SECTOR SKILLS PLAN 2005 - 2010

SERVICES SETA

AUGUST 2007

CONTENTS

A. LIST OF ACRONYMS

LIST OF ACRONYMS	
ASGISA	Accelerated Shared Growth Initiative for South Africa
BEE	Black Economic Empowerment
BPO	Business Process Outsourcing
CHE	Council for Higher Education
CPD	Continuous Professional Development
DoC	Department of Communications
DOE	Department Of Education
DOL	Department Of Labour
DTI	Department of Trade and Industry
DWSDP	Domestic Worker Skills Development Programme
EAP	Employee Assistance Programme
EE	Employment Equity
EIDD	Enterprise and Industry Development Division
EPWP	Expanded Public Works Programme
ETD	Education and Training Development
ETQA	Education and Training Quality Assurance
EU	European Union
FDI	Foreign Direct Investment
FET	Further Education and Training
FESASA	Federation of Service Associations South Africa
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GDS	Growth and Development Summit
GET	General Education and Training
GTZ	German Technical Co Operation
HET	Higher Education Training
HRD	Human Resource Development
IDPs	Industrial Development Plans
IDZs	Industrial Development Zones
IiP	Investors in People
ILO	International Labour Organisation
ISETT	Information Systems Electronics & Telecommunications Technologies
ISO	International Standards Organisation
ISP	Industry Skills Plan
JIPSA	Joint Initiative on Priority Skills Acquisition
KSI	Key Success Indicators
LRA	Labour Relations Act
MoU	Memorandum of Understanding

NLRD	National Learners Record Database
NQF	National Qualifications Framework
NSA	National Skills Authority
NSB	National Standards Body
NSDS	National Skills Per Strategy
NSF	National Skills Fund
OFO	Organisational Framework for Occupations
PDI	Previously Disadvantaged Individual
PEA	Private Employment Agency
PESTEL	Political, Environmental, Social, Technological, Economic, Legislation
PIPA	Provincial Investment Promotion Agencies
PSPs	Provincial Skills Plans
QA	Quality Assurance
RPL	Recognition of Prior Learning
RIDS	Regional Industrial Development Strategy
RTP	Registered Training Providers
SADEC	Southern Africa Development Community
SAQA	South African Qualifications Authority
SDF	Skills Development Facilitator
SDIs	Spatial Development Initiatives
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SDPU	Skills Development Planning Unit
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SGB	Standards Generating Body
SIC	Standards Industrial Classification
SME	Small Medium Enterprises
SOC	Standard Occupational Category
SSEA	Services Sector Employer Association
SSETA	Services Sector Education Training Authority
SSETQA	Services Sector Education Training and Quality Assuror
SSP	Sector Skills Plan
SWOT	Strengths Weaknesses Opportunities Threats
TES	Temporary Employment Services
THETA	Tourism, Hospitality & Sports
WSP	Workplace Skills Plan

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C. LIST OF TABLES

D. FOREWORD

This Sector Skills Plan is the result of seven years of PESTEL exercises conducted amongst 37 Industries identified through our various SIC Codes. It reflects the thinking amongst 250 stakeholders equally divided amongst organised business and labour entities reflected in Schedule 1, appended to our Constitution who are the "Governors" of the Services SETA.

The SSETA Stakeholders are deeply committed to the principals enshrined in legislation governing Skills Development and Skilling matters in this country although not necessarily fairly expressed in NSDS II. As such, even though there are NSDS II elements which are highly problematic and opposed by our Stakeholders, we are nevertheless committed to the wider picture of DOL commitments to the Presidency and to cabinet.

My Stakeholders are principally SME's i.e. out of 160 000 companies registered with the SSETA in-excess of 140 000 are true SME's often employing less than 10 staff and doing a turnover below R 5 million a year. They find it invidious that because they do not represent "Scarce Skills" Industries or jobs their Discretionary entitlement is negligible. They are the Hairdressers, Beauty Salons, Funeral Brokers, Marketing Specialists, PR companies, Project Management companies etc. of SA. They believe therefore that SME's are incorrectly being taxed through their Levy contributions to support the DOL / DTI traditional Industry enrichment strategy which to-date has served to marginalise SME's in South Africa.

This SSP reflects my stakeholders dissatisfaction with their lack of access to NSF and DTI resources and hence is based exclusively on self-reliant projections. What it does not however reflect are the missed opportunities. The fact that the SSETA has had to reject in-excess of 80 000 applications from our members to create work opportunities for the unemployed matriculants and graduates in the marketplace because of a limitation on grants funding available within our Discretionary kitty. It equally does not reflect the missed opportunities lost because of a totally ineffective DTI not able to activate incentive policies for inward investment in the Call Centre Industry. In this regard it is silent on the estimated 50 000 seats lost to India, Malaysia and now even Kenya and Nigeria because of the lip-service paid by Cabinet and DTI and the absence of delivery to the Call Centre Industry.

It is also silent on the fact that even where opportunities are able to be created for unemployed people to enter the workplace, DOL which projects through it's Employment Service division to be able to supply unemployed qualified entrants for work and learnership opportunities, has failed this SETA terribly when put to the test and delayed our implementation strategy over-and-over again because we have relied on them to prove their capacity to source Learnership and Intern entrants. It is equally silent on what it has then cost the SSETA financially to save our various projects from failure because of this over-reliance.

This SSP is silent on the ridiculous amount of resources and finances we have to allocate to data verification because of the poor quality and contradictory information flowing from SARS to DOL to the SETA's. This inefficiency costs the SSETA in-excess of R 5 million annually to verify our information month-by-month because of this problem. That R 5 million could have funded 200 Learnerships for a year.

This SSP is silent on the true cost to the SSETA of the "crisis of confidence" amongst our members and wider public caused by the absolutely unskilled and inappropriate capacity of DOL to handle adverse publicity against SETA's not just from journalists but from Politicians and even DOL officials, Directors and Ministers.

What we try to reflect in this SSP is our commitment to making the NSDS II work in-spite of our reservations. It reflects our absolute commitment to the ABET crisis and repairing the catastrophe caused by the Department of Education amongst the current workforce.

It reflects our commitment to wanting to address the Disability crisis in South Africa, particularly within the Services Sector, with new and innovative projects designed to distinguish interventions amongst the physically and mentally disabled. It focuses largely on the introduction of mediation for the disabled to assist them in conquering and mastering our qualifications in such a way that leads to sustainable and gainful employment opportunities.

This SSP equally reflects our commitment to the engagement process and encouraging collective organisation and mandating amongst our members, in the true spirit of what is contained in the SDA, namely that "Organised Business" and "Organised Labour" shall govern the affairs of a SETA. It recognises that there is a deficiency in representation within these two constituencies and supports innovative strategies to encourage a massification of collective representation within the Services Sector. This includes the assistance of the creation of Provincial and National Employers Associations designed to increase collective representation on our Provincial Boards and National Council structures. In this regard it attempts to correct the historical culture of limited engagement between the social partners, business and labour within it's governance structures.

Devan Naicker must be recognised for his sterling efforts as should Mlu Mdani from the Department of Labour, in ensuring the completion of this strategy and effective adoption of the principles contained therein amongst our various stakeholder bodies.

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IVOR BLUMENTHAL
Chief Executive Officer

E. EXECUTIVE SUMMARY

The services economy, or services sector, and the long-term rise of service occupations, was mentioned frequently in publications in the early seventies by, *inter alia,* Bell (1973) and Braverman (1974). Bell argued that the trend of the positive growth in service occupations as a proportion of the US labour market introduced a new form of society, one that was characterised by wealth and economic growth. Braverman saw things quite differently. According to him the services growth created a "working poor" class, typified by low wages, low or poor skills, and low productivity, contrary to expectations of a "new working class" of better skilled and paid people that would replace the industrial working class. Lewis and Theron (2002) confirmed this in a study commissioned by the SSETA. They reported that wages for business activities, other services, and domestic work were considerably lower than the average for all other industries, and that underemployment, both in terms of working hours and skill utilisation, occurred significantly more in especially other services and domestic work. They also found that the incidence of workplace training had been significantly lower in these three groupings than for all other industries.

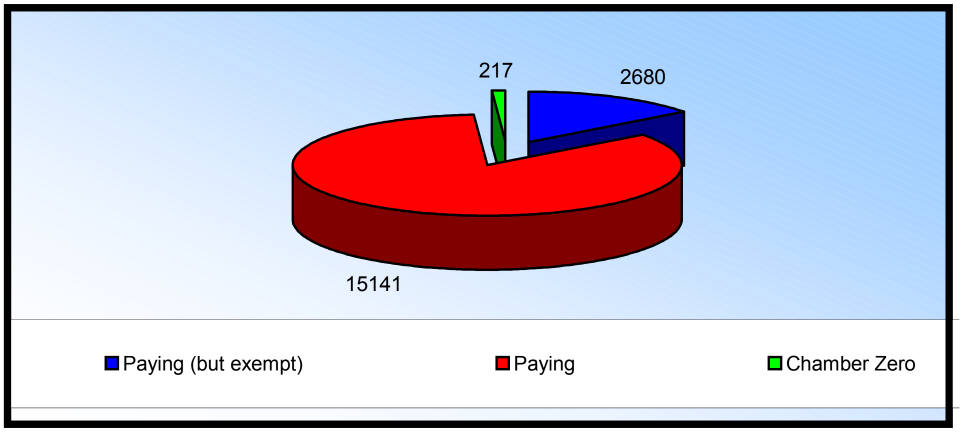
However, the service economy became successful in the US in the 1990s, primarily through business re-organisation. This included: (a) increased concentration – most service employment takes place in micro and small enterprises and an increased merger and acquisition activity in the services sector was noticed in the US in the 1990s; (b) outsourcing – this enhanced wage-based competition; and (c) business networks – cooperating firms seeking shared advantages. Lewis and Theron emphasise that the services sector in South Africa is showing the same development; i.e. undergoing substantial business re-organisation in the form of outsourcing, franchising, and business networking. According to these authors the South African situation experiences difficulty with re-organisation, mainly because the reality is that it is happening in the absence of significant worker associations, collective bargaining and multi-employer institutions for career pathing between enterprises and industries in this sector.

In South Africa, the contribution of the services sector to the national economy resembles more closely the structure of developed than developing economies. The services sector dominates the South African economy: in 2001 it accounted for 70.4% of GDP, 65.4% of formal employment and 73.7% of informal employment. Output in this sector has been growing faster than in the primary and secondary sectors, averaging 3% over the 1994–2001 period, compared to a growth rate of 2.4% for the entire economy.

In 2001, 67% of total employment (formal and informal) was in service industries. Significantly, the services sector accounted for only 17 000 of the 500 000 jobs lost in the formal sector between 1996 and 2001. Informal sector employment in the services sector more than doubled between 1996 and 2001, increasing from 555 377 to 1 282 828 jobs.

The Services SETA is made up of 18,038 member organisations. The organisations are further broken down into the formal (paying members) and the paying (but exempt) members as illustrated in Figure 1.

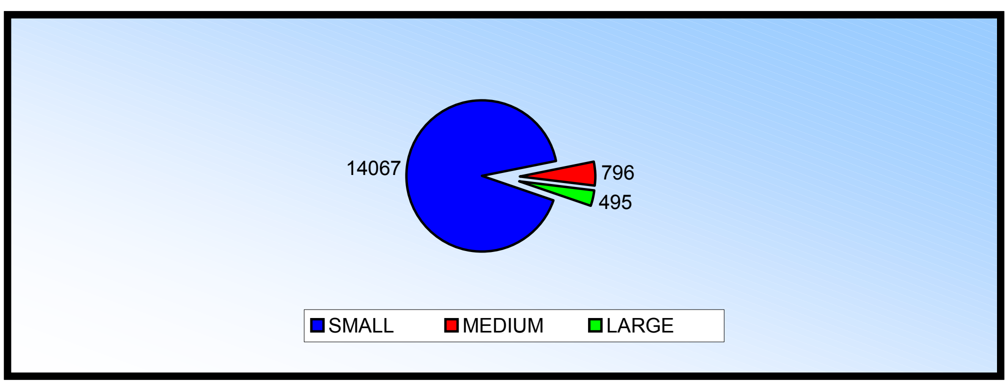
Figure 1: Breakdown of Services SETA Members(2007)



Source: Services SETA Oracle Database

Of the 18,038 paying members, 15,141(84%) of those organisations are active levy paying members, i.e. they have been actively paying their levies for the last 12 months and are valid Services sector members in that their levy payments exceed R5,000.00 and they fall within the standard industry classification determination. The "paying" component of the SETA is made up of the company classifications as illustrated in Figure 2. The size definitions of the companies are included as Annexure 2.

Figure 2: Composition of the "Paying" component of Services SETA (2007)



Source: Services SETA Oracle Database

Ninety three percent (92%) of the formal sector are Small companies. This is a particular challenge to the Services SETA. The formal sector is then sub-divided into the 25 chambers that make up the Services SETA. The largest chamber (by member organisations) is the Business Activities n.e.c. chamber (49%). The second largest chamber is the Other Business Activities (Admin and Secretarial) chamber followed by the Labour recruitment and provision of staff chamber. Chamber zero is not included as part of the formal Services Sector as the majority of these companies are not Services Sector members and will be reallocated. Figure 8 illustrates the chamber composition of the paying component of the SETA.

The total number of employees based on the WSPs submitted is 311 011, and the total population is estimated to be 1,530,993 employees[1]. The sector is made up of 81% Black employees and 19% White employees. Whites occupy the higher level occupational categories, with Black participation increasing as the occupational category moves to elementary levels. Thus 70% of senior management positions are filled by White candidates and 93% of elementary positions are occupied by Black candidates. The challenge of transformation is thus a reality for the Services Sector.

The Services Sector is an extremely diverse sector and as such is subject to a wide range of educational and skills levels. In assessing the current state of education and skills in the Services Sector, two methodologies will be utilised. The first is to analyse the sector as a collective and thereafter to analyse the sector by chamber. As a collective the Services Sector demographics emulate the general educational and skills profile of South Africa. The services sector is thus predominantly populated by individuals that do not have a tertiary qualification. 77% of the employees are in possession of a NQF 1 qualification[2].

The SSETA being a mature SETA is in a position now to consolidate all the start-up activities that have been actioned and now move along the company growth curve to its consolidation phase. The annual review of the SSP will also assist to ensure that all strategies remain current and relevant to the sector and its stakeholders.

CHAPTER ONE: SECTOR PROFILE

1.1 INTRODUCTION[3]

The sector profile presents a descriptive picture of the sector as it currently is, how it has changed over time and likely future changes. Elements covered include an industrial and occupational overview and sector drivers of change.

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[1] See Annexure 4 for calculation

[2] Services SETA Annual Report 2003/4

[3] Adapted from the HSRC Services Sector Economic Report

The services economy, or services sector, and the long-term rise of service occupations, was mentioned frequently in publications in the early seventies by, *inter alia,* Bell (1973) and Braverman (1974). Bell argued that the trend of the positive growth in service occupations as a proportion of the US labour market introduced a new form of society, one that was characterised by wealth and economic growth. Baverman saw things quite differently. According to him the services growth created a "working poor" class, typified by low wages, low or poor skills, and low productivity, contrary to expectations of a "new working class" of better skilled and paid people that would replace the industrial working class. Lewis and Theron (2002) confirmed this in a study commissioned by the SSETA. They reported that wages for business activities, other services, and domestic work were considerably lower than the average for all other industries, and that underemployment, both in terms of working hours and skill utilisation, occurred significantly more in especially other services and domestic work. They also found that the incidence of workplace training had been significantly lower in these three groupings than for all other industries.

However, the service economy became successful in the US in the 1990s, primarily through business re-organisation. This included: (a) increased concentration – most service employment takes place in micro and small enterprises and an increased merger and acquisition activity in the services sector was noticed in the US in the 1990s; (b) outsourcing – this enhanced wage-based competition; and (c) business networks – cooperating firms seeking shared advantages. Lewis and Theron emphasise that the services sector in South Africa is showing the same development; i.e. undergoing substantial business re-organisation in the form of outsourcing, franchising, and business networking. According to these authors the South African situation experiences difficulty with re-organisation, mainly because the reality is that it is happening in the absence of significant worker associations, collective bargaining and multi-employer institutions for career pathing between enterprises and industries in this sector.

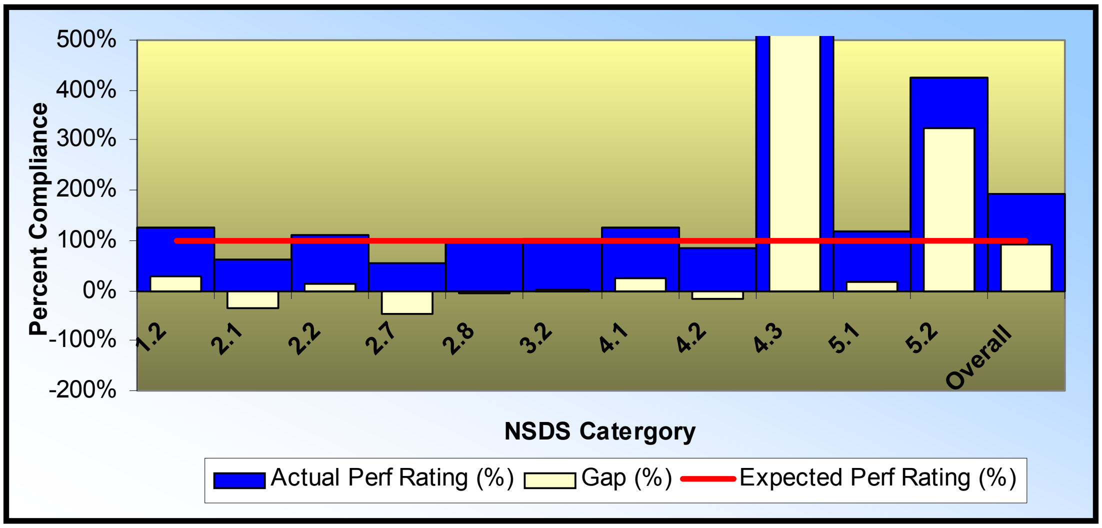
Taking into account that a low or poor skills base typifies the service sector, this is really the environment where the National Skills Development Strategy can make a big difference by putting an effort into the upgrading of people's skills. The SSETA, therefore, plays a very important role as the agent of skills development in this important sector of the economy.

1.2 PROGRESS TO DATE

1.2.1 PROGRESS AGAINST NSDS AND SSP TARGETS

The Services SETA has performed exceptionally well against the targets that were agreed with the Department of Labour. As illustrated in Figure 3, the SETA is on track to exceed 2007-2008 targets.

Figure 3: Performance to NSDS Targets



Source: Services SETA SLA: 2006-2007

1.3 Industrial and Occupational Coverage

1.3.1 Profile of the Services Sector[4]

The world over, economic activity is classified and analysed in terms of the primary sector (agriculture and mining), the secondary sector (manufacturing, construction, electricity and water) and the tertiary sector (services – including financial and business services; transport, storage and communication; wholesale and retail trade and personal and community services)[5].

The classification of the services sector utilised by the World Trade Organisation (WTO), is summarised in Annexure 13. It includes all activities other than agriculture, mining and manufacturing, effectively extending the national accounting approach to include utilities and the construction industry. This definition of the services sector is fast becoming the international norm in terms of its measurement and monitoring.

The sub-sectors within which the twenty five chambers of the SSETA are located are indicated in Annexure 13. A complete breakdown of the SSETA industry structure can be found as Annexure 1. The majority of the chambers are in the producer-services sector, with sixteen in the business services sub-sector, and two in the communications services sub-sector. A number of chambers are providers of final

[4] Adapted from the HSRC Services Sector Economic Report

[5] Standard national accounting methods have traditionally seen the tertiary sector as including the standard industrial classification (SIC) groups 6 to 9. These include:
SIC 6 - Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants
SIC 7 - Transport, storage and communication
SIC 8 - Financial intermediation, insurance, real estate and business services
SIC 9 - Community, social and personal services

demand services and are concentrated in the personal services sub-sector; in particular, household services and recreational, cultural and sporting services.

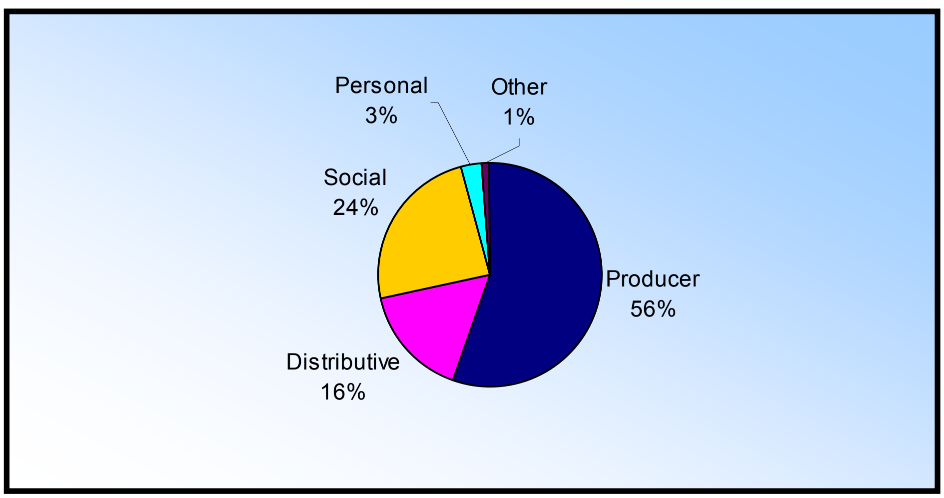
While the absence of detailed information rules out an analysis of output and employment trends among the specific enterprises and industries that are members of the SSETA, a broad overview of trends in the services sector is provided as a context within which to locate training strategies. This is because the training requirements of SSETA members will be aligned to the growth of this sector.

1.3.2 Economic Indicators[6]

In South Africa, the contribution of the services sector to the national economy resembles more closely the structure of developed than developing economies. The services sector dominates the South African economy: in 2001 it accounted for 70.4% of GDP, 65.4% of formal employment and 73.7% of informal employment. Output in this sector has been growing faster than in the primary and secondary sectors, averaging 3% over the 1994–2001 period, compared to a growth rate of 2.4% for the entire economy.

In 2001, 67% of total employment (formal and informal) was in service industries. Significantly, the services sector accounted for only 17 000 of the 500 000 jobs lost in the formal sector between 1996 and 2001. Informal sector employment in the services sector more than doubled between 1996 and 2001, increasing from 555 377 to 1 282 828 jobs.

Figure 4: % Gross value added by Services sub-sectors, 2001

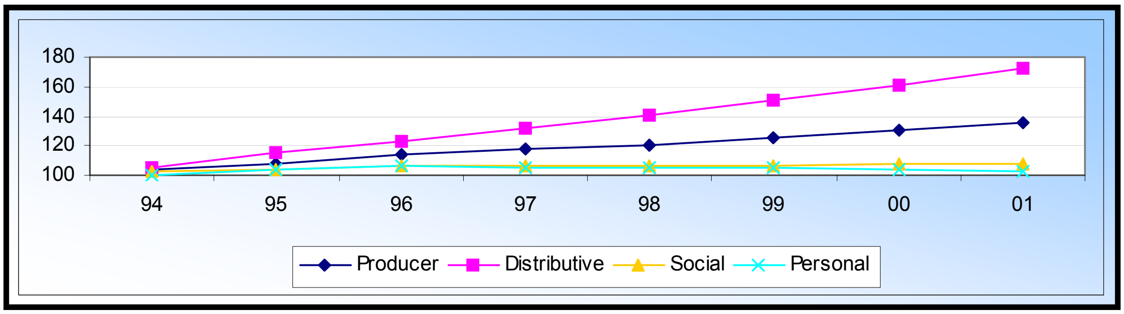


Source: Global Insight, 2003

[6] Adapted from the HSRC Services Sector Economic Report

A disaggregation of the contribution of the broad sub-sectors to output and employment is provided in Figures 4 and 5. While each sub-sector has a distinct set of dynamics, the broad trends depicted below highlight the relative importance of the different sub-sectors.

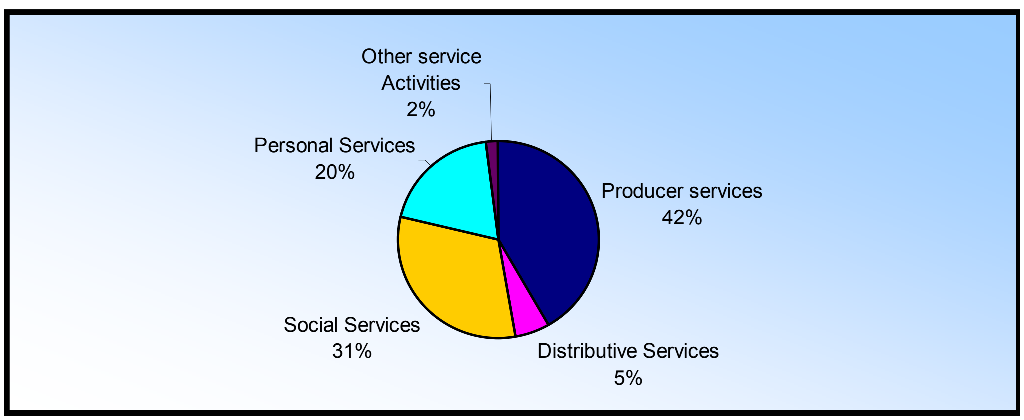
Figure 5: Formal employment by sub-sector, 2001



Source: Global Insight, 2003

Producer services are the most important source of output - accounting for 56% in 2001, followed by social services (24%), distributive services (16%), and personal services (3%). Between 1996 and 2001, the share of distributive services in the aggregate output of the sector grew as producer and personal services contracted slightly in relative terms.

Figure 6: Index of growth in gross real value added (constant 1995 prices, 1993 = 100), 1994 – 2001



Source: Global Insight, 2003

Growth trends, illustrated in Figure 6, reveal that distributive services have performed exceptionally well, averaging 7.1% over the 1996–2001 periods. Growth in producer services averaged 3.5% per annum between 1996 and 2001. In contrast, social services grew very slowly, averaging 0.3% per annum over the 1996–2001 periods. Between 1997 and 2001, personal services contracted each year, averaging – 0.6% between 1996 and 2001.

From the perspective of employment, producer services are the dominant source of employment, followed by social services, personal services and distributive services. Personal services are the most labour-intensive, accounting for 20% of employment (largely due to the fact that domestic workers fall under this category), but only 3% of the output of the services sector in 2001. In contrast, producer services accounted for 56% of output and only 42% of employment. Distributive services have the lowest labour intensity, as evidenced by the fact that they accounted for 16% of output in 2001, but only 5% of employment.

The producer services sub-sector has been the main source of employment *growth* throughout the 1996–2001 periods, as illustrated in Figure 5. Employment in the personal services sub-sector grew between 1996 and 1999, but jobs were shed thereafter. Employment in the distributive services and social services sub-sectors has been declining throughout the period, averaging – 5.7% and –1.4% respectively.

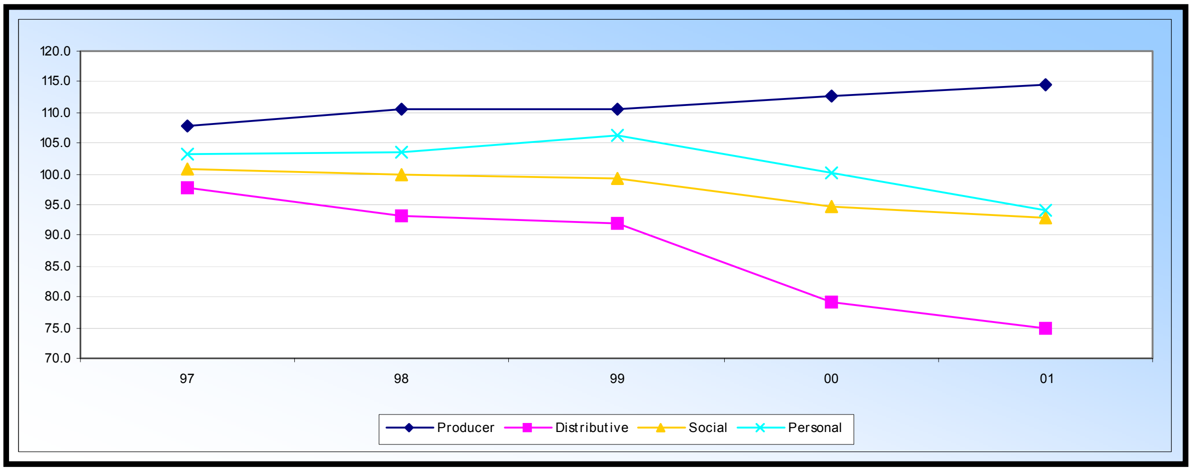


Figure 7: Index of growth in employment by sector, 1997 – 2001 (1996 = 100)

Source: Global Insight, 2003

At this fairly high level of aggregation, the evidence demonstrates that only producer services have experienced significant growth in both employment and output. Distributive services have demonstrated significant growth in output, but a contraction in employment. Both output and employment have been contracting in the personal and social services sectors. The latter two are, however, the most labour intensive of the four sub-sectors.

1.3.3 Profile of Employers in the Services Sector

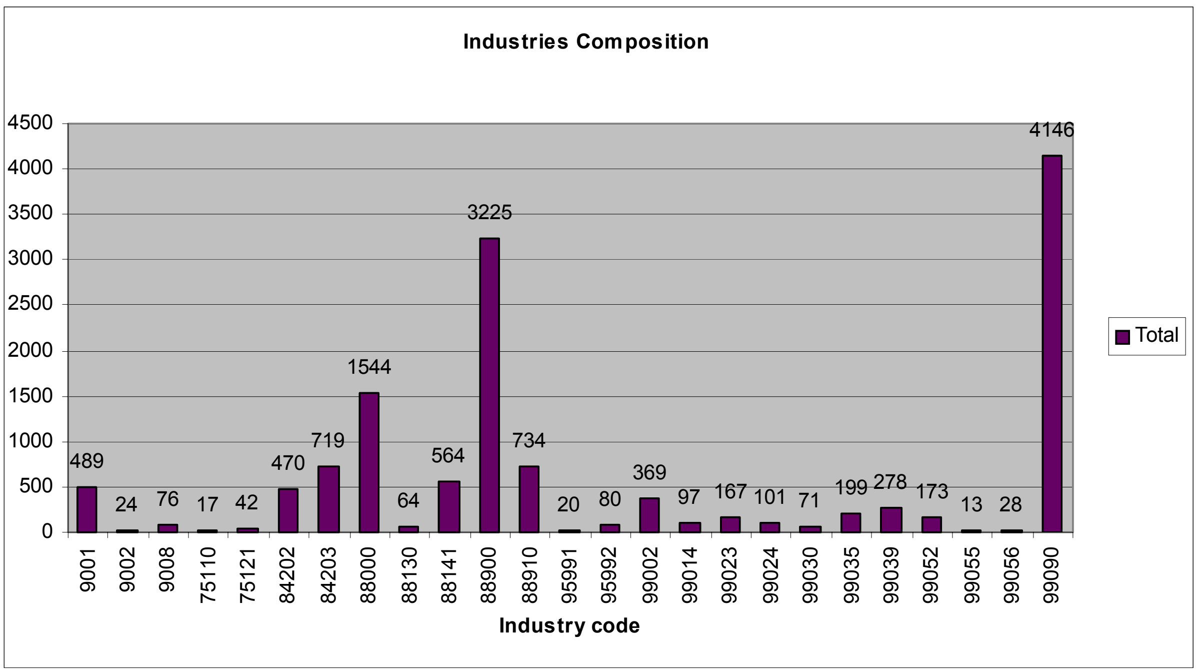
The Services SETA is made up of 18,038[7] member organisations. The organisations are further broken down into the formal (paying members) and the paying (but exempt) members as illustrated in Figure 1. Of the 18,038 paying members, 15,141 (84%) of those organisations are active levy paying members, i.e. they have been actively paying their levies for the last 12 months and are valid Services sector members in that their levy payments exceed R5,000.00 and they fall within the standard industry classification determination. The "paying" component of the SETA is

[7] SARS download November 2005

made up of the company classifications as illustrated in Figure 2. The size definitions of the companies are included as Annexure 2.

Ninety three percent (92%) of the formal sector are Small companies. This is a particular challenge to the Services SETA. The formal sector is then sub-divided into the 25 chambers that make up the Services SETA. The largest chamber (by member organisations) is the Business activities n.e.c.chamber (49%). The second largest chamber is the Other Buisness activities (Admin and Secretarial) chamber followed by the Labour recruitment and provision of staff chamber. Chamber zero is not included as part of the formal Services Sector as the majority of these companies are not Services Sector members and will be reallocated. Figure 8 illustrates the chamber composition of the paying component of the SETA.

Figure 8: Industries composition of the Formal Levy Paying Services Sector



Source: Services SETA Oracle Database

The provincial distribution of formal (paying) member companies is illustrated in Annexure 14. General Business Services is the dominant sub-sector in all provinces. The provincial profiles are similar in many respects, and mimic the size classification, i.e. 93% Small. The Services SETA is therefore faced with two challenges – obtaining buy-in to skills development from Small business and servicing the skills needs across all nine provinces, especially the rural areas. Please refer to Annexure 1 for the actual description and names of the different industries.

1.3.4 Profile of Employees in the Services Sector

Please refer to Annexure 4 for the size of the employee component within the Services sector. Under Table 1 below, we provide a breakdown of the employee profile in terms of race, gender and disability.

Table 1: Occupational trend: Managers

SOC_GROUP_NAME	AM	AF	WM	WF	TOTAL	DISABLED
Management Level	11392	7595	6524	3832	29343	60
Intermediate Level	17405	14240	2071	3107	36823	145
Entry Level	22784	53163	345	1381	66166	100
	51581	74998	8940	8320	**143839**	305

BLK vs WH	88.00%
M vs F	42.08%
Disabled	0.21%

Notes: Total population is **143 839**
Black contribute 88% (126 579), White 12% (17 260) of the whole population

Management

Constitute 20%
White takes 60% of management positions, with White Males taking 63% of those positions.

Intermediate

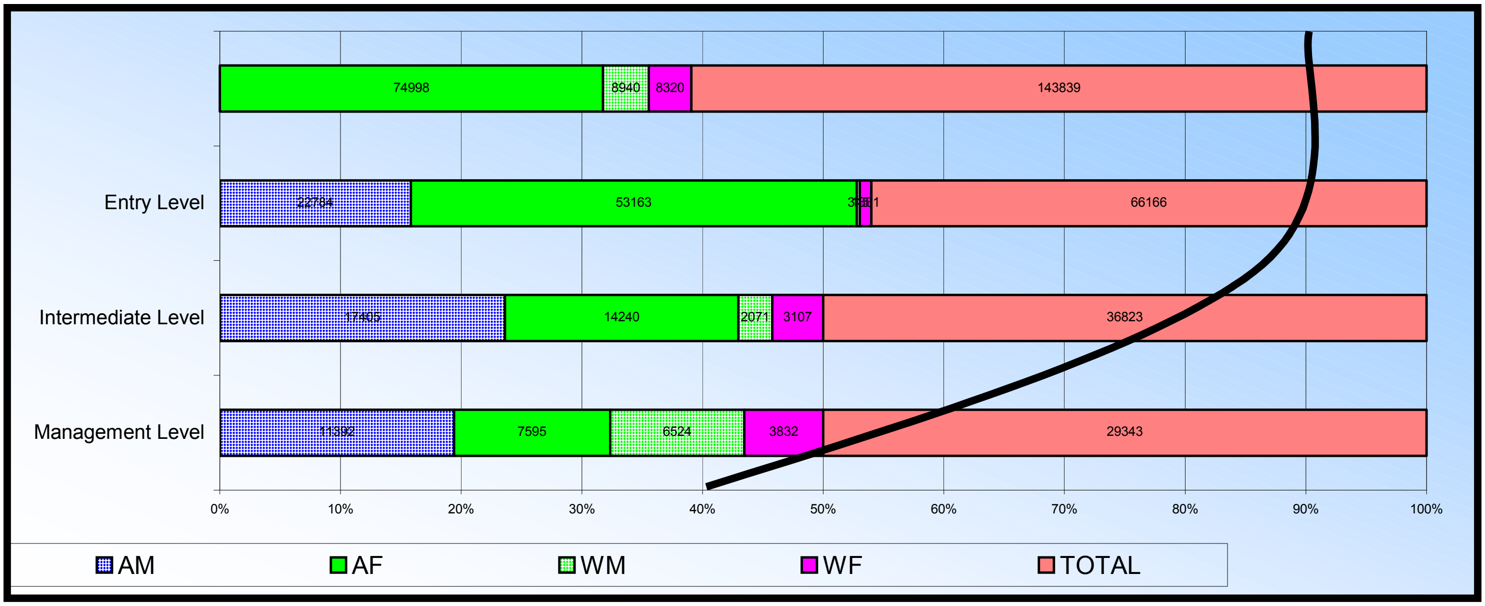
Constitute 26%
Blacks takes 86% of Intermediate positions, while White takes 14% of those positions

Entry

Constitute 54%
White takes 3% of entry positions and the rest 87% of the positions are occupied by blacks

Furthermore, we provide in Figure 13 below shows black participation at a managerial level which has not progressed to acceptable levels of growth. The employment equity act still needs to be more forcefully and aggressively implemented within the Services sector. Males make up 42.08% of the employee grouping and emulates the "racial frontier" in that males occupy more senior positions (63%) than females. African females have however made significant strides in the professional occupational category (35%). Disabled employees are very low at 0.21% of the total workforce.

Figure 13: Racial frontier within the Services SETA



Source: Services SETA WSPs

The employee profile for the Services SETA has been derived from the submission of 1968 Workplace Skills Plans (WSPs). These submissions were for 2005 and represents 21% of the levy paying constituency of the Services SETA. It is thus an ideal proxy for population calculations. This is further entrenched by the fact that in excess of 90% of employers, employing more than 50 people have submitted WSPs. Figure 9 illustrates the employee profile for the Services Sector by race, gender and occupational grouping.

A table is provided as Annexure 4, with the actual number per occupational grouping. The total number of employees based on the WSPs submitted is 143 839, and the total population is estimated to be 946 230 employees[8]. The sector is made up of 88% Black employees and 12% White employees. The bold black line on Figure 13 represents the "racial frontier" within the Services Sector. Whites occupy the higher level occupational categories, with Black participation increasing as the occupational. Thus 60% of senior management positions are filled by White candidates and 90% of elementary positions are occupied by Black candidates. The challenge of transformation is thus a reality for the Services Sector.The Global Employment Agenda[9].

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[8] Adapted from the HSRC Services Sector Economic Report

[9] Adapted from "The Global Employment Agenda" ILO, ISBN 92-2-115177-8

The Services SETA subscribes to the Global Employment Agenda. The principle purpose of the Global Employment Agenda is to contribute to an Organization's efforts to promote decent work. The Agenda promotes both the quantitative objective of increasing freely chosen productive employment and the qualitative dimension of employment. The Agenda's main aim is to place employment at the heart of economic and social policies.

The principles underlying the Global Employment Agenda are:

- Decent work as a productive factor
- A pro-employment macroeconomic framework
- Entrepreneurship and private investment
- Improving the productivity and opportunities of the working poor
- Ending discrimination in the labour market
- Environmentally and socially sustainable growth
- Employability and adaptability

These principles are further elaborated as core elements. The Agenda's core elements seek to promote employment, economic development and social justice. Some of them refer to the economic environment; others to the labour market. The former refers to conditions that make employment creation possible. They require analysis because they are factors that cause change and have to be framed by appropriate policies. This is the case, for example, of trade and investment and of technology, all causes of both job growth and job destruction.

1.3.5 Professional Bodies, Associations and Federations

The Services Sector is characterised by a large number of employer and employee representative forums. The fragmentation that exists in the sector has been highlighted as one of the most important factors to be addressed in ensuring that the sectors within the Services sector continue to thrive and grow. A list of bodies and key associations is attached as Annexure 5.

The large degree of fragmentation has implications for the sector in terms of:

- Quality – Standards of service delivery vary from association to association, thus there is no sector standard, which places the sector at risk
- Image – A fragmented sector is easily attacked and is not seen as a career of choice. Employees enter the sector as a stepping stone to greener pastures. This results in the sector constantly having to renew its pool of experienced individuals
- Retention – As with image, a fragmented sector cannot retain its highly qualified or highly skilled individuals
- Barriers to Entry – The lack of organisation implies that new entrants to the sector do not have to fulfil any sector requirements, and in most cases these

new entrants, with their limited understanding of the sector, damage the quality and image of the sector

- Ability to negotiate at a national level (NEDLAC) – In order to negotiate at a national level, sectors must have organised employee and employer bodies. Most of the services sectors are not in this position and thus are not able to negotiate with for example the Department of Trade and Industry, for sector specific issues
- Lack of true and equitable tripartite representation (lower representation by organised labour and existence of organised hybrid bodies)
- Absence of any organised labour in some sub-sectors cause for concern

1.3.6 The Informal Sector

Contributions to the literature on the definition of the "informal sector" differ markedly regarding the criteria used and their relative weighting. Nevertheless, one criterion common to all definitions is that informal economic activities are small in scale and exclude government regulatory requirements such as registration, tax and social security obligations and health and safety regulations, the defining characteristic of the informal economy is the precarious nature of the work. Workers in informal enterprises and informal jobs are generally not covered by social security or protected by labour legislation.

For the services sector, the informal sector has been defined as follows:
All non-paying companies included in the services database plus the respective percentage of the "defined" informal sector and a conservative domestic worker component. This definition needs quantification in order to enumerate the extent of the informal sector.

With reference to Annexure 4, which estimates the sector population for the formal component to be 810 993 employees, a similar calculation yields a population of 285 193 individuals for the non-paying or informal component of the services sector. This yields a total "employee" base of 1 816 186 for the services sector, which includes 490 000 domestics registered with the Unemployment Insurance Fund.

The *HRD Review 2003* pegs the total informal sector as 1 873 136[10]. The informal services sector is thus 15% of the total estimated informal sector. Due to the unregulated nature of the informal sector, formal training and development interventions are difficult to implement.

1.4 Sector Alignment to National Priorities

[10] Labour Force Survey *September 2001*

1.4.1 Accelerated Shared Growth Initiative for South Africa (ASGISA)

Annexure 15 highlights the activities that the Services SETA has planned to align its strategy to those of the ASGISA initiative[11].

1.4.2 Joint Initiative on Priority Skills Acquisition (JIPSA)

The Services SETA has submitted its priority skills to the JIPSA project manager and actively participates in JIPSA co-ordinated workshops and seminars.

1.4.3 Black Economic Empowerment (BEE)

The Services SETA is mandated to implement the National Skills Development Strategy until 31 March 2010. One of the key principles of NSDS 2 is to accelerate BBBEE and SETAs are tasked to respond to this challenge. After consultations with the Dti and sub-sectors there was an overwhelming response for the need to develop a transformation charter for SIC codes falling within the Services SETA jurisdiction as attested to by the Minister of Labour during the SETA re-establishment (1 April 2005 – 31 March 2010.

The Services SETA has therefore engaged with service providers with proven experience and resources to assist the SSP division in the development of a transformation charter and consequential scorecard development for each sub-sector. The validation of a discrete scorecard for each sub-sector must be informed by "Value Chain Analysis" and other appropriate tools and techniques. It is envisaged that this should be initially a desktop activity that is then further informed and validated by focus group sessions with key informants. The Sector wide charter must also align with other charter development activities within the Services SETA SIC code jurisdiction. Currently all property, marketing and public relations sub-sectors are catered for within the property and marketing charters. While the charter and scorecard form the blueprint for implementation the Monitoring and Evaluation of the scorecard is equally important.

More recently, we have been able to take this initiative to the next level in the form of the Services SETA National Council decision mandating the implementation of the following decisions:

- The establishment of the Sectoral BEE Interim Council
- The Property and Marketing Chatters to be aligned to fall into line with the Services wide and generic charter.
- The development of an appropriate funding model for the verification of the scorecard for the SMEs.
- To develop a strategy to co-ordinate and facilitate SSETA support to BEE co-operatives

[11] Source: Services SETA PESTEL Workshops

- To develop a toolkit in order to co-ordinate and facilitate structured SSETA support to BEE co-operatives.

1.4.4 The World cup – 2010

The Services SETA is the home to the Events industry. This industry is set to play a pivotal role in preparing South Africa for the World Cup Soccer 2010. The events industry is already taking responsibility for the delivery of professional events to meet the proposed legislation on Safety at Events through the establishment of a Professional Body to set criteria for the certification of event organisers and suppliers.

The Services SETA will support an Inter-Association, Inter-SETA, National Event Council formed through inclusive Provincial Event Working Groups and the establishment of a Global Event Council for skills development and international standards. The rationale for this is to capacitate the industry through training, development and skills transfer interventions, to meet the vision of "An industry Working Together for Job Creation through Events".

1.4.5 Regional Industry Development Strategy

South Africa has followed what is generally termed a 'traditional approach to regional industrial strategy. This was particularly prevalent during the years of apartheid. However, in line with current world thinking and best practice on regional strategy, RIDS is based on a more 'contemporary approach'.

The relative failure of the traditional approach to reduce regional inequalities through direct microeconomic interventions has resulted in a shift in international policy towards indirect macroeconomic interventions aimed at strengthening the supply side of the economy by improving education and training, promoting entrepreneurship, and enhancing research and development capabilities.

The recent evolution of regional development policy involved two main changes:

• From top-down to bottom-up: Traditional regional policy looked at regions as statistical artefacts, not as functional entities. Contemporary regional policy addresses functional regions, regional innovation systems or clusters, and it emphasises the endogenous potential, i.e., it tries to build on locally available skills and other resources, and relies less on external investment.

• Strengthening world-class regions: Contemporary regional policy addresses not only lagging regions, but also leading regions. As every national economy is involved in the global competition for growth and prosperity, companies, networks of companies, and ultimately locations need to constantly upgrade. Not upgrading means falling behind in global competition, since many other locations do upgrade. Thus, regional policy has increasingly tried not only to support lagging regions but also high-potential regions to make sure that they maximise their potential. Countries such as Sweden and Germany have launched various rounds of contests to identify high-performance regions or clusters with the most plausible upgrading initiatives, which then receive additional support to deepen or widen the upgrading effort.

The EU Structural Funds approach is largely consistent with RIDS approach towards regional development. It does not rely on nationally available incentives, is predicated upon local development rather than firm relocation, and relies on local partnerships for implementation. The Blue IQ initiative of the Gauteng Provincial Government could be regarded as an example of the contemporary approach towards regional development in South Africa.

The Services SETA's approach to RIDS is to align its skills interventions and activities to RIDS initiatives, thus bolstering and supporting any existing economic intervention which is aligned to Indicator 1.1 of the National Skills Development Strategy. The Services SETA has a memorandum of understanding with the Department of Trade and Industry to collaborate and support each others mandates in research, strategy and policy development and implementation.

The office of the Deputy CEO (Operations), will co-ordinate and facilitate the integration of RIDS into the SSETA strategic implementation plan.

1.4.6 Governance

The biggest threat to the Services SETA is its ability to self govern. If this is not clearly evident to Government, the SETA stands the risk of being governed through regulatory mechanisms. A number of initiatives are currently being implemented in support of self- governance:

- An agreement with the International Labour Organisation to develop and capacitate the sectors in self governance standards as indicated under ILO Convention 144 (The Tri-Partism convention) and Recommendation 152 on social dialogue
- The establishment of a federation of Services Sector employers to register with Business Unity South Africa (BUSA), which will be the vehicle through which business is represented and involved in economic and social policy development through the National Economic Development Labour Council (NEDLAC) process
- The SETA is also involved in investigating the development of a Services Sector Chamber of Commerce to wholly represent the business constituency
- The SETA is also in discussions with the three major labour federations to develop a model for the labour constituency to actively participate in the social dialogue process. This is required as the sector is largely white collar and almost exclusively (97%) represented by Small enterprises
- The SETA is also looking to establish a training program for organised business regarding improvement in governance, ethics and industry professionalism

- The exclusion of Small Enterprises from paying the skills development levies has had unintended consequences for both SETAs and state institutions to support and govern this sector.

1.5 Conclusions

The services sector is a sector that is increasingly under pressure from high consumer service levels, increasing globalisation and increasing complexity. These factors have fuelled the demand for intermediate and high level skills. What is also apparent is that low level skills in 2004, is what used to be intermediate levels skills in 1994. The increasingly complex world of work is demanding improved skills from the workforce. Continuous professional development thus is a key skills driver for the labour market.

CHAPTER TWO: DEMAND FOR SKILLS

2. 1 Introduction

Services Sector demand for skills, like any other sector is impacted by the various demand factors present in an economy, namely new and replacement demand. Replacement demand speaks to issues such as retirement, emigration, inter-occupational mobility and mortality. This section will seek to outline the demand profile for the Services Sector based on the issues highlighted. The focus will be on new demand versus replacement demand, however replacement demand will also be considered.

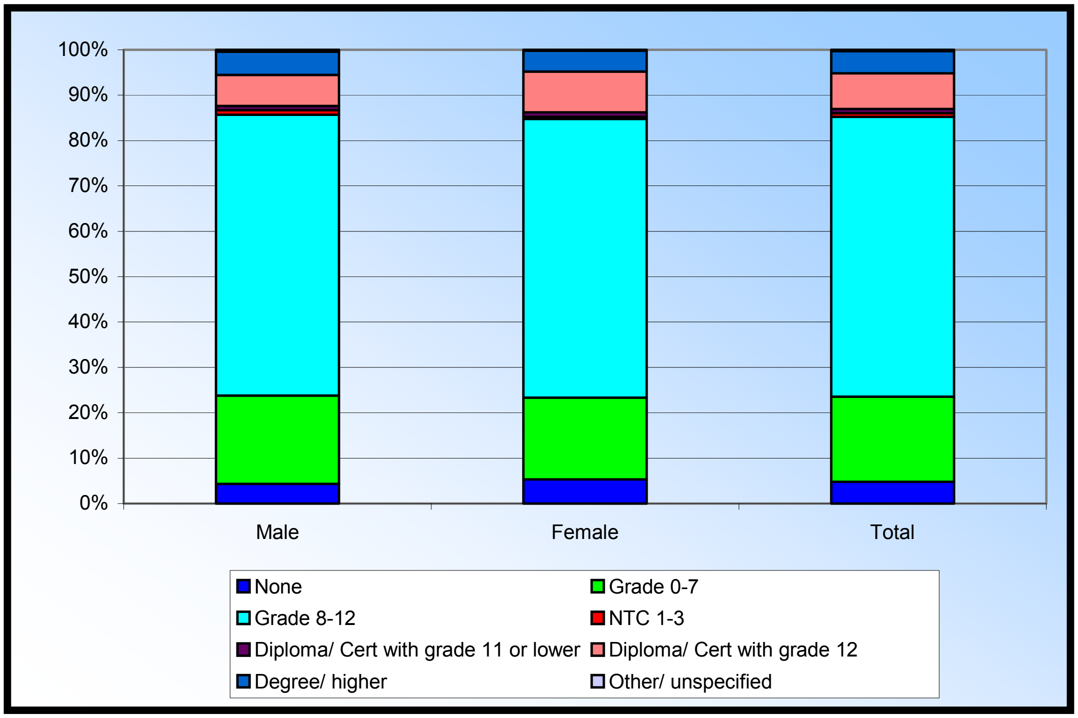
Based on the analysis presented in Section 6.3, the Producer component (including the sixteen Services SETA chambers is forecasted to require the largest number of employees. The growth for the individual chambers will be explored to identify which chamber will experience the highest employee growth.

2.2. current Employment

2.2.1 Educational and Skills Profile

The Services Sector is an extremely diverse sector and as such is subject to a wide range of educational and skills levels. In assessing the current state of education and skills in the Services Sector, two methodologies will be utilised. The first is to analyse the sector as a collective and thereafter to analyse the sector by chamber. As a collective the Services Sector demographics emulate the general educational and skills profile of South Africa.

Figure 9: Educational Profile of the Services Sector



Source: Statistics South Africa, Labour Force Survey September 2005

The services sector is thus predominantly populated by individuals that do not have a tertiary qualification. 77% of the employees are in possession of a NQF 1 qualification[12].

Annexure 16 illustrates chamber vocations using a three-pronged skills level descriptor. The information presented in Annexure 16 has been collated by Prodigy Business Services from the PESTEL workshops conducted. As part of the workshops, delegates were asked to comment on the skills supply and demand in their respective sectors. These inputs are collated into Annexure 16. Refer to an example of a Workshop report in Annexure 6 for the individual report format.

The services sector is a sector that is increasingly under pressure from high consumer service levels, increasing globalisation and increasing complexity. These factors have fuelled the demand for intermediate and high level skills. What is also apparent is that low level skills in 2004, is what used to be intermediate levels skills in 1994. The increasingly complex world of work is demanding improved skills from the workforce. Continuous professional development thus is a key skills driver for the labour market.

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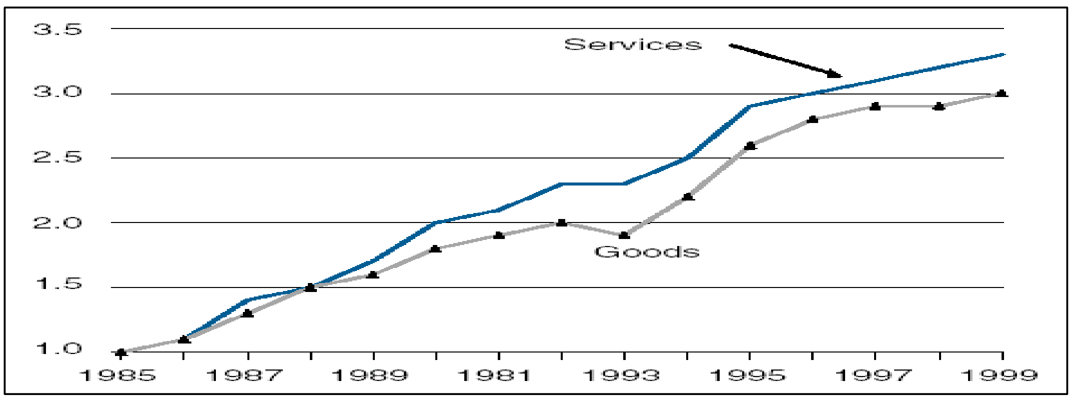
[12] Services SETA Annual Report 2003/4

2.3. Employment Trends and Patterns

2.3.1. International Trends – Services Sector

Services account for large shares of production and employment in most economies around the world. In developed countries, this share typically lies between 60 and 70 percent, while it is on average smaller in developing and least developed countries (World Bank, 2002). Figure 10 illustrates the recent growth in the global trade in services, which outstripped growth in the trade in goods. Indeed, services have been the fastest-growing component of world trade over the past 15 years and currently account for over 25% of cross-border trade.

Figure 10: Compound annual growth in services (1985 = 1)



In 1999, services trade, as estimated from balance-of-payments statistics, was greater than $1.3 trillion. It is widely believed that this value is understated, because much "trade" in services takes place through an established presence, i.e. via foreign direct investment and, hence, generates local activity and value added that do not appear as exports in balance-of-payments statistics.

Significantly, over half of the foreign direct investment (FDI) flowing to developing countries in 2000 was destined for the services sector. This represents an increase of 100% over FDI flows to this sector in 1990. Moreover, developing countries' share in the global trade in services increased from 14% in 1985-89 to 18% in 1995–98.

A final international trend that is of relevance to the SSETA's membership is that under the auspices of the WTO, dismantling barriers to trade in services has become the subject of multilateral negotiations since January 2000 within the framework of the General Agreement on Trade in Services (GATS). Trade liberalisation in the services sector will influence the future development of this sector nationally in two ways: first, opportunities to export services will expand as the sector is liberalised; and, second, global service providers will increasingly be able to compete with national suppliers, effectively exposing this sector to global competition.

2.3.2. Macro Employment Trends and Patterns

Generic sector wide demand issues have been identified from the stakeholder workshops as follows:

- There is high demand for equity candidates (especially African candidates) across all sectors, especially at management and professional occupational levels
- High demand for qualified skilled managers
- Many of the Service sectors are low remuneration sectors when compared to other sectors such as (banking, financial, manufacturing and chemicals). This has the effect of employee churn out of the sector as soon as an opportunity is available. Many sector employees do not see the services sector as a career but rather as a development ground
- The sector is made up of 90% SME companies. As such the company structures are very flat, this does not allow for career pathing. The inability to identify company career paths also impacts on employee turnover
- Increased demand for multi skilled mangers, i.e. generalisation required versus specialisation as an entry point. Once in the sector, candidates develop specialist skills
- Headhunting and poaching within and across sectors is taking place, and the low remuneration rates in the Services sector makes employees in this sector easy targets for head-hunters
- High expectations of entry level managers. Managers older than 35 are being sidelined, 25 year old managers are required and industry has high expectations of these candidates
- Mismatch between formal qualifications of Black African candidates with the job requirements. There are low numbers of maths and science graduates and high numbers of graduates with humanities qualifications. The workplace is seeking graduates with maths and science aptitude
- Entry level candidates (all races) are in need of workplace sensitisation/ induction, not to the policies and procedures of the workplace, but to issues such as interview skills, workplace ethics, expectations, career planning and productivity

2.3.3. Sector Employment Trends and Patterns

As highlighted in the Sector Profile of the Services Sector, the sector exhibiting growth in jobs is the Producer component (including a total of 17 different chambers). Please refer to Annexure 13 for the specific details of these industries. This finding is substantiated by the Sectoral growth rate (2001-2006) projection for Business Services of 5.4%[13]. In assessing demand, replacement demand must also be assessed.

[13] HRD Review 2003 (HSRC), *Authors estimate*

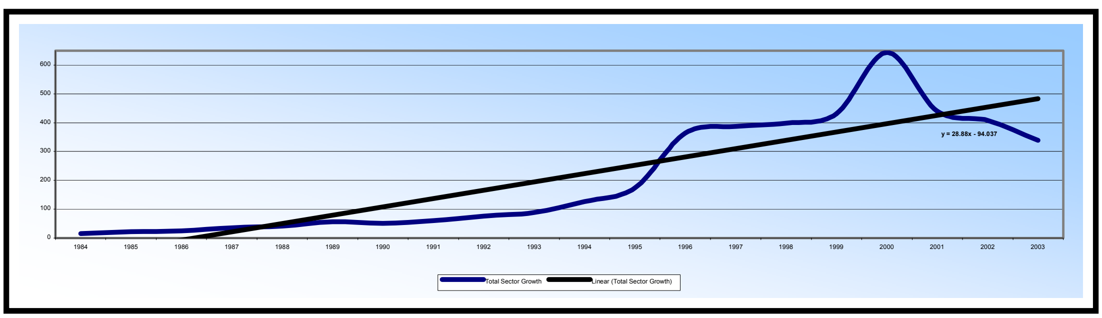
Table 2: Occupational Trend: Managers (new and replacement demand) for 2001-2006[14]

Managers	*Number (2001-6)*	*Percentage (2001-6)*	*Average % per year*
Retirement Rate	14 483	5.5	1.1
Mortality Rate	16 288	6.1	1.2
Net Migration	5070[15]	21	4
Additional Occupational Demand	11 298	4	0.8
New and Replacement Demand	45 130	16	3

The Services sector demand for management staff will thus increase by 3% per year. This demand has downstream effects on intermediate entry levels and thus justifies the conclusions presented in Table 2.

The number of companies registered is also an indication of sector growth. An analysis of company registrations over the past twenty years substantiates the growth calculations obtained by the HSRC. The gradient of the linear trendline is positive. The sector gradient of 2.8 was compared to the gradients obtained per chamber, and the following chambers have gradients that are steeper (indicating higher growth rates) than for the sector as a whole:

Figure 11: Company Registrations in the Services Sector (1984 - 2003)



Source: SSETA Oracle Database

- General Business Services – Gradient = 4.5, which implies that the growth rate for General Business Services is 36% greater than the overall sector growth. This finding is in agreement with the HSRC analysis presented under the Sector Profile.
- Labour Recruitment – Gradient = 3.8, indicates employment growth at a rate higher than the overall sector. The labour recruitment industry is a high employer and

[14] HRD Review 2003 (HSRC), *Authors estimate*

[15] Net migration figures for 1994-2000 used as a proxy

when combined with the temporary employment services, has the potential to employ a substantial number of people.

- Cleaning – Gradient = 3.3, is the third services chamber to exhibit higher than average sector growth. Cleaning is also a large employer, but of predominantly elementary employees.

This detailed analysis thus indicates that within the Producer component, the general business services and labour recruitment chambers will exhibit the highest employment growth. It could be argued that a shorter time period should be used to analyse the trends, however employment opportunities do not only emanate from new companies, but more so from growth experienced by established companies.

2.4. Conclusions

An analysis of the current occupational profile and educational and skills profile yields. Annexure 17, which illustrates the demand by occupational grouping for the Services Sector.

It is apparent that low skills levels are easily recruited for in the Services Sector. The challenge for the SETA is to upskill the 77% of the sector workforce that have an NQF 1 qualification to fill the intermediate and high-level skills categories per respective chamber as demand for these higher skills levels increases. An ideal route to fast track this is to utilise Recognition of Prior Learning (RPL) on employed but unqualified individuals thus affording them the opportunity to obtain a qualification, and thus to apply for the intermediate and higher level positions, where a qualification is usually a pre-requisite.

In addition the fast tracking of equity candidates for management and professional occupational categories needs to be implemented. The SSETAs sector transformation charter must be explicit in terms of actions and targets for sector organisations to follow in order to achieve the overall equity targets for the sector.

CHAPTER THREE: SUPPLY OF SKILLS

3.1. Introduction

The supply of skills deals with the stocks of skills and qualifications in the sector and flows of skills and qualifications in the education and training system. Stocks of skills in the labour market refer to the current skills levels of the whole potential workforce (employed and unemployed). The flow of skills and qualifications refers to the supply of education and training from the education system (schooling) and the non-schooling training provision. This includes internal training provision of non-permanent workers such as learners on learnerships and interns.

3.2. Stocks of Skills

The current skills profile of the services sector is illustrated in section 6.2.2, in particular Table 3. Reference should be made to this information, which supports the data and analysis presented below.

3.2.1. The Potential Workforce

In analysing the potential workforce for the services sector, it is important to delineate the potential supply along the various chambers, as the requirements per chamber vary significantly. Thus before the potential workforce can be defined there is a need to classify the chambers by skills requirements.

Annexure 18 illustrates that 7 of the 25 chambers have a high potential workforce. The extent of the potential workforce has to be ascertained.

The labour force absorption rate is an indicator of the percentage of the economically active labour force that is available for employment. The labour force absorption rate for 2002 was 70.6%[16]. The absorption rate including the informal sector was intentionally selected. Many individuals employed in the informal sector, would not migrate to the formal sector, even if given the opportunity, due to issues such as structured working hours, reporting lines, workplace rules and regulations, tax implications etc. This implies that of the 16 130 000 economically active members of the labour force, 29.4% (4 742 220) individuals are available for employment as part of the potential workforce.

In reality the approximately 5 million individuals do not necessarily have the requisite skills and qualifications to fill existing employment opportunities. Table 3 outlines the number of unemployed individuals by highest level of education. The chamber that could possibly source potential employees from the available pool is also listed in Table 3.

Table 3: Potential Workforce per Sub Sector

Level of Education	No. Unemployed	Potential Sub Sector
None	0.152m	Domestic, Cleaning
Grade 0-7	0.866m	Domestic, Cleaning
Grade 8-12	3.237m	Domestic, Cleaning, General Business Services, Labour recruitment
NTC 1-3	0.031m	Domestic, Cleaning, General Business Services, Labour

[16] *Source*: Statistics South Africa, *Labour Force Survey 2000-2002* (based on the strict definition of unemployment and inclusive of the formal and informal sectors)

		recruitment, Hiring and Rental
Diploma/ Certificate with Grade 11 or lower	0.026m	Domestic, Cleaning, General Business Services, Labour recruitment, Property Services, Hiring and Rental,
Diploma/ Certificate with Grade 12	0.127m	General Business Services, Labour recruitment, Project Mngt, Personal Care, Postal,
Degree/ higher	0.031m	Project Mngt, Marketing & Mngt positions in all chambers
Unspecified	0.011m	Domestic, Cleaning
Total Unemployed	4.487m	

The particular demand identified for the Services sector is that of management staff. The total number of unemployed individuals with the correct potential tertiary qualification is illustrated in Table 4 below. The government has also decided to focus more on the internship system as an employment creation mechanism for unemployed graduates. Whereas, in the past, internships were offered to graduates in the law, accounting, medicine and engineering professions, the objective now for immediate, medium and long-term skills requirements is to implement it across all types of professions and occupations. The Services SETA has committed to training, through experiential learning a total of 2100 unemployed graduates by March 2010. To this point, the SSETA has trained a total of 500 unemployed graduates who have successfully completed experiential learning.

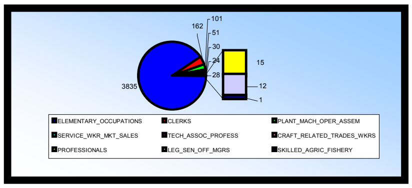
Table 4: Unemployed Graduates Relevant to the Services Sector[17]

Field of Study	***No of unemployed graduates***
Business Commerce and Management Studies	62 000
Physical, mathematical, computer and life sciences	29 000
Human and Social Studies	****** (sample to small)***
Services	****** (sample to small)***
Total	**91 000**

An addition to the potential workforce is those employees that have been retrenched in the sector. An additional 4 231 individuals have been added to the potential workforce based on retrenchment exercises conducted in the Services sector. The majority of these retrenches were elementary workers.

[17] *Source*: Statistics South Africa, *Labour Force Survey 2005*

Figure 12: Retrenchments in the Services Sector



Source: SSETA WSPs

From the analysis conducted of the potential workforce, there are sufficient candidate employees to fulfil the employment requirements of the sector. The critical issue however is the employment demand relative to the labour supply, which determines the employment rate. In assessing the supply of skills into a sector, new entrants into supply institutions also need to be taken into account. Once all these supply areas have been analysed, the factors impacting the employment rate need to be assessed. This exercise is conducted in the section to follow.

3.3. Flow of Skills

3.3.1. Schooling and Tertiary Supply

The absolute number of candidates entering into the schooling system has increased constantly from 1980 to 2006. In accordance with this increase, the number of individuals passing their senior certificate examinations has also increased accordingly. The number of university entrance passes has also increased over the time-span mentioned. Although the absolute numbers have increased, the percentage pass rates have declined.

Table5: Senior Certificate examination results

Year	No of Candidates	No passes	% passes	No - University entrance	% - University entrance
1980	109 807	82 597	75	34 011	31
1985	164 967	110 810	67	41 164	25
1990	360 452	191 249	53	60 281	17
1995	531 453	283 742	53	78 821	15
2002	443 821	305 774	69	75 048	17
2003	440 267	322 492	73	82 010	19
2004	467 985	330 717	71	85 117	18
2005	516 286	351 238	68	87 638	17
2006	533 261	354 673	67	86 186	16

Source: Department of Education

The increasing number of school graduates provides a substantial potential workforce for the services sector. The output from the tertiary institutions is illustrated in Table 6.

Table 6: Degrees, Diplomas and certificates awarded by public universities and technikons

1992	1996	2000	2004	2005	Inc/Dec 1992-96	Inc-Dec 1996-2000	Inc-Dec 2000-2004	Inc-Dec 2004-2005
66 506	85 989	88 651	116 797	103 030	29.3%	3.1%	8%	-9%

Source: Department of Education

Tertiary outputs have flattened over the last 4 years (2002-2005). This is as a result of the rationalisation of the tertiary sector (the merging of institutions) and the increasing pool of unemployed graduates. The number of Black African graduates has increased from 23.7% of the total graduate pool in 1991 to 51.3% in 2000[18].

African graduates have the highest proportion of Human sciences to Natural sciences ratio, in terms of field of study at 82% (Human sciences): 18% (Natural sciences). The ratio for White graduates is 66%: 34%[19]. The number of trade tests written and passed has declined from 5 943 (1994) to 3 527 (2001)[20]. The demand for trade skills is as a result of this decline.

3.3.2. Sector Supply

Stakeholders that participated in the various workshops conducted by the SSETA across the chambers and provinces also contributed substantial information with respect to private training providers that supply the various chambers or sub-sectors with potential employees. Table 7 is a consolidation of the information supplied and excludes public tertiary institutions. A list of accredited SSETA training providers can be found under Annexure 9.

Table 7: Consolidated Training Supply by Sub Sector (Other than Public Institutions)

Sub-Sector	Training Supply

[18] *Source*: Department of Education

[19] *Source*: Department of Education

[20] *Source*: Department of Labour

Associations, federations and umbrella bodies, including professional bodies	Institutes of higher learning
Beauty treatment (including nail, skin and health)	City and Guilds, Intec and various Private Colleges,
Funeral and related activities	INTEC, various private colleges, City and Guilds, In house training provided for funeral services.
Men's and ladies hairdressing	Intec and various private colleges
Other service activities (inc. commercial activities)	Various Private Colleges
Business services (not elsewhere classified)	Ditsela, Damelin, Varsity College
Other business activities (including administrative and secretarial)	Damelin,
General consulting (including management consulting code 99015)	Institutions of higher learning and private colleges
CCMA and bargaining councils	CCMA offers training for commissioners/ panellists, ACAD (Negotiation Skills), Ditsela (short courses), Didata/ Tlhakano (SAP training), Boston, Damelin, KPMG, Varsity College, PRISA. In house training for payroll systems from suppliers, e.g. VIP Payroll.
Call centre management	Cida Learning Institute, Channel Academy, Kladrade LTD, Margi Middleton and Associates, Institutes of Performance Technology, Call Centre Academy Dialogue, I-Fundi Customer solutions, Cornestone
Labour recruitment	Emmanuels Staffing Services, Quest Learning Institute (Pty) Ltd, Thekweni Kombisa, Inside Out Learning and Performance Consultants, PAG Ulwazi A Division of The Kelly Gruop SA Pty Ltd, Boston City Campus & Business College, Klatrade 200074 (Pty) Ltd, Outlearning (Pty) Ltd (Formerly Succinct (Pty) Ltd)
Marketing services	Cida Learning, Institute of Performance Technology, Klatrade 200074 (Pty) Ltd, Margie Middleton and Associates, The Skills Centre, SATeleLINK Institute of Marketing Management, In-house training (Unilever, SASOL, Motor Industry, Tobacco Companies, SAB Miller, Parastatals)
Marketing research and	PriceWaterhouseCoopers (PWC) offer finance training, Project Literacy (ABET), Post Office Learning Institute, Marcus Evans, Mandate Molefi ,

public opinion polling	Boston City Campus and Business College Cyclosis Sales and Marketing Services T/A F&H Staffing Services and Training Academy
Market Communications (including public relations)	Prisa, Damelin, INTEC College
Direct marketing	SESTO, Boston City Campus and Business College, Cyclosis Sales and Marketing Services T/A F&H Staffing Services and Training Academy, MSC Private College
Property Management	SA Council of Shopping for Shopping Centres, SAPOA, IESA, Internal training providers (Pam Golding Wendy Mechanic, Gensec) Afritech
Real Estate Agencies, Valuers and Auctioneers	SA Council of Shopping for Shopping Centres, SAPOA, IESA, Internal training providers (Pam Golding Wendy Mechanic, Gensec) Afritech
Generic project management	X-Pert Group, Experiential Technologies, Nola Projects CC, Outlearning Inter-Intra Learning Systems International Competencies Network (ICN) Buhle Bakhe Training and Development Services Adventure-Related Experiential Learning (Pty) Ltd t/a Team Building Institute
Mail handling and courier	PriceWaterhouseCoopers, Post Office Learning Institute, Marcus Evans, Mandate Molefi
National postal activities	PriceWaterhouseCoopers, Post Office Learning Institute, Marcus Evans, Mandate Molefi
General cleaning	Siyaya, In-house training,
Miscellaneous item hire (video, car etc.)	Party Design
Truck and plant hire	Barloworld
Event and conference management exl. The operation of convention centre	Boston City Campus, Damelin and Business College
Quality management and related services	Intitutions of higher learning and private colleges

Source: Prodigy - SSETA Workshops

Potential employees also include the SSETA learners on learnerships. The SSETA has registered 56 learnerships across the various sub-sectors and has 12 723 learners (as at May 2006) at various services sector workplaces across the country.

The SETA has also conducted ABET Bridging Programmes via the SSETA Career Centres. 5 976 potential employees have been thru the ABET intervention.

3.4. Conclusions

It is clear that there is sufficient potential supply for the workforce requirements of the Services sector, but the low actual absorption rate can be accredited to a number of issues:

- Skills mismatch – the high number of natural science graduates, sector preference to employ white graduates from the more "established" tertiary institutions and the lack of work experience
- Unemployed workforce issues such as a poor work ethic (based on the lack of work experience), high expectations from new entrants into the workplace in terms of salaries, working conditions, etc and low productivity levels form new entrants.
- Employers unilaterally are concerned with the lack of on the job skills exhibited by graduates from tertiary institutions. It takes 6-18 months before a graduate is productive in the workplace. This is an additional labour cost and productivity loss to the employer
- Job versus Career – new entrants are taking any opportunity that they have despite their lack of interest in the occupation, resulting in high employee dissatisfaction and employee turnover. This is especially apparent in the Call Centre industry.
- The migration of high and intermediate skills into better paying sectors
- The poor quality of grade 12 graduates based on a still unequal education system and a focus on a pass rate instead of a quality potential employee
- Learnership uptake skewed toward Black African, with lower than normal Indian, Coloured and White unemployed learners entering the system, resulting in a lack of diversity
- Private education supply is expensive and generally only used by individuals that have ambitions of working abroad
- Private education providers are still coming to terms with unit standards
- The inability of the Departments of Labour and Education to work towards a common agenda of skilling the nation does not bode well in terms of skills supply to employers
- To address this challenge the SETA will be forging sectoral partnerships with private and public FET and HET providers. It also will be introducing and internship (work readiness program) for unemployed graduates
- In support of ASGISA, the SETA will fund the assessment of artisans across all disciplines

CHAPTER FOUR: SKILLS DEVELOPMENT PRIORITIES

4.1. Introduction

This chapter will determine the employment and skills needs of the sector based on a gap analysis of the demand and supply for skills.

4.2. Organising Framework for Occupations (OFO)

The DoL provided template (OFO) has been utilised to outline the scarce and critical skills needs for the Services Sector.

Table 8: Organising Framework for Occupations[21]

SETA	Government Department	Project Name	Responsible Person	Period	Occupation Code	Occupation	SS	Specialistion	Skills	Intervention	NQF Level	NQF Aligned	Total Number required	Comments
SSETA			CEO	2007	111101	Chief Executive Officer / Managing Director (Enterprise / Organisation)			Business Management, Corporate governance	SMP, CPD	6	Y	100	PDI needed
SSETA			CEO	2007	111201	Corporate General Manager			Business Management, Corporate governance	SMP, CPD	6	Y	200	PDI needed
					111403	Local Authority Manager			Business Management, Corporate governance	SMP, CPD	6	Y	200	PDI needed
					111404	Senior Government Official			Business Management,	SMP, CPD	6	Y	100	PDI needed

[21] Source: Services SETA PESTEL Workshops 2006

									Corporate governance					
SSETA			CEO	2007	131101	Advertising and Public Relations Manager			New business development, risk management, communication, People skills, diversity, finance & budgeting	SMP, CPD, MMP, SP, LSHIPS, short courses	5	Y	100	Most PR companies are SMEs and owners need to be multi skilled
SSETA			CEO	2007	131102	Sales and Marketing Manager			New business development, risk management, communication, People skills, diversity, finance, marketing & budgeting	SMP, CPD, MMP, SP, LSHIPS, Professional Registration (Chartered Marketer), Diploma & Degrees	6	Y	200	PDI needed
SSETA			CEO	2007	132101	Corporate Services Manager			Office technology & software, communication, People skills, diversity, finance & budgeting	SMP, CPD, short courses. Degrees and Diplomas	6	Y	200	
					136101	Contract Manager			Relevant industry Technical knowledge and experience and contract management	SMP, CPD, short courses & Diploma	5	Y	500	PDI needed
SSETA			CEO	2007	136102	Programme or Project Manager			Relevant industry Technical knowledge and experience and project/programme management	SMP, CPD, short courses & Diploma	5	Y	500	PDI needed

SSETA			CEO	2007	136201	Small Business Manager		Hair or Beauty Salon Manager	Relevant industry Technical knowledge and experience and business management	SMP, CPD, MMP, SP, LSHIPS, courses	4	Y	70	
SSETA			CEO	2007	136201	Small Business Manager		Owner Manager	CPD, businesses management, finance and marketing skills	CPD, MMP, SP, LSHIPS, short courses & Diploma	5	Y	5000	SME continuous professional development
SSETA			CEO	2007	136301	Office or Unit Manager			Technical, customer management, communication skills, analytical skills, information technology , finance & budgeting, occupational health & safety, operations management, problem solving skills	SMP, CPD, MMP, SP, LSHIPS & Diploma	5	Y	500	PDI needed
SSETA			CEO	2007	136303	Team Manager		Call or Contact Centre Team Leader	Contact centre operations	Lship & SP. Certificate & Diploma	5	Y	3000	
SSETA			CEO	2007	142104	Post Office Manager			Relevant industry Technical knowledge and experience, logistics, and business management	SMP, CPD, MMP, SP, LSHIPS & Diploma	5	Y	750	

SSETA			CEO	2007	149201	Call or Contact Centre Manager			Performance / quality management (inbound, outbound or combination), diversity, ethics, business processing, scorecards, mentoring, business management	CPD, MMP, SP, LSHIPS & Diploma	5	Y	2450	Needs cut across many sectors, banking, retail, services, etc.
SSETA			CEO	2007	149202	Customer Service Manager			People skills, languages, customer focus, diplomacy, quality management	CPD, MMP, SP, LSHIPS, short courses & Diploma	5	Y	500	
SSETA			CEO	2007	149301	Event Manager		Conference and Event Organiser / Coordinator	Project and risk management, logistics and planning, organizational, public speaking and communication skills. Crowd Control, Public health & safety.	LSHIPS, SP & Diploma. Professional registration	5	Y	500	Industry has aligned to international Body of Knowledge std
SSETA			CEO	2007	149301	Event Manager				SP, LSHIPS & DIPLOMA. REGISTERE PROFESIONAL	5	Y	300	
SSETA			CEO	2007	149903	Facilities Manager			Facilities management, logistics, project management, customer service	Diploma & degree	6	Y	100	
SSETA			CEO	2007	149904	Cleaning Services Manager				SP, LSHIPS & DIPLOMA.			50	

SSETA			CEO	2007	223101	Human Resource Advisor				Diploma & Degree	6	Y	500	
SSETA			CEO	2007	223102	Recruitment Consultant / Officer		Labour Broker		SP, LSHIPS & DIPLOMA.	5	Y	200	
SSETA			CEO	2007	223102	Recruitment Consultant / Officer			Career planning & placement, industry needs, labour legislation, customer focus, analytical skills	LSHIPS & SP. Diploma & Degree	6	Y	200	
SSETA			CEO	2007	224103	Statistician			Statistics, analytical & mathematical skills	Diploma & Degree	6	Y	100	Really scarce
SSETA			CEO	2007	224301	Economist			Economics, accounting & mathematical skills	Diploma & Degree	6	Y	50	
SSETA			CEO	2007	224501	Land Economist		Asset Manager (Land and Property)					200	
SSETA			CEO	2007	224701	Management Consultant		Quality Assurance / Systems Auditor		SP, LSHIPS, DIPLOMA & DEGREE	6	Y	50	
SSETA			CEO	2007	224701	Management Consultant			Management and Business/industry acumen, report writing, facilitation, analytical and presentation skills	LSHIPS, SP, diploma & Degree	6	Y	500	Small Business advisor qualification registered at NQF level 4
SSETA			CEO	2007	225102	Market Research Analyst			Ethics, research methodology, stats, report writing, data processing, presentation skills, interview techniques. Quantitative, Qualitative, or	Diploma & Degree	6	Y	2200	PDI needed

									both.					
SSETA			CEO	2007	225103	Marketing Specialist			Technical, customer management, Marketing knowledge & business acumen, communication skills, analytical skills, information technology , project management, problem solving & presentation skills. Direct Marketing, Brand Management, Marketing communication, Marketing services	SMP, CPD, MMP, SP, LSHIPS, chartered marketer, Diploma & degrees	6	Y	400	PDI needed
SSETA			CEO	2007	225301	Public Relations Professional			Public Relations, Technical, customer management, communication skills, information technology , problem solving skills	SMP, CPD, MMP, SP, LSHIPS, chartered marketer, Diploma & degrees	1	Y	110	PDI needed

SSETA			CEO	2007	312502	Mechanical Engineering Technician		Automotive Engineering Technician	Technical knowledge and industry, mechanical knowledge of plant for construction, mining etc	Certificate	5		220	Dire need to contribute to ASGISA infrastructure projects
SSETA			CEO	2007	391101	Hairdresser			Technical skills related to Afro Hairdressing, Caucasian Hairdressing, Ladies, Gents	Certificate & Diploma	5	Y		Identified as new business opportunity
SSETA			CEO	2007	451101	Beauty Therapist		Beauty Consultant					180	
SSETA			CEO	2007	451101	Beauty Therapist			Technical Skills, customer service, health & safety, product knowledge	Certificate & Diploma	5	Y	100	
					451301	Funeral Director		Undertaker	Technical & legislative skills relevant to industry, people skills, operations & marketing	Diploma	5	Y	1000	
SSETA			CEO	2007	451301	Funeral Director			Technical & legislative skills relevant to industry, people skills, operations & marketing	Diploma	5	Y	1000	
					451302	Chapel or Memorial Attendant			Admin control	SP	4	Y	500	
SSETA			CEO	2007	451303	Embalmer			Embalming skills, make up	L/ship , SP. Diploma	5	Y	1750	ABET needed

SSETA			CEO	2007	451901	Hair or Beauty Salon Assistant			Technical skills regarding Afro Hairdressing, Caucasian Hairdressing, Ladies, Gents & Beauty, customer service, health & safety, product knowledge	SP Certificate	3	Y	500	
SSETA			CEO	2007	511101	Contract Administrator			Contract management, budgeting, legal and administration skills including software tools, supervisory skills	Certificate & Diploma	5	Y	1000	SSETA would like to lodge generic supervisors with this code
SSETA			CEO	2007	511102	Contract, Program and Project Administrators			Project management body of knowledge, multi project / program support, software tools	Certificate, Diploma, Lship & SP	5	Y	2000	Also referred to as project support
SSETA			CEO	2007	511201	Office Administrator				SP, LSHIPS & Diplima	5	Y	500	
SSETA			CEO	2007	521101	Personal Assistant			Secretarial & admin skills, software tools, minute taking, report writing, co-ordination, attention to detail	Certificate, Diploma, Lship & SP	4	Y	3000	
SSETA			CEO	2007	521201	Secretary (General)			Secretarial & admin skills, software tools, minute taking, report writing, & presentation	Certificate, Diploma, Lship & SP	4	Y	400	

SSETA			CEO	2007	531101	General Clerk				Certificate, Diploma, Lship & SP	4	Y	1000	
SSETA			CEO	2007	541101	Call or Contact Centre Operator			Contact centre support	Lship & SP. Certificate & Diploma	5	Y	20000	
SSETA			CEO	2007	542101	Receptionist (General)			Telephone etiquette, communication, message recording, customer focus, language	Certificate, SP & short courses	4	Y	500	Multilingual skills needed
SSETA			CEO	2007	552101	Bank Worker		Teller	Tellers	Lship & SP Certificate	4	Y	100	
SSETA			CEO	2007	561201	Courier			Mail handling & processing	Lship & SP Certificate	3	Y	1500	
SSETA			CEO	2007	561202	Postal Delivery Officer			Mail handling & processing	Lship & SP Certificate	3	Y	500	
SSETA			CEO	2007	561401	Mail Clerk			Mail handling & processing	Lship & SP Certificate	3	Y	750	
SSETA			CEO	2007	561402	Postal Sorting Officer		Mail Sorting Clerk	Mail handling & supervision	Lship & SP Certificate & Diploma	5	Y	50	
SSETA			CEO	2007	561501	Survey Interviewer			Field marketing research process, ethics, data capture, people skills	Lship & SP. Diploma	5	Y	3020	
SSETA			CEO	2007	612101	Business Broker			Property technical skills, legal, OHS, local, provincial statutes, people & negotiation skills	Lship & SP. Diploma & Degree	6	Y	150	PDI needed

SSETA			CEO	2007	612102	Property Manager			Real Estate/Commercial Practices, legal, financial, people business management skills	Diploma, Degree, MMP	5	Y	50	PDI needed
SSETA			CEO	2007	612103	Real Estate Agent		Property Analyst / Consultant / Dealer / Developer / Planner		SP, Professional Registration	5		100	
SSETA			CEO	2007	612103	Real Estate Agent			Property practice - EAAB	Lship & SP Certificate	4	Y	200	PDI needed
SSETA			CEO	2007	612104	Real Estate Representative			Property practice - EAAB	Lship & SP Certificate	4	Y	200	PDI needed
SSETA			CEO	2007	612201	Real Estate Agency Principal / Real Estate Agency Licensee			Real Estate Practices, legal, financial, people business management skills	Lship & SP Certificate & Diploma	5	Y	100	PDI needed
SSETA			CEO	2007	721201	Earthmoving Plant Operator (General)			Specific Operator Skills and multi plant operator skills, OHS, basic project management	Lship & SP. Certificate & Licence	4	Y	1000	Skills are linked to Experience of 3 - 5 years. Impacted negatively by HIV/AIDS
SSETA			CEO	2007	721202	Backhoe Operator			Specific Operator Skills and multi plant operator skills, OHS, basic project management	Lship & SP. Certificate & Licence	4	Y	1000	
SSETA			CEO	2007	721203	Bulldozer Operator			Specific Operator Skills and multi plant operator skills, OHS, basic project	Lship & SP. Certificate & Licence	4	Y	1000	

									management					
SSETA			CEO	2007	721204	Excavator Operator			Specific Operator Skills and multi plant operator skills, OHS, basic project management	Lship & SP. Certificate & Licence	4	Y	1000	
SSETA			CEO	2007	721205	Grader Operator			Specific Operator Skills and multi plant operator skills, OHS, basic project management	Lship & SP. Certificate & Licence	4		1000	
SSETA			CEO	2007	721206	Loader Operator			Specific Operator Skills and multi plant operator skills, OHS, basic project management	Lship & SP. Certificate & Licence	4	Y	1000	
SSETA			CEO	2007	721906	Streetsweeper Operator		Park / Gardens Cleaner	Garden cleaning services etc	Lship & SP. Certificate	1	Y		
SSETA			CEO	2007	811201	Commercial Cleaner			Hygiene & commercial cleaning skills. Specialised skills for hospitals & laboratories.	Lship & SP. Certificate	1	Y	3300	HIV/AIDs concern
SSETA			CEO	2007	811202	Window Cleaner			Hygiene & commercial cleaning skills. Specialised Rope access for high rise building etc needed	Lship & SP. Certificate	1	Y	400	Health & safety concern
SSETA			CEO	2007	811501	Laundry Worker (General)			Hygiene & dry cleaning	Lship & SP. Certificate	1	Y	500	

SSETA			CEO	2007	811502	Drycleaner			Hygiene & dry cleaning	Lship & SP. Certificate	1	Y	500	
SSETA			CEO	2007	811503	Ironer or Presser			Hygiene & dry cleaning	Lship & SP. Certificate	1	Y	500	
SSETA			CEO	2007	811504	Carpet Cleaner			Hygiene & commercial cleaning skills	Lship & SP. Certificate	1	Y	500	

4.3. INSTITUTIONAL CONSTRAINTS

The challenges that exist in the training provider arena are:

- Poor quality of school and tertiary graduates – these graduates are effectively unemployable upon exiting their school or tertiary institution
- Discontent between the various education role players and clarification of roles. Department of Education versus Department of Labour, SETAs versus tertiary institutions, The South African Qualifications Authority versus The Council for Higher Education
- Lack of understanding and acknowledgement from the business sector of learnerships as a valid training intervention
- Most of the training provided is in the process of being accredited or is not accredited
- Alignment to unit standards is very poor, as unit standards do not exist, and training material is generally not outcomes based
- Training quality is extremely variable, ranging from excellent to poor
- Costs are high for some specialist niche private training providers

- Large requirement for support services training in Finance, Information Technology and Human Resources, requires Memorandum of Understanding between various SETAs. Although these MOUs exist, the practical implementation of the MoUs is challenging.
- Limited knowledge/ ability to modify existing training interventions to align to unit standards or outcomes based
- No moderators and limited assessors in the sector
- Low numbers or limited commitment from workplace mentors and coaches

4.4. Other Constraints[22]

When aggregate employment growth is considered in relation to the growth of the economically active population, the labour market crisis currently being experienced in South Africa becomes apparent.

For the period 1995 and 1999, employment grew by 12%, while labour supply grew by 33.4%, indicating that employment did not increase in proportion to the growth of the economically active population. In real terms, 1.1 million jobs were created in the South African economy during this time, while 3.1 million individuals entered the job market, indicating a shortfall of two million jobs. Thus until job growth exceeds the growth in the economically active population, unemployment will remain constant or increase. The labour demand in this period however was most marked for professionals and managers. There is a significant rise in unemployment among those with a matric or tertiary qualification between 1995 and 1999, with matric unemployment rising from 25 to 35 percent and tertiary unemployment from 6 to 12 percent. Among those with tertiary education, African employment decreased by 77 121 during this period. This suggests a racially polarised employment pattern. The reasons cited for the high decline in recruitment of African graduates are:

- Perceived lower quality of education from the historically black universities
- The high number of Humanities graduates, resulting in a mismatch between employer demand and labour force supply

Many of the Services sectors suffer an image problem, such as the Funeral Services, Cleaning and Domestic chambers and as such employees use these segments as stepping stones to other careers. The services sector is a lower paying sector in general than

[22] *Source:* Adapted from HRD Review 2003

banking and finance, and thus inter-sector migration for improved pay levels does occur. The low barriers to entry for many sub-sectors also contribute to the lowering of standards within these sub-sectors, such as interior decorating, public relations, beauty, etc. New entrants without the requisite skill or experience enter the industry, offer inferior service and lower the overall image of the sector. The exclusion of small enterprises from the skills development arena will exacerbate the plight of unemployed individuals, as small enterprises will not be able to take on unemployed learners / interns / graduates, etc.

4.5 Conclusions

Low skills levels are easily recruited for in the Services Sector. The challenge for the SETA is to upskill the 77% of the sector workforce that have an NQF 1 qualification to fill the intermediate and high-level skills categories per respective chamber as demand for these higher skills levels increases. An ideal route to fast track this is to utilise Recognition of Prior Learning (RPL) on employed but unqualified individuals thus affording them the opportunity to obtain a qualification, and thus to apply for the intermediate and higher level positions, where a qualification is usually a pre-requisite.

CHAPTER FIVE: SME Opportunities

5.1. Introduction

The Services SETA has established a dedicated SME board representative of all sub-sectors and championed by a dedicated SME manager. The SME Chamber is responsible for the following:

- Compile an SME newsletter to be distributed to the 6000 SME Services SETA member companies, promoting SME activities, and introducing the new board members.
- Informing SME's on how to claim back their levies. This will be implemented through regional roadshows and handing out of pamphlets.
- Development of a communication strategy.
- Interacting with SEDA, Khula, Umsombomvu on SME interventions.
- Promoting SME qualifications, and skills programmes.
- Sourcing learnership funding to support SME's.
- Hosting annual workshops and conferences that deal with SME related issues with prominent spokespeople.
- Conduct various research projects on SME's.
- Decide on the Services SETA's contribution to the Small Business Act-do SME's agree with it or not and lobby for changes.
- Determine the definition of an SME in the Services Sector.
- To attend InterSETA forums and identify generic services and commonalities. Identify Services SETA's needs to the others.
- Certification, how to handle this in all the Services SETA industries.
- To look at interventions to assist the SME's that are exempt from paying levies.
- To implement initiatives with Local Government.
- To work closely with the other Services SETA departments in terms of SME initiatives.
- Identify ISO compliant companies through the 3 star programme of the Services SETA and promote these.
- Development of an SME Charter within the Sector Wide Services Charter.
- Establishment of a privatized services sector promotions agency to service SME's in terms of learnership implementation.
- Establishment of a subject matter SME task team, to advise on learnerships and other SME related activities.

There is also a SME qualification that has been developed by the SETA based on extensive sector research. The SETA has also introduced an ISO SME standard to enable SMEs to evidence quality systems and processes to their customer base.

Successful economies around the world rely, to a large extent, on SME development strategies to decrease the burden normally placed on government as the main provider of employment. South Africa needs to draw and learn from such international best practices to develop and implement a similar model whereby the SA citizenry can be encouraged through various mechanisms to be pro-active in setting up and growing their own businesses and thus rely less on the state as the main destination for job placement and full-time employment.

Various SME development models have been tried including the use of NVC learnerships by the SSETA to make a contribution in this particular area.

Two research interventions are being conducted in order to ensure proper articulation with SME needs in terms of SSETA skills development interventions.

A toolkit has been developed outlining the legislative requirements for SMEs in terms of skills development and also focuses on aspects like dispute resolution, industrial relations and managing and financing a small business. Various training interventions are being implemented in order to appropriately respond to success indicators 2.2; 2.5 and 3.2. For the 2007-2008 implementation year, the SSETA has set a target of 3757 small levy paying companies earmarked for multiple skills development interventions. Table 9 below shows the outcome of a strategic foresight planning for such SME skills development interventions.

Table 9: SME pestel report

	SME Category				
	Micro (incl survivalist, individuals, sole props)	**Very Small**	**Small**	**Medium**	**Scoring (20) Y=Score**
Min no of employees	1	6	20	51	
Max no of employees	5	19	50	200	
Turnover	< R150 000	< R3M	< R10M	< R25M	
Payroll	< R50k	< R500k	> R500k	> R500k	
Screening					
Other non SETA funding windows available					
Applied elswewhere? Not for scorecard, on application					
Criteria					
Levy Contributor					1
PDI					2
Disability					2
Gender (Female intervention)					1
Youth (<35)					1
Scarce Skill					2

Critical Skill					2
NSDS2 Aligned					2
Established infrastructure and support base in place					1
Urban (Gtg, WC)					0
Urban (Other) needs defn					1
Rural - needs defn					2
SME own contribution?					1
Existing employees					1
New employment opportunity: Temp					2 / 3 ?
New employment opportunity: Perm					3
Allowed Intervention/s					
Skills Prog	Y	Y	Y	Y	
Learnership	N	N	Y	Y	
RPL	Y	Y	Y	Y	
Workplace Exp Grant	Y	Y	Y	Y	
Bursary	N	N	Y	Y	
ABET	Y	Y	Y	Y	
Internships	N	N	Y	Y	
Apprenticeships	N	N	Y	Y	
Assessor/Moderator training	N	N	Y	Y	
CPD	Y	Y	Y	Y	
Mentorship/Coaching	Y	Y	Y	Y	
Industry capacitation (Governance)	Y	Y	Y	Y	
Business Support Services	Y	Y	Y	Y	
Funding already accessed					
Funding applicable (per annum)	R 525	R 10,500	R 35,000	R 87,500	
	3700	1850	1850	600	
	R	R	R	R	

	1,942,500	19,425,000	64,750,000	52,500,000	
				R 138,617,500	

The PESTEL workshops conducted by the Services SETA extracted a variety of SME opportunity areas for the various SETA Sub-Sectors. A consolidated list of the SME opportunity areas is presented in Table 10.

Table 10: SME Opportunity areas[23]

Business Description	Skills or expertise required to be successful
Advertising	
Agencies need to supply staff at drop of hat	Employ mothers who can work only on certain times of the day - job sharing
All trades associated with construction	Artisan aptitude
Assisting in developing proposals	Business degree and practical experience
Auto/sound/lights, catering	Operate machinery management
Brush up training provider	Health and skincare
Building Maintenance	Business knowledge, product knowledge and marketing skills
Canteen	Making and serving food
Car wash	During lunch time allow cleaner to wash cars of the building using vacuum cleaner
Carpentry	Trades people are not available
Caterers	Flexibility, access to cooking facilities, knowledge of menus and own transport
Cleaning	Transport, cleaning, knowledge of chemicals
Corporate clothing	
Crowd control	
Database Management	Data capturing, researching names and addresses, accuracy
Decorators of funeral venues	
Delivery of payslips	Flexi time
Development of MIS	
Direct marketing	
Driver ownership	Valid driver's license and experience, business and entrepreneurial skills
Drivers for hire	
Driver's license	Help cleaner to obtain driver's license
Dry-cleaning	Experience in dry cleaning, curtain servicing
E-based design	
Education and service providers for payroll	

[23] Source: Services SETA PESTEL Workshops 2006

Business Description	Skills or expertise required to be successful
Employment Agency	HR Skills, Administrative, Health and Skincare
Face Appeal	Recruit learners for learnerships and equip them to do treatments
Fast tracking PRO's with potential into senior positions	
Financial Support to employ and further training of black PRO's	
Fleet Management	Quote, maintain fleet of vehicles
Florist	
Garden Services	Training
Graphic Designers	
Hire a skill, Exchange a skill	Entrepreneurs
Industry head massage	Once a month to keep staff happy
Inexpensive training with regard to writing skills, strategy and general management	
International screening agency	HR Skills, Administrative, Health and Skincare
IT Maintenance	
Labour Brokers	
Labour consultants	
Labour recruitment	HR functions,
Language trainers	To train staff on black languages
Legal	Due to a number of contracts created in business
Lift service for staff	
Light changing	Electrical
Logistics	
Machine repair	Caller, repair, service equipment
Manufacturing of local products	
Manufacturing of own facial products for Africans	Pigmentation and the Black market
Marketing	
Mentoring account managers	Understanding of marketing communication practical, people skills
Mentoring of interns	Understanding of marketing communication practical, people skills
Meter Reading	Numeracy, work ethic, complete dependability
Mobile stores	Business knowledge, product knowledge and marketing skills
Mobile Therapy	Stress Management
Model building	
Moderators	Marketing/training/facilitator background
Nail Beauty	
Organizing	People skills, organizing ability
Outbound telephone	
Outsourcing of Window washing	
Outsourcing payroll function	Registration, systems, payroll processing
Outsourcing township hire company	Satellite hire company has arrangements with established companies can hire anything from washing bowl to a car, entrepreneurs needed

Business Description	Skills or expertise required to be successful
Owner - Operator Plant	Business/marketing/accounting/plant/driver operator/service/ Maintenance
Painting	
Payroll consulting	System specific expertise, client support industry
Payslip printing	IT, deadline driven and accuracy
Photocopy	
Photography	Relevant photographic diploma or portfolio
Plant maintenance	Limited technical knowledge
Political Communication	Political activism, interest, campaigns management, strategists, networking
Pricing	Workshop on how to tender
Printing	
Promoting cosmetics in all salons	
Property transfer inspections	Property Admin and financial background
Provider of procedural information	MS word, procedural understanding and attention to detail
Public Relations	
Recruiters	Access to wide network, outgoing, ability to constantly seek new channels of recruiting
Red letter box maintenance	
Re-forging chisel points	
Registration Services	
Reputation Management	Analytical, strategists, networking, PR
Research information management	Management and interpretation, storage of data, storage of information, computer skills, ability to work independently,
Research Planning	
Restaurant/ Catering Service	Business knowledge, product knowledge and marketing skills
Risk management	
RPA'	
RPA's	Business knowledge, product knowledge and marketing skills
Security Services	Business knowledge, product knowledge and marketing skills
Selling cleaning chemicals	
Selling cosmetics to the public	
Service to old age homes	
Servicing and Testing of lifting equipment	Knowledge in servicing of such equipment as well as relevant legislation
Servicing and testing of testers	Knowledge in servicing of such equipment as well as relevant legislation
Servicing fire fighting equipment	Knowledge in servicing of such equipment as well as relevant legislation
Servicing hand tools and specialised tools	Knowledge in servicing of such equipment as well as relevant legislation
Servicing of compressor and pneumatic tools	Knowledge in servicing of such equipment as well as relevant legislation
Servicing of lubricating equipment	Knowledge in servicing of such equipment as well as relevant legislation
Setup and maintenance of website, VPN's for payroll solutions principles	IT, Networking

Business Description	Skills or expertise required to be successful
Signage	
Skills Development Facilitator	Accreditation with the relevant SETAs
Small Bureau's	Payroll experience and understanding of the environment
Spraypainters	No qualification standards for those who are available
Staff transport	Fully license, basic mechanical knowledge. Literacy
Stationary supplies	
Sterilisation	
Sub contractors	
Supply of all kinds of signs	Basic knowledge of sign writing legislation + customer care
Supply of personal protective equipment	Basic knowledge of ranges of ppe requirement as well as availability of relevant legislation
Teaching business ICT - i.e. Excel, Word, (basic)	ICT Diploma/certificate and business skills
Tents and chair hiring	
Toilet Paper	
Towel & linen service	
Trainers	ETDP and research competence
Training business environment	Degree in business environment management
Training Labour brokers	Business knowledge, product knowledge and marketing skills
Transcribers	Typing, Fluent in different languages and PC skills
Translators	Fluent in different languages, people skills and communication
Transport for workers at night	Risk factor, assist staff to buy a taxi and give them a contract
Transportation of machines and chemicals	A cleaner with driver's license should be given an opportunity to drive
Transporting of ISO 1400 Materials (oil) for recycling	Knowledge of ISO 14000 legislation as well as relevant drivers license
Updating of data	
V&A Waterfront Business Development	Craft market, small business development,
Videography	
Warehousing	
Web skills, providing online expertise	ICT Diploma and design certification
Wellness providers	Health and wellness training
Wesbsite Design	
Win a business	Enrolment for a field and being found competent you could win funding for your business
Writers	Journalism Degree or in-house experience at newspaper/broadcasting

5.2. Adult Basic Education and Training (ABET)

At a meeting of SETAs and the National Skills Authority on the 24th of November 2006, the NSA advised that the 700 000 NSDS target in support of employed adults was not attainable. A recommendation is going to be issued by the NSA to the Minister of Labour for the SETAs and DoL to further research this indicator 2.7 of the strategy. The Services SETA will be commissioning an ABET specific study in 2007. Current indications from employers is that this should be driven nationally from the DoL and funded through the National Skills Fund.

5.3. Stakeholder capacity building

The Services SETA has agreed to fund all Board and Committee members to attend the UNISA program advocated by DoL on Corporate Finance and Governance. In addition, reference should be made to Section 6.3.5 on other initiatives supporting stakeholders. The SETA Council has also taken a decision to rotate the provincial conferences to a different province every year. These conferences are designed to build stakeholder capacity.

The CEO and the Management team often undertake workshops and presentations to capacitate and inform stakeholders around NSDS 2, the Service Level Agreement, and the Public Finance Management Act (PFMA) etc. An annual stakeholder satisfaction survey is conducted to inform the SETA. The SETA often includes stakeholders in international conferences and workshops.

The Annual Strategic Plan as per the Treasury Regulations can be found as an appendix to this document. The Annual Strategic Plan outlines, by indicator, the activities that the Services SETA has planned for the 2005-2010 timeframe and 2007-2008 financial year, as per the National Skills Development Strategy.

5.4 Conclusions

SME development forms part of the government's agenda for improving the economy so as to reach 6% growth level by 2010 as well as halving unemployment and poverty by 2014 in line with Millennium Development Goals targets. Skills development is the key to the success and sustainability of the SME sector. Investment in human resource development thus remains the key to successful SME development strategies. The Services SETA will continue with the focus on SMEs, with a greater focus on management and leadership skills. We will also continue with our intitiatives designed to promote and encourage continuous use of research to determine what their real skills needs are as well as for impact assessment studies. We also continue with our efforts to lobby the government for a more pro-SME SETA skills development implementation strategy as well as a more pro-SME NSDS.

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