-121908	Quality Systems Manager	Quality Controller, Quality Systems Coordinator, Quality Auditor, Quality Certification Manager, Quality Control Manager, Management System Auditor, Quality Manager, Quality Assurance / Systems Auditor
6	2015-121909	Sustainability Manager	None
7	2015-122101	Sales and Marketing Manager	Insurance Sales and Marketing Manager, Business Development Manager, Key Account Manager, Business Support Manager
8	2015-122102	Sales Manager	Sales Director, Sales Executive
9	2015-122103	Director of Marketing	Marketing Manager, Marketing Director, Market Research Manager
10	2015-122104	Interactive and Direct Marketing Strategist	Interactive Direct Marketing Compliance Officer
11	2015-122105	Customer Service Manager	Customer Services Engineer, Client Service Manager, Client Services Advisor, Customer Care Manager / Representative, Client Services Manager / Representative
12	2015-122201	Advertising and Public Relations Manager	Media and Communications Manager, Green Marketer, Relationship Manager, Chief Communications Manager / Officer, Corporate Relations Manager, Media Advisor / Manager, Public Relations Manager, Advertising Manager

#	OFO Code	Occupation	Specialisation(s)
13	2015-122301	Research and Development Manager	Research Manager, Product Development Manager, Research Director
14	2015-134903	Small Business Manager	Entrepreneurial Business Manager, Owner Manager
15	2015-143901	Facilities Manager	Facilities Supervisor, Campus Administrator / Supervisor, Garden / Park Manager
16	2015-143905	Call Centre Manager	Contact Centre Manager: Resource Planner, Contact Centre Workforce Manager, Call / Contact Centre Quality Manager, Telesales Manager, Contact Centre Manager: Workforce Scheduler, Call or Contact Centre Supervisor
17	None	Dispute resolution manager	None
18	None	Resident panellist	None
Professionals			
19	2015-242101	Business 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 / Management Consultant
20		Commissioner	
21	2015-216601	Graphic Designer	Exhibition / Display Designer, Display Artist, Advertising Artist / Designer
22	2015-216603	Multimedia Designer	Interactive Media Designer, Digital Media Designer, Multimedia Artist
23	2015-226302	Health and Safety Officer / Coordinator / Professional	Occupational Safety Advisor, Occupational Hygienist, Occupational Safety Practitioner / Officer, Occupational Safety and Health (OSH) Advisor / Coordinator / Officer / Professional, Safety Coordinator, Health and Safety Officer / Coordinator / Professional, Injury Prevention Consultant, Occupational Health and Safety Advisor, Risk and Safety Manager

#	OFO Code	Occupation	Specialisation(s)
24	2015-242101	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 / Mentor, Purchase Advisor, Technology Development Coordinator, Commercial Analyst, Strategic Developer / Facilitator, Management Reporting Analyst
25	2015-242202	Policy Analyst	Special Projects Analyst, Risk / Planning / Review / Analyst, Commerce Projects Advisor, Strategic Business Policy Analyst, Programme Evaluator, Research and Evaluation Analyst, Policy Consultant / Officer / Planner, Strategy Analyst, Research Consultant, Policy Advisor, Strategic Advisor, Systems Advisory Officer Evaluations
26	2015-242302	Skills Development Facilitator / Practitioner	Enterprise Resource Planner, Human Resources Planner, Workforce Planning Analyst, Skills Development Strategist, Training Analyst
27	2015-243103	Marketing Practitioner	Marketing Officer, Marketing Professional, Business Strategy Manager, Product / Programme Developer (Travel Services), Marketing Consultant, Sales Account Manager, Sales Promotion Officer, Brand Manager, Interactive Direct Marketing Postal Planners, Category Manager, Marketing Specialist, Sales Coordinator, Retail Advisor
28	2015-243201	Communication Coordinator	Communication Management Coordinator, Customer Relations Officer, Internal / Employee Communication Coordinator, Public Affairs Advisor / Officer, Coordinator External / Internal Communication, Corporate Affairs Officer / Coordinator, Promotions Officer / Coordinator, Publicity Advisor / Officer / Coordinator, Company Promoter, Media Liaison Officer, Press Officer / Secretary, Public Relations (PR) Coordinator / Practitioner

#	OFO Code	Occupation	Specialisation(s)
29	2015-243301	Sales Representative / Salesman (Industrial Products)	Technical Service Advisor / Salesman, Technical Representative / Salesman, Technical Sales Consultant / Coordinator / Manager, Customer Services Engineer / Processor
30	2015-251101	ICT Systems Analyst	ICT Systems Advisor, ICT Systems Consultant, Internet Consultant / Specialist, ICT Business Systems Analyst, ICT Systems Strategist
31	2015-251201	Software Developer	Software Designer, ICT Risk Specialist, Information Architect Software, Software Engineer, Software Architect
32	2015-251301	Multimedia Specialist	Digital Media Specialist, Digital Media Specialist, Multimedia Programmer, Multimedia Developer, Graphical Programmer
Technicians and Associate Professionals			
33	2015-325705	Safety Inspector	Safety Health Environment Quality Inspector
34	2015-332203	Sales Representative (Personal and Household Goods)	Product Demonstrator, Beauty Sales Consultant, Sales Representative (Cosmetics and Skincare Products), Sales Representative (Detergents), Sales Representative (Jewellery and Watches)
35	2015-333301	Recruitment Consultant / Officer	Recruitment Officer, Occupational Guidance Officer, Employment Placement Officer, Employment Consultant, Recruitment Resourcer, Employment Advisor, Labour Recruitment Recruiter, Recruitment Coordinator, Employment Agency Consultant
36	2015-333302	Labour Recruitment Consultant: Permanent Employment Agency (PEA)	Permanent Recruitment Officer
37	2015-333303	Labour Recruitment Consultant: Temporary Employment Services (TES)	Temporary Employment Services (TES) Site Supervisor, Labour Broker, Temporary Employment Services (TES) Operations Manager, Temporary Recruitment Officer
38	2015-333401	Property Manager	Property Leasing Manager, Property Clearance / Contracts / Development Manager, Building Manager, Property Administrator, Property Manager (Services / Standards)

#	OFO Code	Occupation	Specialisation(s)
39	2015-333402	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
40	2015-333901	Auctioneer	None
41	2015-333908	Marketing Coordinator	Marketing Support Coordinator, Communications Materials Developer
42	2015-334102	Office Administrator	Office Coordinator
	2015-341201	Community Worker	Community Development Worker, Community Development Officer, Auxiliary Community Development Worker, Community Development Facilitator
Clerical Support Workers			
43	2015-411101	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 Clerk
44	2015-421105	Postal Frontline Service Worker	Postal Frontline Teller, Post Office Clerk, Postal Clerk
45	2015-422201	Inbound Contact Centre Consultant	Inbound Call Centre Customer Service Representative, Inbound Contact Centre Team Leader, Outbound Contact Centre Team Leader, Collections Consultant (Contact Centre), Call Centre Customer Service Representative (Outbound), Call or Contact Centre Sales Agent / Consultant
46	2015-422202	Outbound Contact Centre Consultant	Outbound Contact Centre Team Leader, Collections Consultant (Contact Centre), Call Centre Customer Service Representative (Outbound), Call or Contact Centre Sales Agent / Consultant
47	2015-422206	Call or Contact Centre Agent	None
48	2015-422501	Enquiry Clerk	Client Support Officer, Complaints Clerk, Dealer Support Consultant, Enquiry Officer, Communications Assistant, Client Liaison Officer

#	OFO Code	Occupation	Specialisation(s)
49	2015-441203	Mail Clerk	Mailroom Assistant / Clerk, Mail Officer, Mail Centre Coordinator, Post Office Mail Sorter, Mail Controller, Parcel Post Officer, Mail Handler, Postal Sorting Officer, Mail Dispatch Clerk, Mail Assistant, Mail Processing Officer, Mail Sorting Clerk
50	2015-441903	Program or Project Administrators	Programme / Project Coordinator, Administrator, Project Planner, Strategic Support Officer, Project Controller, Support Officer, Administration Officer, Project Advisor / Leader, Project Programme Specialist, Senior Officer, Project Coordinator, Project Corrections Operations Advisor / Coordinator
Service and Sales Workers			
51	2015-514101	Hairdresser	Afro Hairdresser, Hair Stylist, Barber, Hair Dressing Technician
52	2015-514201	Skin Care Therapist	Skin Peeling and Dermabrasion, Permanent Make-up Artist, Beauty Therapist, Facial Therapist, Medical Aesthetician, Cosmetologist, Intense Pulsed Light (IPL / Laser) Skin Technician, Make-up Artist, Aesthetician
53	2015-514204	Nail Technician	Pedicurist, Manicurist
54	2015-515101	Hotel Service Manager	Head Housekeeper
55	2015-516301	Funeral Director	Undertaker, Funeral Practitioner
56	2015-516303	Embalmer	None
57	2015-516304	Mortician	None
58	2015-516305	Mortuary Technician / Assistant	None
59	2015-524401	Call Centre Salesperson	Contact Centre Agent (Interactive and Direct Marketing), Telephone Sales Person, Internet Salesperson, Telemarketing Salesperson, Telemarketer, Customer Contact Centre Salesperson
60	2015-524902	Rental Salesperson	Car Rental Sales Assistant, Rental Clerk, Rental Car Hirer, Industrial Hire Sales Assistant, Video Library Assistant

#	OFO Code	Occupation	Specialisation(s)
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers			
61	2015-641502	Carpenter	Bridge Carpenter, Prop and Scenery Maker, Carpenter Maintenance, Construction Carpenter, Shutterhand, Wharf Carpenter, Rough Carpentry, Fixing Carpenter, Formwork Carpenter, Carpenter Contractor, Rough Carpenter
62	2015-642601	Plumber	Drainage Contractor, Hot Water System Installer, Drainer / Drainlayer, Sanitary Plumber, Septic Tank Installer, Sewer Pipe Layer, Plumbing Contractor, Maintenance Plumber, Water Plumber, Drain Technician
63	2015-671101	Electrician	Electrical Fitter, Winder Electrical Technician, Electrician (General), Electrician (Engineering), Electrical Wireman, Construction Electrician, Electrical Contractor
Plant And Machine Operators and Assemblers			
64	2015-734201	Earthmoving Plant Operator (General)	Construction Plant Operator (General)
Elementary Occupations			
65	2015-811201	Commercial Cleaner	Hotel / Motel Cleaner, Building Exterior / Interior Cleaner
66	2015-811202	Healthcare Cleaner	Low Risk Area Cleaner, Medium Risk Area Cleaner, High Risk Area Cleaner, Ward Cleaner

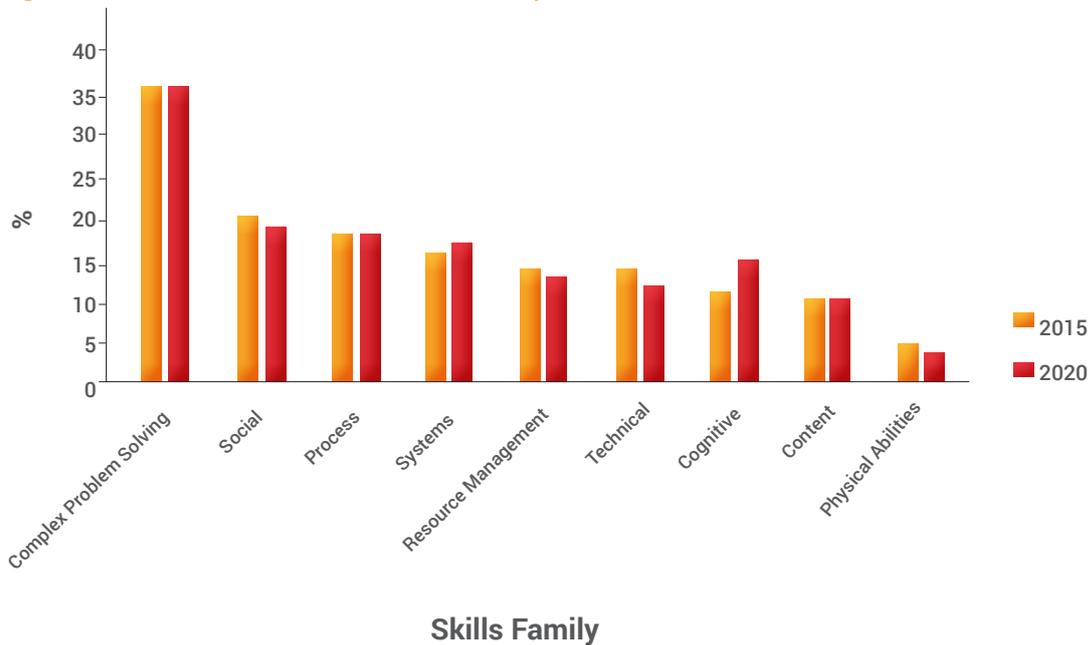
A number of reasons were provided to explain why these vacancies are hard-to-fill. Key amongst them included:

- Lack of qualified people
- Low income
- Lack of interest in some professions
- Unsuitable job location
- Equity considerations
- Lack of relevant experience

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 use in order 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 the demand for the foreseeable future, see Figure 6.

Figure 6: Demand for skills in different industry sectors, 2015 and 2020



Source: World Economic Forum (2016)

What figure 6 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 ICT 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 impact, 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 the new skills that emerged through the impact of technology.

Table 12 Services Sector Skills Gaps

#	Skills Gap
	Management
1	Leadership
2	Strategic management
3	Change management
4	Workforce forecasting and planning
5	Diversity management
6	Project management
7	Quality management
8	Moderator training
9	Assessor training
10	Public relations
11	Live events management
	Professionals
12	Inspection and monitoring
13	FAIS Compliance
14	People Management
15	Database Analytics
16	Social media
17	Industry legislation
18	BBBEE Verification
19	Occupational and workplace health and safety
20	Data management
21	Adult education and training
22	Coaching and mentoring

#	Skills Gap
23	Customer service
24	Lay counselling
25	New venture creation
26	International trade & exporting
27	Business plan writing skills
	Professionals
28	Presentation skills
29	Fundraising and networking
30	Facilitation skills
31	Negotiation
32	Foreign language (Mandarin, Russian, Portuguese)
	Technicians and Associate Professionals
33	Time management
34	Telephone etiquette
35	Communication
36	Professional Conduct
37	Work Ethics
38	Problem-solving skills
39	Braiding/dreadlocks
40	Facial reconstruction in funeral industry
41	Sugaring and threading
42	Lash and brow extension
43	Micro beading and lash curling
44	Massage technics
45	Marketing
46	Sales
47	Experiential marketing
48	Graphic design
49	Interior design

50	Events production
51	Exhibitors' training
	Clerical Support Workers
52	Internet skills
53	Computer Literacy
54	Labour relations
55	CCMA Accreditation
56	Document management
57	Office Administration
58	Environmental sustainability skills
59	Waste management - recycling

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 Construction SETA to establish a National Artisan Academy in Mangaung. The Academy is near completion and enrolment is expected to resume before the end of 2017 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
641201	Bricklayer	√
671101	Electrician	√
642601	Plumber	√
651202	Welder	√
641501	Carpenter and Joiner	√
651302	Boilermaker	√
642302	Plasterer	√
642201	Wall and Floor Tiler	√
653306	Diesel Mechanic	
None	Petrol Mechanic	
653307	Heavy Equipment Mechanic	
671208	Transportation electrician	
653303	Fitter (including machining)	

3.3. Extent and nature of supply

a) The extent of occupational skills supply in the sector

i) 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 2,2million learners (DHET, 2017).

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

Learning Channel	Enrolment (2015)	Completion (2015) ⁵
Universities	985,212	191,524
TVET Colleges	737,880	
Private Colleges	88,203	
Private Universities	147,210	
CET	283,603	
Total	2,153,905	191,524

Source: DHET, 2017

⁵Only Public Universities' completion rate figures were available at the time of writing

ii) 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 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.

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

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

Source: DHET, 2017

iii) 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. Table 16 illustrates the extent of expansion of access to training in the last five years. Over this period, the Services SETA provided funding for nearly 60,000 learners covering various learning interventions. The biggest beneficiaries of the funding were unemployed youth through learnerships and internships with 24,405 and 9,499, respectively benefiting.

Table 16: Services SETA Funded Learner Enrolments by Learning Intervention

NSDS III	Year 1	Year 2	Year 3	Year 4	Year 5	TOTALS
Financial and Reporting Years	2011/12	2012/13	2013/14	2014/15	2015/16	
Learnerships	1,276	314	5,682	3,693	20,029	30,994
Employed	491	297	2,595	1,335	1,871	6,589
Unemployed	785	17	3,087	2,358	18,158	24,405
Bursaries	128	0	744	3,671	1,409	5,952
Employed	128	0	646	1,424	478	2,676
Unemployed	0	0	98	2,247	931	3,276
Skills Programmes	493	200	1,032	789	3,871	6,385
Employed	237	0	1,002	789	914	2,942
Unemployed	256	200	30	0	2,957	3,443
Internships	615	1,026	1,172	3,599	3,087	9,499
Artisans	1,800	0	100	643	476	3,019
Recognition of Prior Learning	0	0	1,314	0	174	1,488
Adult Education and Training	0	0	578	85	1,734	2,397
TOTALS	4,312	1,540	10,622	12,480	30,780	59,734

Source: Services SETA, Annual report, 2013/14; 2014/15, 2015/16

Over the same period, 9,427 learners (see Table 17) completed their respective learning pathways. As with enrolments, the biggest beneficiaries in terms of completion rates were unemployed learners. Learnerships and internships are still registering highest number, including bursaries. The completion rate is expected to increase in the next financial year due to streamlined systems within the Services SETA. In addition to upgrading the IT system, the Services SETA has recruited about 48 assessors and 49 moderators.

Table 17: Certifications/completion Across Learning Interventions, 2011-2016

NSDS III	Year 1	Year 2	Year 3	Year 4	Year 5	TOTALS
Financial and Reporting Years	2011/12	2012/13	2013/14	2014/15	2015/16	
Learnerships	818	366	131	2,110	228	3,653
Employed	132	123	0	896	34	1,185
Unemployed	686	243	131	1,214	194	2,468
Bursaries	150	0	0	2,134	0	2,284
Employed	116	0	0	444	0	560
Unemployed	34	0	0	1,690	0	1,724
Skills Programmes	450	0	0	95	0	545
Employed	134	0	0	90	0	224
Unemployed	316	0	0	5	0	321
Internships	0	1,055	0	0	166	1,221
Artisans	947	0	0	88	89	1,124
Recognition of Prior Learning	0	0	0	299	46	345
Adult Education and Training	0	0	0	236	19	255
TOTALS	2,365	1,421	131	4,962	548	9,427

Source: Services SETA, Annual Report, 2013/14; 2014/15, 2015/16

b) The state of education and training provisioning

i) 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 18: Services SETA's Accredited Training Service Providers by qualification

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
1	2015-57712	Further Education and Training Certificate: Generic Management	4	97
2	2015-61595	Further Education and Training Certificate: Business Administration Services	4	50
3	2015-67465	National Certificate: Business Administration Services	3	47
4	2015-59201	National Certificate: Generic Management	5	46
5	2015-71490	National Certificate: Contact Centre Support	2	44
6	2015-49648	National Certificate: New Venture Creation (SMME)	2	41
7	2015-50080	Further Education and Training Certificate: Project Management	4	39
8	2015-66249	Further Education and Training Certificate: New Venture Creation	4	37
9	2015-23654	National Certificate: Management	3	33
10	2015-65750	National Certificate: Hairdressing	2	32
11	2015-59097	Further Education and Training Certificate: Real Estate	4	31
12	2015-65729	Further Education and Training Certificate: Hairdressing	4	27
13	2015-59276	Further Education and Training Certificate: Marketing	4	26
14	2015-65749	National Certificate: Hairdressing	3	25
15	2015-65750	National Certificate: Hairdressing	2	25
16	2015-61755	General Education and Training Certificate: Business Practice	1	21
17	2015-23833	National Certificate: Business Administration Services	2	17
18	2015-57937	General Education and Training Certificate: Hygiene and Cleaning	1	15
19	2015-20188	National Certificate: Real Estate	6	13
20	2015-93997	National Certificate: Contact Centre And Business Process Outsourcing Support	3	12
21	2015-60780	Ladies Hairdresser - Hairdressing	Trade	11
22	2015-66249	Further Education and Training Certificate: New Venture Creation	4	11
23	2015-93996	Further Education and Training Certificate: Contact Centre Operations	4	11

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
24	2015-83946	National Certificate: Management	3	10
25	2015-60713	Ladies Hairdressing - Hairdressing	Trade	9
26	2015-20908	National Diploma: Customer Management	5	7
27	2015-58063	Further Education and Training Certificate: Labour Recruitment Services	4	7
28	2015-67464	Further Education and Training Certificate: Marketing	4	7
29	2015-80646	Further Education and Training Certificate: Beauty and Nail Technology	4	7
30	2015-93995	Further Education and Training Certificate: Payroll Administration Services	4	7
31	2015-20152	National Certificate: Ladies Hairdressing	4	6
32	2015-71489	Further Education and Training Certificate: Contact Centre Operations	4	5
33	2015-36233	National Certificate: Specialist Hygiene and Cleaning Services	2	4
34	2015-58310	National Diploma: Health and Skincare	5	4
35	2015-67229	National Diploma: Payroll Administration Services	5	4
36	2015-23853	General Education and Training Certificate: Domestic Services	1	3
37	2015-48874	National Certificate: Business Consulting Practice (Enterprise Resource Planning)	5	3
38	2015-58309	National Diploma: Project Management	5	3
49	2015-93993	National Certificate: Labour Relations Practice	5	3
40	2015-49129	Further Education and Training Certificate: Management and Administration	4	2
41	2015-58395	National Certificate: Project Management	5	2
42	2015-60781	Gentlemen's Hairdresser - Hairdressing	Trade	2
43	2015-60993	Electrician	Trade	2
44	2015-79626	Further Education and Training Certificate: Commercial Property and Facilities Management	4	2
45	2015-80546	Further Education and Training Certificate: Auctioneering Support Services	4	2
46	2015-20175	National Certificate: Hygiene and Cleaning Supervision	3	1

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
47	2015-21787	National Certificate: Funeral Services Practice	3	1
48	2015-21792	National Diploma: Contact Centre Management	5	1
49	2015-48663	National Certificate: Mail Handling	3	1
50	2015-49176	Further Education and Training Certificate: Business Systems Operations: End User (ERP)	4	1
51	2015-60706	Plater - Government	Trade	1
52	2015-60707	Plater/Boilermaker - Government	Trade	1
53	2015-60709	Welder	Trade	1
54	2015-60714	Gentlemens' Hairdressing - Hairdressing	Trade	1
55	2015-60863	Plumber - Government	Trade	1
56	2015-60864	Bricklayer	Trade	1
57	2015-60867	Plasterer	Trade	1
58	2015-60873	Carpenter - Government	Trade	1
59	2015-61049	Fitter (Including Machining)	Trade	1
60	2015-61215	Diesel Mechanic	Trade	1
61	2015-61218	Motor Mechanic	Trade	1
62	2015-71609	National Certificate: Generic Management: Real Estate	5	1
63	2015-71729	Further Education and Training Certificate: Public Relations Practice	4	1
64	2015-71751	General Education and Training Certificate: Adult Basic Education and Training: Small, Medium and Micro Enterprises	1	1
65	2015-74630	Further Education and Training Certificate: Generic Management: General Management	4	1
66	2015-93994	National Diploma: Labour Relations Practice: Dispute Resolution	5	1

Source: Services SETA MIS

Two training programmes aimed at SDP capacitation are engaged. Firstly, the Services SETA plans to develop the capacity of SDPs to enable them to deliver on the Services SETA's qualifications. The second capacitation effort is aimed at assessors and moderators. The initiative aims to train up to 400 assessors and moderators in specialist and generic fields across a broad spectrum of industries. The training of moderators and assessors started in 2017/18 and is expected to continue into 2019/20 according to the Services SETA's Strategic Plan and Annual Performance Plan 2017/8 Medium-Term Expenditure Framework.

ii) Qualifications development

The Services SETA is working closely with key partners such as South African Qualifications Authority (SAQA), Quality Council for Trades and Occupations (QCTO) and DHET to strengthen the provision side of skills development. One area of intervention is qualifications development. There is a constant endeavour to update existing qualifications and develop new ones as informed by the services sector industries. Table 19 outline the number of new qualifications and their status. Three new qualifications were registered. Four have been submitted to QCTO for registration.

Table 19: Services SETA Occupational Qualifications Submitted to QCTO

Qualification	OFO Code	Comments
Hairdresser	2015-514101	Registered
Call or contact Centre Manager Workforce Manager	2015-143905	Registered
Garden Worker	2015-821401	Registered
Recruitment Manager	2015-121204	Pending
Postal Front Line Service Worker	2015-421105	Recommended to SAQA for registration
Mortician	2015-516304	Submitted to QCTO for registration 03 March 2017
Project Manager	2015-121905	Submitted to QCTO for registration 03 March 2017
Quality Manager	2015-121908	Submitted to QCTO for registration 03 March 2017
Health Care Cleaner	2015-811202	Awaiting for final documents from the LQDF
Real Estate	2015-333401	Currently in development by LQDF

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

iii) Career Guidance

The Provincial Offices of the Services SETA play an important outreach role. The Services SETA has offices in all the nine provinces. Staff in these offices encounter walk-ins from learners who need information on career paths on a regular basis. In addition, Provincial Offices conduct career guidance exposure events jointly with Stakeholder Relations Department of the Services SETA. In 2015/16, a total of 15 career events were held. Plans are afoot to conduct 20 campaigns in 2018/19 and 2019/20.

In addition, a learner portal has been established to allow learners, training service providers, skills development facilitators and employers to interact with one another. Employers can obtain details of current and prospective learners for recruitment purposes through the learner portal. Career Advice Centres too have access to the learner portal, through which recruitment is facilitated. Furthermore, the Services SETA uses its website to communicate important information to employers, SDPs and learners.

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, consultations with key stakeholders, the Services SETA Management and the Accounting Authority. The secondary research included analysis of WSP submitted by Services SETA employees and desktop literature review.

i) 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).

ii) Performance Information

Performance analysis constituted one component of the secondary data analysis. Performance analysis included analyses of 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 2011 and 2016 based on key measures that focus on access and participation, learner completion, relevance, and skills supply. The WSP and ATR data submitted to the Services SETA by employers between 2011 and 2017 was also analysed to investigate areas of planned training, and where training takes place and areas that needs interventions through PIVOTAL programme.

iii) Employer survey

Between August 2016 and March 2017, the Services SETA conducted survey among 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. About 494 employers took part in the survey.

iv) Stakeholder survey

During the month of March to June 2017, the Services SETA conducted stakeholder workshops in four provincial offices. At these stakeholder interaction, a brief questionnaire collecting information about skills needs, including PIVOTAL was circulated among the participants. The sampling strategy used here was convenient sampling as the participation was limited only to the employers that were present at these workshops.

v) Consultation with Services SETA Management

Once the information was collected through literature review and survey, the draft PIVOTAL list was developed. The list was presented to middle and senior management team of the Services SETA. The workshops were held on 15 May 2017 and 19 May 2017, respectively, as discussed under methodology above.

vi) Consultation with SETA Accounting Authority

The draft list of PIVOTAL programme was presented to the Services SETA Accounting Authority for inputs on 26 July 2017.

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 by ensuring that there are sufficient and relevant qualifications on offers, (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 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, Accounting Authority 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 2011 and 2016 (excluding submissions where the chamber was listed as “Unknown”;
- The average number of enterprises that submitted WSPs between 2012 and 2016 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;
- For each chamber, the projected skills demand for the top ten occupations in that chamber was calculated as follows:

$$\text{Skills Demand}_o = \frac{\text{a) Average Planned Interventions (2012-2016)}_o}{\text{c) Average Number of WSP Submitters (2012-2016)}_c} \times \text{b) } (\text{Levy Paying Enterprises}_c + \text{Non-Levy Paying Enterprises}_c)$$

Where:

o = The applicable occupation

c = The applicable 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 2016 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 20.

Table 20: Services SETA PIVOTAL List 2018/19

#	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	2018/19	2015-811201	Commercial Cleaner	Hotel / Motel Cleaner, Building Exterior / Interior Cleaner	National Certificate: Specialist Hygiene and Cleaning Services	5	Yes	343,432	17,172
						National Certificate: Hygiene and Cleaning Supervision	5	Yes		
						General Education and Training Certificate: Hygiene and Cleaning	5	Yes		
						General Education and Training Certificate: Hygiene and Cleaning	1	Yes		
						National Certificate: Real Estate	6	Yes		
						National Certificate: Real Estate, Further Education and Training Certificate: Real Estate, National Certificate: Real Estate	5	Yes		
2	Services SETA	2018/19	2015-333402	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	4	Yes	190,346	9,517
						National Certificate: Generic Management: Real Estate	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
3	Services SETA	2018/19	2015-411101	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 Clerk	Further Education and Training Administration Services	4	Yes	154,775	7,739
						General Education and Training Certificate: Business Practice	1	Yes		
						National Certificate: Business Administration Services	2	Yes		
4	Services SETA	2018/19	2015-422206	Call or Contact Centre Agent	None	National Diploma: Contact Centre Management	5	Yes	138,504	6,925
						National Certificate: Contact Centre Support	2	Yes		

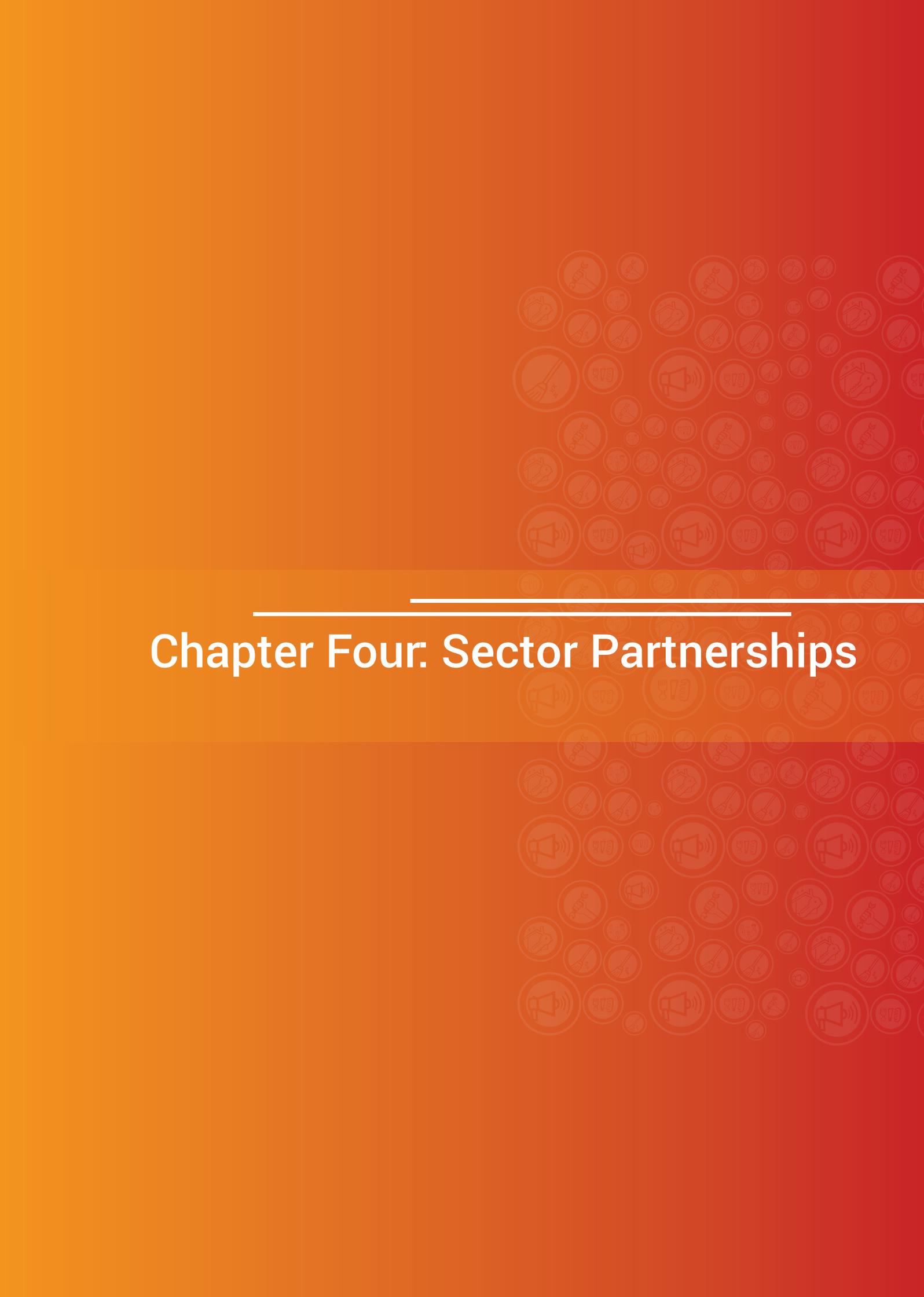
#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED BY SETA
5	Services SETA	2018/19	2015-333401	Property Manager	Property Leasing Manager, Property Clearance / Contracts / Development Manager, Building Manager, Property Administrator, Property Manager (Services / Standards)	Further Education and Training Certificate: Real Estate	4	Yes	15,453	773
					Further Education and Training Certificate: Real Estate, National Certificate: Real Estate	4	Yes			
					National Certificate: Generic Management: Real Estate	5	Yes			
6	Services SETA	2018/19	2015-332203	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	4	Yes	8,267	413
					Ladies Hairdresser - Hairdressing	Trade	Yes			
7	Services SETA	2018/19	2015-514101	Hairdresser	Afro Hairdresser, Hair Stylist, Barber, Hair Dressing Technician	Gentlemen's Hairdresser - Hairdressing	-	Trade	7,661	383
					Further Education and Training Certificate: Hairdressing	4	Yes			
					National Certificate: Hairdressing	3	Yes			
					National Certificate: Hairdressing	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	2018/19	2015-431101	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	4	Yes	7,000	350
9	Services SETA	2018/19	2015-242101	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, 24Management Consulting Specialist, Business Co25nsultant, Small Business Consultant /	General Education and Training Certificate: Business Practice	1	Yes	6,197	310

#	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	2018/19	2015-516301	Funeral Director	Undertaker, Funeral Practitioner	Further Education and Training Certificate: Generic Management	4	Yes	2,458	123
						Further Education and Training Certificate: Business Administration Services	4	Yes		
						National Certificate: Generic Management	5	Yes		

3.5. Conclusion

This Chapter addressed the extent of skills mismatch by looking at the nature of skills supply, including hard-to-fill vacancies and skills gaps. The supply side of skills indicates incremental progress as there is a continuous growth in enrolments at learning institutions and Services SETA's-funded learner numbers are progressively increasing each year. With respect to the hard-to-fill vacancies identified, the list reflects needs that are broader than that of the sector but reflects the social needs and national priorities. The PIVOTAL list indicates interventions that have been prioritised for implementation.



Chapter Four: Sector Partnerships

4.1. Introduction

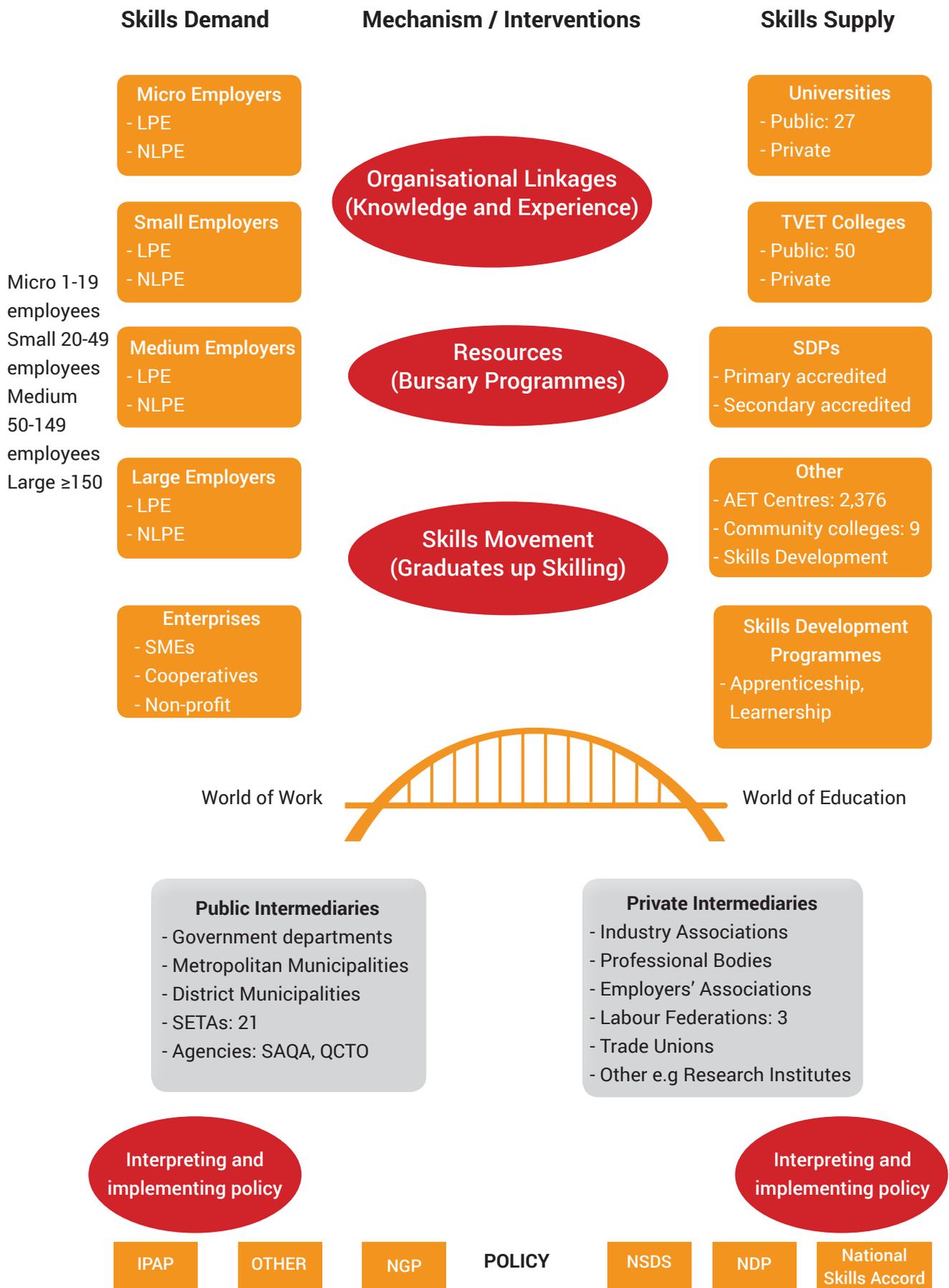
This chapter reports on existing and new partnerships between the Services SETA and key role players. For the Services SETA, key elements of partnerships include that (i) the purpose of the partnership should be aligned to the fulfilment of the Services SETA's primary mandate; (ii) the duration must be medium to long-term; (iii) obligations and resources should be reciprocal be it financial and or non-financial; and (iv) undertakings must be expressed in written agreements signed by all parties. Partnerships can be public-public, public-private or public-non-profit and can involve two or more role players.

In order to inform the partnership framework, the Services SETA's primary activities were remapped using Porter's generic value chain. Porter's model was analysed against the framework provided in "Mapping Key Role Players and SETA Partnerships" issued by the Labour Market Intelligence Partnership, see Figure 7. The mapping of partnerships recognises that:

1. Employers (macro, medium and small) form skills demand side of partnership,
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 world of 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 2016/17, 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 InterSETAs. 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. A total of 189 existing partnerships are presented in Table 21 below, by type of entity or employer.

Table 21: Active Skills Demand Partnerships with the Services SETA

Type of Entity	Number	%
Services SETA Levy Paying Employers	52	28%
Services SETA Non-Levy Paying Employers	55	29%
Non-Services SETA Employers	26	14%
Public Service Employers	11	6%
Trade Unions	5	3%
Cooperatives	6	3%
Non-Governmental Organisations	34	18%
TOTALS	189	100%

The Services SETA provides training and technical assistance to these entities to strengthen capacity 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 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 to 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 21 below. Public TVET Colleges and public universities receiving Services SETA funding indirectly through 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 22) had been concluded as at the end of the 2015/16 for which implementation is continuing into the current financial year.

Table 22: 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%
TOTALS	40	100%

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 that described above. Table 23 presents the active partnerships.

Table 23: Active Intermediary Partnerships with the Services SETA

Type of Entity	Number	%
Public	4	57%
Private	3	43%
TOTALS	7	100%

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. This project was completed 31 January 2017.

d) Public TVET Colleges

The Services SETA established partnerships with a number of TVET Colleges. A total of 23 out of 50 public TVET College partnerships had been established and were active as at the end of the 2016/17 financial year; 16/21 for the purpose of skills development and 10/21 for the purpose of infrastructure development for expanded access to skills development as indicated in Table 24 below.

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

Table 24: 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	KwaZulu-Natal	Richardsbay	Umfolozzi TVET College	- Skills development
7	KwaZulu-Natal	Kwamathutha	Coastal TVET College (Mobeni)	- Skills development
8	KwaZulu-Natal	Pinetown	Elangeni TVET College	- Infrastructure
9	KwaZulu-Natal	Port-Shepstone	Esayidi TVET College	- Infrastructure
10	KwaZulu-Natal	Newcastle	Majuba TVET College	- Skills development
11	KwaZulu-Natal	Vryheid	Mthashana TVET College	- Infrastructure
12	KwaZulu-Natal	Pietermaritzburg	Umgungundlovu TVET College	- Infrastructure
13	Limpopo	Lephalale	Lephalale TVET College	- Skills development
14	Limpopo	Phalaborwa	Mopani South East TVET College	- Skills development
15	Limpopo	Motetema	Sekhukhune TVET College	- Skills development
16	Mpumalanga	Witbank	Nkangala TVET College	- Skills development
17	North West	Rustenburg	Orbit TVET College	- Skills development
18	North West	Mafikeng	Taletso TVET College	- Skills development
19	North West	Klerksdorp	Vuselela TVET College	- Infrastructure
20	Western Cape	Stellenbosch	Boland TVET College	- Skills development
21	Western Cape	Cape Town	College of Cape Town TVET College	- Skills development
22	Western Cape	Tokai	False Bay TVET College	- Skills development
23	Western Cape	George	South Cape TVET College	- Infrastructure - Skills development

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 enterprise and cooperative development through relevant partnerships
6. Advocacy – the centre 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.

The consolidated list of existing infrastructure projects and partners is provided in Table 25 below.

Table 25: 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 2016/17 financial year, the Services SETA had existing partnerships with six (6) public universities for skills development (see Table 26). 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 26: University Partnerships with the Services SETA

#	Province	Town	University Name	Nature of Partnership
1	Eastern Cape	Alice	University of Fort Hare	- Career Exposition - Skills development
2	Free State	Bloemfontein	University of Free State	- Skills development
3	Limpopo	Sovenga	University of Limpopo	- Qualifications and curriculum development - Skills development
4	Limpopo	Thohoyandou	University of Venda	- Skills development
5	Mpumalanga	Mbombela	University of Mpumalanga	- Skills development
6	Western Cape	Cape Town	University of Cape Town	- Skills development

f) Inter-SETA

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-in-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 27.

Table 27: Lesson learnt from existing partnerships

Nature of partnership	Purpose of partnership
Skills Demand Partnerships	The Services SETA has streamlined internal and external system 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 service 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	MOUs 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 2017/18 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 28.

Table 28: 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 2015/16. 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 sub-sectors 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	Working with Industry experts and Professional Bodies to update qualifications will provide opportunities for new partnerships. As explained earlier, the SETA will work closely with the BBBEE sector to develop BBBEE professional qualifications for this designated occupation. Opportunities to partner with several other public and private intermediaries are emerging. Specific consideration will be given to partnerships with national government departments - such as the DTI and the Department of Small Business Development - to collaborate on areas within the value system that are aligned to the Services SETAs primary business activities.
Public TVET Colleges	Partnerships with TVET Colleges identified to lead and maintain the SDCs will be strengthened. Opportunities for developing learning programmes and materials for public TVET Colleges is being considered with a view to national access and ensuring widespread capacitation.

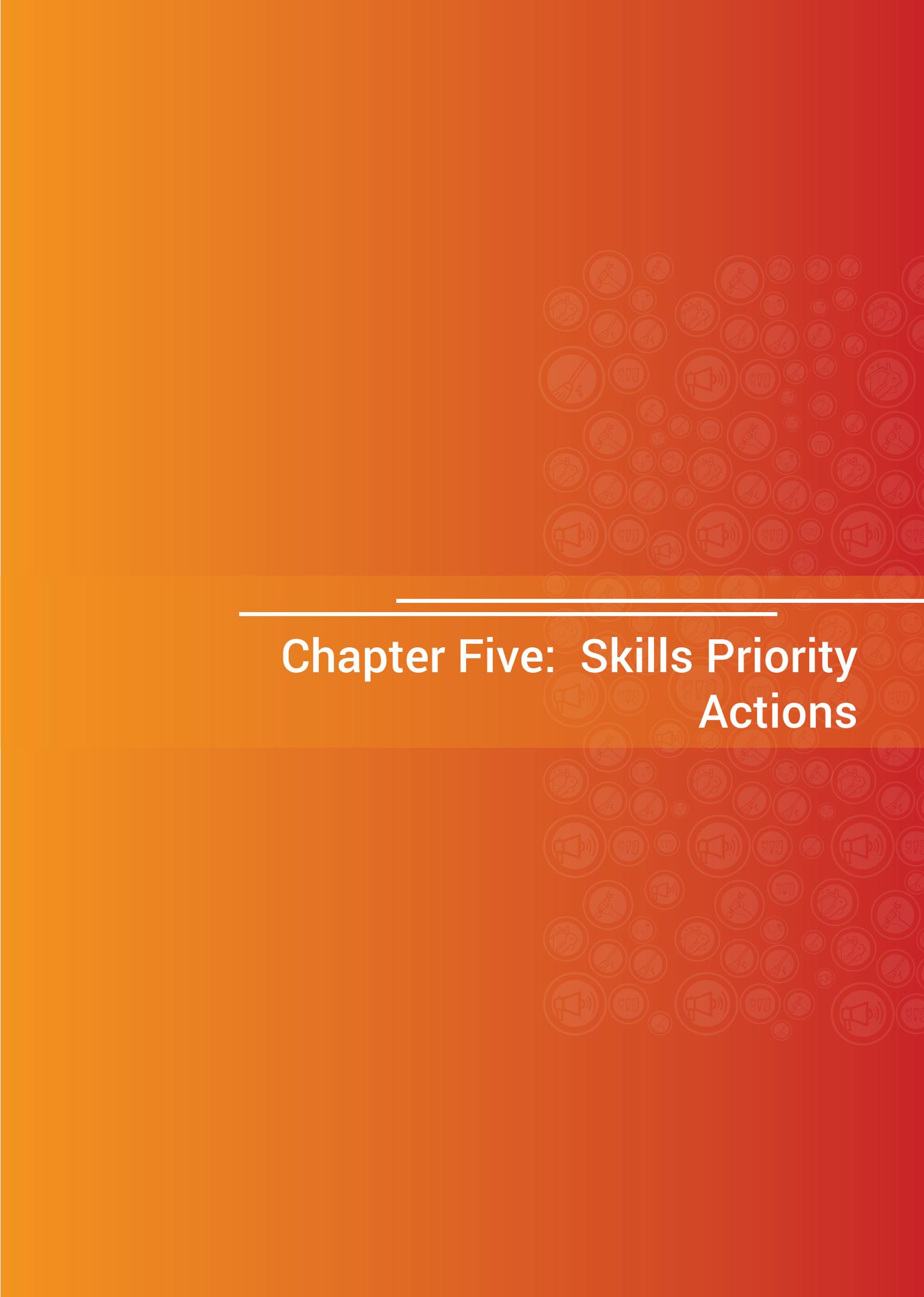
Nature of partnership	Purpose of partnership
Public Universities	Two new partnerships have already been agreed upon. The first is with the University of Cape Town Groote Schuur Hospital Hair and Skin Research Laboratory on cosmetic product safety and the other is to fund a Research Chair at the University of Mpumalanga.
InterSETA	The partnership with the CETA is ongoing. As and when the SDCs become operational, other SETAs will be identified for purposes of collaboration. This will be informed by local economic development needs.

4.5. Best practice for effective partnerships

Partnerships between the Services SETA and CETA has proven successful thus far. The Services SETA and CETA has entered into a formal partnership whose purpose is to improve co-ordination 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. To realise this objective 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 will be comprises of members of each 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 for exploring 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. It further recommends actions that should be taken to address identified areas of intervention. It also responds to measures that have been put in place to support national strategies and plans.

5.2. Findings from Previous Chapters

Chapter 1 highlighted the fact that the services sector continues to be an important sector for the South African economy. Despite the current economic environment that is characterised by decline in GDP and the downgrading of the country's credit rating status to junk, the services sector remains resilient whilst other sectors of the economy are declining or stagnating. Using the expanded definition, the services sector contribute up to 40% of the GDP and creates employment opportunity to more than 3 million people. A challenge facing the sector is that it comprises of a large number of SMMEs. Approximately, 73% of the sector's enterprises are either medium or small. There is a need to prioritise training in the SMME space to support growth. Notwithstanding these challenges, the services sector has the potential to become a catalyst for poverty eradication and reducing inequality through jobs creation, as envisioned in the NDP.

The World Economic Forum (2016) identified technology and demographic changes as the main change drivers in the economy, across industries. Chapter 2 confirmed these findings. It identified technology, globalisation, population growth and urbanisation, legislation and policy, and responsible resource use as key change drivers in the services sector. Chapter 2 further illustrated the linkages between the Services SETA response to change drivers and support to key national policies such as the NDP, NGP, White Paper on Post-School Education and Training, NSDS III and the 9-Point Plan.

Chapter 3 discussed skills gaps in the services sector. The chapter identified vacancies for which it is difficult to recruit as a proxy indicator of skills scarcity within the sector. The highest level of difficulty is found at the managerial, professional and technical occupational categories. This supports the view that globally, there is scarcity of skills for productive occupations of the sector. 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 a number of different data sources evaluated against criteria focusing on transformational and national imperatives, and labour and social demand. 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 illustrated how the Services SETA leverages on a number of partnerships to promote access to education, particularly in rural areas. These partnerships bring together, government, business, labour and training institutions to drive skills development in the services sector. Various partnerships covering various objectives have been established with these partners to facilitate skills development in the services sector.

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 in order to respond appropriately.

a) Promoting access to skills development

The SSP 2018/19 will retain the promotion of access to skills development as a priority action. Chapter 1 indicated that the services sector is the backbone of the South African economy in terms of GDP contribution. It was further noted in order to support the role of the services sector in this regard, there is not enough investment in continuous training, especially on skills that support productive industries of the sector. The Services SETA has committed to expanding training to the sector as a whole. Specific attention will be paid to SMMEs, rural communities, women, youth, and people with disabilities.

Specific interventions for promoting access include:

1. Building of National Artisan Development Academy in Mangaung, in collaboration with Motheo TVET College
2. Development of Alexander Bay Artisan Development Centre, in the Northern Cape
3. Development of Prieska Trade Test Centre in the Northern Cape
4. Establishment of National RPL Centre in Gauteng
5. Support 4 Community Colleges in Elsies River, Western Cape; Kuruman, Northern Cape; Emalahleni, Mpumalanga and a township in Limpopo

b) Entrepreneurship and enterprise development

The NDP, discussion in Chapter 2, places strong emphasis on growing the economy in order to eradicate unemployment, poverty and inequality. Among some of the strategies proposed are the support of SMMEs and co-operatives. The South African Government's *"Nine-Point Plan to grow the South African economy and create much-needed jobs"* also places a strong emphasis on *"Unlocking the potential of small, medium and micro enterprises, cooperatives and township enterprises"* Point 4. The Services SETA, in collaboration with the Department for Small Business Development will train 200 cooperatives, train 4,517 learners in New Venture Creation, and establish a National Entrepreneurship Development Institute. Other support measures will include coaching and mentorship of entrepreneurs. The details will be explained in the Annual Performance Plan and project documents.

c) Alignment of Services SETA qualifications

The Services SETA will embark on a large-scale exercise to align its qualifications to the norms and standards set by the QCTO. In addition, the process of developing new qualifications to meet the sector skills demands will continue. The campaign to recruit and train sufficient assessors and moderators has yielded positive results. This intervention will continue into 2018/19.

d) Work-based training and mentorship

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 carried 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.

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: promoting access to skills development; entrepreneurship development, alignment of qualifications, and facilitation of work-based learning and mentorship.

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.trinityp3.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 [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
- 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/DocCom/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 (2017a) Gross Domestic Product, Fourth Quarter 2015, [online], available: <http://www.statssa.gov.za/publications/P0441/P04414thQuarter2016.pdf> [accessed 11 May 2017].

Statistics South Africa (2017b) *Quarterly Labour Force Survey, Quarter 4, 2016* [online], available: <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2016.pdf> [accessed 11 May 2017].

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 2018/19

CONTENTS

1. Introduction	2
2. Progress	2
3. CIP Matters	3
3.1. Research Agenda and Strategy	3
3.2. Collaboration	4
3.3. Improving Data Sources	5
3.4. Organizing Framework for Occupations (OFO) and Sector PIVOTAL list	6
3.5. Developing mechanisms for Skills Planning and LMIP	6
3.6. Alignment with Government Priorities	6
3.7. Research Capacity in the system	6
3.8. Career advice system	7
3.9. Role of Accounting Authority in the development of the SSP	7
3.10. Stakeholder engagement in preparation for the SSP	7
4. Conclusion	8
5. Approval	8

1. INTRODUCTION

The Sector Skills Plans Framework and Guidelines issued by the Department of Higher Education and Training in 2015, 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 Framework. The first section of the CIP highlights areas of improvement that were identified in the 2016/17 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 2016/17 CIP identified the lack of primary research in the preparation of the SSP as a serious challenge. The Services SETA has since addressed this problem by conducting eight studies to inform this update. Three research studies are planned for the current financial year.

The quality of the Services SETA's data integrity has been improved through the automation of the enrolment and Mandatory Grant information submission. This data has been used to update this SSP with a greater degree of confidence in its reliability.

Lastly, the Services SETA revised and aligned the Research Agenda to the DHET's proposed template.

3. CIP Matters

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN	
3.1. Research Agenda and Strategy	<p>Theme: Skills planning: analysis of demand-side signals</p> <p>Topic: Research and analysis for identifying skills needs and occupations and demand</p> <p>Title: Recruitment Data Analysis</p>	The purpose of the research study was understand the nature of hard-to-fill vacancies by surveillance of various recruitment channels. The research project was completed in March 2017	Not Applicable	
	<p>Theme: Skills planning: analysis of demand-side signals</p> <p>Topic: Research and analysis for identifying skills needs and occupations and demand</p> <p>Title: MG Data Analysis</p>	The purpose of this study was to identify the mismatch between the skills demand and supply in the services sector, by analyzing the Mandatory Grant (WSP/ATR) data. The research project was completed in March 2017	Not Applicable	
	<p>Theme: Skills planning: analysis of demand-side signals</p> <p>Topic: Research and analysis for identifying skills needs and occupations and demand</p> <p>Title: Employer Survey</p>	The purpose of this study was to understand the scale of the workforce and occupations in demand. The research project was completed in March 2017	Not Applicable	
	<p>Theme: Skills planning: analysis of demand-side signals</p> <p>Topic: Research and analysis for identifying skills needs and occupations and demand</p> <p>Title: Value Chain Analysis</p>	The purpose of the study was to identify, define and develop a conceptual framework for services sector value chain, and map out employment value chain. The research project was completed in March 2017	Not Applicable	

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
	<p>Theme: Access</p> <p>Topic: Barriers and enablers for access to training</p> <p>Study Title: Learner Tracer</p>	<p>The purpose of this study was to assess the impact of these learning programmes on beneficiaries. The research project was completed in April 2017</p>	<p>Not Applicable</p>
	<p>Theme: Curriculum, programmes and qualifications</p> <p>Topic: Needs assessment for curriculum development and curriculum development</p> <p>Title: 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>Theme: Learner/Entrepreneurial success</p> <p>Topic: Mentoring and support of learners</p> <p>Title: 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>The Services SETA has established partnerships with 19/25 (76%) universities since 2013</p>	<p>The Services SETA aims to establish 3 new partnerships with Universities in 2017/18</p>
	<p>Collaboration with TVET Colleges</p>	<p>SETA has entered into partnerships with 20 TVET Colleges to support learning interventions</p>	<p>The Services SETA aims to establish 3 new partnerships with TVET Colleges in 2017/18</p>
	<p>Collaboration with other SETAs</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	<p>The Services SETA has commissioned an employer survey targeting levy-paying members to investigate the nature and extent of hard-to-fill vacancies and skills gaps in the sector</p> <p>The Services SETA commissioned the services of an external provider to provide an integrated Management Information System to strengthen the quality of learners' enrolment and completion data. The system is in place</p>	<p>The Services SETA is contemplating a follow up study that will be implemented in 2017</p> <p>The Planning Department will continue to monitor quality of data and make suggestions for improvement where warranted</p>
	Stakeholder information	Provincial offices update stakeholder information on a quarterly basis	The Services SETA is employing alternative ways of supplementing stakeholder information
	Primary research	Some primary research studies that commenced in 2015/16 overran into 2016/17 financial year. Findings from these studies will be used in the SSP 2018/19 Update	Three additional primary research studies are planned for the 2017/18 financial year

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
3.4. Organizing Framework for Occupations (OFO) and Sector PIVOTAL list	Submissions from Real Estate and Related Services, and Marketing and Communication Services Chambers were submitted to DHET	The mentioned chambers received positive feedback with minor suggestions for changes	Submissions from Cleaning and Hiring Services Chamber are expected in 2017/18
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
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	In collaboration with CETA and Motheo TVET College, the Services SETA is implementing a National Artisan Academy to support the Government's initiative to train 10 000 artisans	The Services SETA is in the process of establishing an enterprise academy to support development of SME
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

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
	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 a Research Chair with the University of Mpumalanga	The 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	Further consultations with the Accounting Authority took place on 26 July 2017	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 2018/19 updates as outlined in the SSP	

4. CONCLUSION

Primary research and improvements in the performance information data integrity through automation of data uploads have enhanced the quality of data used in this update of the SSP and its credibility. The next SSP update will seek to provide the magnitude of hard-to-fill vacancies and skills gaps. Furthermore, analysis of skills demand will look beyond current demands, but take a long-term view in addition to the short term view. This will be achieved through the planned Future Jobs Study.

The Services SETA has strengthened collaboration with Post-School Education and Training institutions by increasing the number of partnerships with universities and TVET Colleges. 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 use of the Research Reference Group at the Services SETA has strengthened oversight over the quality of research outputs. The pending appointment of a research chair will further strengthen the quality of research outputs 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 2018/19.



MR THEMBA MHAMBI

CHAIRPERSON: ACCOUNTING AUTHORITY

DATE: 28/07/2017