

SECTOR SKILLS PLAN 2022 | 2023



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



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MISSION



Facilitation of quality skills development for employment and entrepreneurship in the services sector for national economic growth.

VISION



To serve, to deliver, for renewal, for prosperity.

VALUES



- ★ Accountability
- ★ Innovation
- ★ Integrity
- ★ Professionalism
- ★ Responsiveness

Official Sign-off

It is hereby certified that this Sector Skills Plan:

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

MS MAMABELE MOTLA

Executive Manager: Strategy & Planning

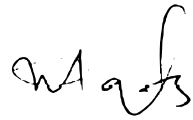


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Date: 30 July 2021

MR TSHEOLA MATSEBE

Chief Financial Officer



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Foreword by the Chairperson of the Accounting Authority



The COVID-19 pandemic has changed our lives in the most fundamental ways – how we live, how we work, how we connect with others and, most importantly, how we deliver skills development initiatives. Some of these changes will be temporary, while others are likely to be long-lasting. Within the services sector, the pandemic has rapidly accelerated trends that were already underway while also creating new trends as industries seize new opportunities and diversify offerings. Consequently, millions of people around the globe have become participants in the biggest remote work experiment in history. Early indication is that this phenomenon will become a permanent feature in some sectors of the economy.

In the future, learning and development practitioners will be dealing with a liquid workforce – a workforce of non-traditional workers like freelancers, consultants, contingent workers, and part-time employees. The pandemic has changed the workforce structure, and the number of liquid professionals is projected to grow. Learning to train and develop a liquid workforce will require a new strategy. Global megatrends such as the rising role of technology, climate change, demographic shifts, urbanization, and the globalization of value chains are changing the nature of work and skills demands.

The development of skills can contribute to structural transformation and economic growth by enhancing employability labour productivity and helping countries become more competitive. Investment in a high-quality workforce can create a virtuous cycle where relevant, and quality skills enable productivity growth and foreign direct investment, which result in more and better jobs for the

current workforce and more public and private investment in the education and training system. This, in turn, increases the employability and productivity of both the current and future workforce. A commitment to this investment is at the core of Services SETA's delivery mandate. This SSP Update is premised on this commitment. It prioritises creating a skills supply pipeline that is fit-for-purpose to ensure that structural transformation and economic growth materialise.

The research informing this plan sought to understand the key trends and their implications for skills demand and supply. The findings from this process have enabled the Services SETA to identify priority actions and key partnerships that will aid their realisation. More than ever, it is crucial to invest in youth skills development to accelerate and leverage the country's economic transformation to effectively respond to the additional challenges posed by COVID-19 and ensure an inclusive and sustainable long-term recovery.

We believe that the priorities set out in this publication will facilitate recognition of both the challenges and the opportunities to build a crisis-proof skills development system, ensure better preparedness, and swift recovery and achieve the NSDP 2030 goals.

MR STEPHEN DE VRIES 30 JULY 2021
Chairperson: Accounting Authority



The CEO Foreword



I am pleased to present the Services SETA's 2022/23 Sector Skills Plan Update. The last few months have been unusual to say the least. This is true for all countries, companies, and industries – the COVID-19 pandemic has impacted all of us both personally and financially. Nonetheless, this update highlights the many ways in which we support work to realise the goals of the NSDP 2030. While set in the background of an ailing economy – exacerbated by the COVID-19 pandemic – we can only hope and continue to work towards reconstruction and recovery. The current rate of recovery is not sufficient to grow jobs as demonstrated by the latest Stats SA Quarterly Labour Force Survey.

The services sector which constitutes the mainstay of the South African economy has not fully recovered relative to other sectors of the economy. Current economic lockdown measures placed to curb the spread of the pandemic, have had disproportionate impact on this sector.

The government has taken a strong lead in providing guidance to rebuild the economy. Stimulus packages introduced to cushion vulnerable industries and business will go a long way to save businesses that were facing closure and potential layoffs. It is our responsibility and undertaking as the leadership of the Services SETA to provide guidance and support to employers, learners, and skills development facilitators to seize available opportunities to safeguard the services sector.

In this endeavour, we will seek alignment to, and support, the government's Economic Reconstruction and Recovery Plan.

The Plan identifies and prioritises sectors that have been hard-hit by economic decline, but with a potential for a speedy recovery. We will, therefore, work with industry role players to ensure meaningful participation of our employers, employees, and learners in these initiatives.

The DHET's Economic Reconstruction and Recovery Skills Strategy is a model guide to benchmark our skills planning strategy against. We have identified skills priorities that have a direct bearing on the services sector economy. Working with the management of the Services SETA and our key stakeholders, we will devise cost-effective and equitable means of providing skills development opportunities for the sector's workforce as well as the unemployed. The Services SETA will pursue 5 priority actions in implementing the 2022/23 SSP that place greater emphasis on Inter-SETA and industry collaboration, strengthen supply through partnership with QCTO, and other role players in the PSET system, securing quality workplaces and addressing skills mismatch through value-add research, and monitoring and evaluation.

Together with our many partners, we will continue to deliver on both the premise and promise of the NSDP 2030.

MR MENZI FAKUDE
Chief Executive Office

30 JULY 2021

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List of Acronyms

AET	Adult Education and Training	OFO	Organising Framework for Occupations
ATR	Annual Training Report	PFMA	Public Finance Management Act
BBBEE	Broad-Based Black Economic Empowerment	QCTO	Quality Council for Trade and Occupations
CAPES	Confederation of Associations in the Private Employment Sector	QLFS	Quarterly Labour Force Survey
COSATU	Congress of South African Trade Unions	QES	Quarterly Employment Survey
DHET	Department of Higher Education and Training	RPL	Recognition of Prior Learning
DSBD	Department of Small Business Development	SAQA	South African Qualifications Authority
ECDI	Entrepreneurship and Cooperative Development Institute	SATAWU	South African Transport and Allied Workers Union
ERRP	Economic Reconstruction & Recovery Plan	SDC	Skills Development Centre
ERRSS	Economic Reconstruction & Recovery Skills Strategy	SDL	Skills Development Levy
GDP	Gross Domestic Product	SDLA	Skills Development Levies Act
GLU	Global Labour University	SDP	Skills Development Provider
ICT	Information Communication Technology	SEDA	Small Enterprise Development Agency
IPAP	Industrial Policy Action Plan	SEFA	Small Enterprise Finance Agency
LPE	Levy Paying Employer	SETA	Sector Education and Training Authority
MTSF	Medium-Term Strategic Framework	SIC Code	Standard Industrial Classification Code
NAMB	National Artisan Moderation Body	SIPs	Strategic Integrated Projects
NDP	National Development Plan	SME	Small Micro Enterprises
NGP	New Growth Path	SMME	Small, Medium and Micro Enterprises
NLPE	Non-Levy Paying Employer	SQMRs	SETA Quarterly Monitoring Reports
NQF	National Qualifications Framework	SSP	Sector Skills Plan
NSA	National Skills Authority	Stats	SA Statistics South Africa
NSDS	National Skills Development Strategy	TVET	Technical and Vocational Education and Training
		WSP	Workplace Skills Plan
		WTO	World Trade Organisation

Executive Summary

This Sector Skills Plan (SSP) 2022/23 update is informed by findings from primary and secondary research methods that were used to collect information on skills demand and supply in the services sector. Primary research includes the analysis of the Services SETA performance information, employer surveys and stakeholder engagements. Secondary research includes: Desktop literature review and analysis of employers' recruitment data; Services SETA employers' mandatory grant data (WSP/ATR); Stats SA's Quarterly Labour Force Survey. Research findings were validated through stakeholder workshops comprising of the management of the Services SETA and key industry representatives.

The services sector, as demarcated by the Department of Higher Education and Training (DHET), refers to the 70 Standard Industrial Classification (SIC) Codes. The 70 industries have been divided into six chambers and 16 subsectors for operational purposes. As of February 2021, there were approximately 184 937 employers actively trading within the sector. The large majority of employers are classified as medium to small (80%), implying, companies employing no more than 150 people. Employers in the Services SETA sector are concentrated in Gauteng, KwaZulu-Natal, and the Western Cape provinces. Key role players, and their influence on the services sector, include the Accounting Authority, Chamber Committees, employers, employees, and professional bodies. Over the years, the Services SETA has established strong partnerships with the business and labour force to facilitate greater collaboration towards research on skills demand and identification of relevant supply interventions.

Research indicates that the COVID-19 pandemic has had significant impact on operations of the Services Sector. This is reflected in the Q2 2020 GDP figure which indicates a decline by almost 52%. The economy recovery recorded in Q3, Q4 2020 and Q1 2021 reflects that the services sector has not managed to fully recover from this impact. Despite the gloomy economic outlook, the sector still supports job creation as more than 3 million people are employed in this sector. However, the labour force in the services sector is employed in the low-level, low-paying occupational categories, namely: clerical, elementary and domestic. This requires learning interventions to focus on this vulnerable sector of the labour force. This is particularly important because this labour force is predominantly black (80%), women (57%), and youth (15-34 years, 37%).

Change drivers for the skills development demand and supply include COVID-19, ICT & ITO, Climate Change, the Economy and

Globalisation. The COVID-19 pandemic continues to change the way many businesses conduct their operations. Many companies still resort to having employees working remotely to avoid possible infections. This requires investment in ICT infrastructure to allow for remote working. Many companies are also diversifying their operations. This may result in a need to retrain employees. New cleaning methods aimed at decontaminating workspaces implies the need to retrain cleaning workers on new methods.

Rapid change in technology, due to high paced and disruptive innovation, remains the biggest driver of change for the services sector economy. Industries mostly affected by technological change include marketing, real estate, postal services, contact centres and funeral services. Implications are that the labour force needs to be constantly acquiring the requisite skills, while the education and training institutions ensure the relevance of qualifications on offer. The Services SETA is collaborating with other SETAs to service the needs of the industry whilst developing inhouse qualifications that address skills demand driven by technological change, especially management of big data.

Alignment between this SSP 2022/23 and the National Development Plan (NDP), National Growth Path (NGP), Industrial Policy Action Plan (IPAP) 2016/17–2018/19, Medium-Term Strategic Framework (MTSF) (2019-2024), National Skills Development Plan 2030 (NSDP), White Paper on Post-School Education and Training (WP-PSET), the Economic Reconstruction and Recovery Plan (ERRP), the Economic Reconstruction and Recovery Skills Strategy (ERRSS) and has been highlighted and the contribution of the Services SETA to the implementation of each, discussed.

A list of hard-to-fill vacancies is presented in Chapter 3, per chamber and subsector. Attempt has been made to ensure the ability of the Services SETA to service these qualifications by highlighting the available interventions and investigating the possibility of collaborating with other SETAs where possible. The services sector is one of the sectors that lags behind with regards to transformation. It is not surprising that equity consideration is one of the underlying reasons for hard-to-fill vacancies. Alignment with the Economic Reconstruction and Recovery Skills Strategy (ERRSS) has been ensured by identifying scarce skills contained in the ERRSS that the Services SETA can support. Skills interventions which this SSP will address to support ERRSS include:

Name of Occupation	Skills gaps in need of current/short-term intervention (in the next 12 months)	Skills gaps in need of future/long-term intervention (over the next 5 years)
Call or Contact Centre Manager	Cloud architecture	Artificial Intelligence
Data Scientist	Cybersecurity	Biotechnology
Contact Centre Resource Planner	Data centre operations	Blockchain
Contact Centre Forecast Analyst	Desktop support engineering	Data analysis
Call or Contact Centre Manager	Enterprise architecture development	Data science
Inbound Contact Centre Consultant	Integrated systems development	Internet of Things
Outbound Contact Centre Consultant	Learning management systems architecture	Machine learning
Contact Centre Real Time Advisor	Network analysis, control, and security	Nanotechnology
Call or Contact Centre Agent	Software development engineering	Quantum computing
	Systems engineering	Robotic automation

Common reasons for the inability to fill vacancies include lack of experience, qualifications, and equity considerations. Skills gaps for the services sector have also been identified. There is a strong focus on IT-related occupations which signifies the impact of the Fourth Industrial Revolution. These observations are in line with the ERRSS' list of skills gaps that have been highlighted in this SSP and alignment thereof strengthened.

Emanating from the lists of hard-to-fill vacancies or skills gaps, a draft list of priority occupations (PIVOTAL list) has been developed jointly with key stakeholders. The magnitude of demand has been determined with inputs from management and the industry. Identified interventions will inform the updates of the Strategic and Annual Performance Plans 2022/23 as well as the Service Level Agreement with the DHET.

Given the importance of partnerships in skills development, the Services SETA has initiated a number of partnerships with key stakeholders, which include Technical and Vocational Education and Training (TVET) colleges, universities, local government, and strategic national and provincial departments. The focus of these partnerships is on skills demand and supply, the roles of TVET Colleges, Higher Education Institutions, intermediaries, and inter-SETA collaboration. The current inter-SETA collaboration is the best partnership model for the Services SETA. This approach brings SETAs together under one roof and allows for sharing of information and resources.

Chapter 5 has placed a greater emphasis on Monitoring and Evaluation practices at the Services SETA and how this data is used to inform planning. The Services SETA's M&E approach is closely aligned with the Government-wide Monitoring and Evaluation framework and the government planning framework; result-based management framework, embedded in the Theory of Change. This approach allows for effective use of performance information and audit outcomes in decision-making and will inform Services SETA's organisation-wide M&E framework that is being developed.

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

- Foster Inter-SETA collaboration and industry partnership to promote growth in the services sector including SMMEs
- Secure workplace training opportunities working in collaboration with the industry, employers, and SETAs
- Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications
- Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E
- Development of organisational-wide M&E Framework to improve performance management

Research Process and Methods

This Sector Skills Plan (SSP) 2022/23 update is informed by primary and secondary data. Primary data was gathered through qualitative and quantitative research methods. Secondary research involved the review of existing literature, analysis of the WSP/ATR data – in response to a set of specific research questions – and research reports on studies commissioned by the Services SETA in the past. The figure below illustrates the research process in detail as outlined in the Services SETA's Planning Policy.

Figure 1 Research Process



i. Approval of Research Agenda by the Board

The research agenda is prepared every preceding year to guide research activities that inform the SSP update. This research is then implemented following the purpose outlined above. The research agenda for 2020/21 was approved in July 2020 and is herein attached. Approval of the research agenda happens at the Accounting Authority level with the guidance of the Governance Risk & Strategy Committee (GRSC). The research agenda for 2021/22 was tabled at the GRSC meeting on 9 June 2021.

ii. Primary Research

The inception of new projects starts from 01 April (in line with the new financial year) until the completion. The start of new projects coincides with the financial year to ensure alignment with the budget. The completion date is dependent on the

scope of the project. However, care is often taken to ensure that research projects do not exceed two consecutive financial years. In this update findings from the following primary research studies were used:

- Services Sector Economic and Skills Demand and Supply Analysis
- The impact of COVID-19 on the services sector
- Learner tracer study, 2021
- Employer Interviews

A summary of the research methods, research design, sample size and research tools used has been outlined below.

iii. WSP/ATR Submissions

WSP/ATR data is critical in informing the SSP, especially regarding the nature and extent of skills demand for the sector, including the economic outlook. More than 4000 employers submitted WSP/ATRs which were analysed to inform this update.

iv. Employer Interviews

Using a DHET-issued template to collect labour market intelligence in the country, telephonic interviews with employers were conducted. This information was further used to corroborate information from secondary data and other forms of primary data source discussed herein.

v. Mandatory Grant Data Analysis

As discussed above, WSP/ATR data is very important for understanding skills demand and supply in the services sector. The focus of analysis was on the Lists of Hard-to-Fill Vacancies, Skills Gaps, Change Drivers and Future skills. Consideration for planned and implemented skills was also made in the overall analysis.

vi. Management Consultations

The lists of Hard-to-Fill Vacancies, Skills Gaps, Change Drivers and Future skills compiled from the sources and process outlined above were discussed with the management team for final consideration, taking into account the training budget available, availability of qualifications and training providers, and national priorities, especially the Economic Reconstruction and Recovery Skills Strategy. Table 1 outlines the extent of engagements with various stakeholders.

Table 1: List of Stakeholder Engagement Sessions

Stakeholders	Date
Cleaning & Hiring Services Chamber	03 May 2021
Personal Care Services Chamber	04 May 2021
Labour & Collective Services Chamber	05 May 2021
Management & Business Services Chamber	06 May 2021
Communication & Marketing Services Chamber	07 May 2021
Real Estate Services Chamber	10 May 2021
Services SETA Management	May-Jun 2021
Governance Risk and Strategy Committee	09 June 2021
Accounting Authority	28 July 2021

vii. Stakeholder Engagement Workshops

Online workshops were conducted with stakeholders to investigate the nature and extent of skills demand and supply, and change drivers within the services sector. Follow-up validation workshops were later held with previous participants to confirm the validity of skills identified as well as the magnitude.

Primary research studies that were conducted for the update are highlighted below. Findings from a total of six studies were subsequently used in the update process.

a. Research Study Title: Skills demand analysis for services sector in South Africa

Objective of the study	To conduct a trend analysis of skills demand and supply in services sector industry, using Mandatory Grant data
Research design	Quantitative
Research method	Interviews, WSP data analysis
Sample size	About 4600 employers
Data sources	Interview results, WSP/ATR, QLFS, Stats SA GDP data
Study duration	1 June 2020 was completed by 30 April 2021

b. Research Study Title: Analysis of hard-to-fill vacancies and skills gaps in the workplace

Objective of the study	The purpose of this project is to analyse WSP/ATR data and conduct employer interviews to generate the list of hard-to-fill vacancies and skills gaps in the services sector
Research design	Quantitative and qualitative
Research method	Desktop analysis of existing data and interviews with employer representatives
Sample size	28 employers who submitted WSP/ATR on 31 May 2021
Data sources	Interview transcripts
Study duration	Started 1 May 2021 was completed by 31 July 2021

c. Research Study Title: Impact Assessment of COVID-19 on the Services Sector Employers

Objective of the study	The purpose of this project was to conduct an assessment of the impact of COVID-19 on employers belonging to the Services SETA scope
Research design	Quantitative
Research method	Online survey
Sample size	799
Data sources	Completed surveys
Study duration	Started 1 April 2020 and was completed by 31 April 2020

CHAPTER ONE: SECTOR PROFILE

SECTOR SKILLS PLAN

2022 | 2023



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1.1. Introduction

The main purpose of this chapter is to present a profile of the services sector by covering its: scope of operation, key role-players, economic performance, employer profile, and labour market profile and its evolution. This chapter gives an indication of the size and shape of the services sector, thereby providing an understanding of the contribution of the sector to the overall economic, employment and human capital development.

The discussions herein, are informed by data collected through primary and secondary research. Primary data include services sector stakeholder workshops, surveys on the impact of COVID-19 on the services sector employers and Services SETA employees, analysis of the Services SETA's Workplace Skills Plans 2020 submissions (WSP) and Annual Training Report (ATR) data¹, the employer survey carried out by the Services SETA in 2020/21, Services SETA Performance Information, Gross Domestic Product (GDP), Quarterly Labour Force Surveys (QLFS), and Quarterly Employment Surveys (QES) by Statistics South Africa (Stats SA). Secondary data include a review of published and unpublished, international, and national research studies.

1.2. Scope of Coverage of Services Sector

This section commences with a description of the services sector as defined by the Standard Industrial Classification codes (SIC Codes). The discussions on the scope of the services

sector will reveal firstly, that the sector is very diverse and cuts across a number of major industry categories. Secondly, the services sector is informal and comprises of a large number of small and medium-sized companies. Given the diversity of the sector, several role-players provide support in ensuring that the sector supports the sustainability and growth of Small, Micro and Medium Enterprises (SMMEs), including its labour force.

There are various approaches to categorising industries and occupations used internationally to describe the services sector. The definitions from the General Agreement on Trade and Services (GATS) and the World Trade Organisation (WTO) refer to the tertiary sector of the economy concerned with the provision of services. South Africa has adopted these conventions for use primarily by Stats SA. According to Stats SA and WTO SIC codes classifications, the Services SETA SIC codes can be found across four Major Divisions and six International SIC code section. This lack of alignment between the Services SETA and Stats SA's SIC codes presents serious challenges to using Stats SA data for Services SETA purposes. The Services SETA is therefore, established in terms of 70 SIC codes.

Table 2 illustrates that the Services SETA has clustered the 70 SIC codes into 16 different sub-sectors. Each of these sub-sectors has characteristics, employment trends and economic drivers that are strikingly different from one another. The different sub-sectors have, in turn, been grouped into six chambers.

Table 2: Services SETA Chambers and Sub-sectors

CLEANING AND HIRING SERVICES CHAMBER		
Sub-Sector Title	SIC Code	Gazetted Industry Descriptor
Hiring Services	86025	Office Machinery, Equipment and Rental Leasing
	50500	Renting of Construction or Demolition Equipment with Operators
	85000	Renting Of Machinery and Equipment, Without Operator and Of Personal and Household
	85200	Renting of Other Machinery and Equipment
	85300	Renting of Personal and Household Goods N.E.C
	99029	Function and Catering Equipment Hire
	99035	Miscellaneous Item Hire
	99036	Truck Hire
	99037	Video Hire
	99052	Truck and Plant Hire
Household Services	99025	Dry Cleaning and Laundering
	99026	Garden Maintenance Services
Domestic Services	99027	Domestic Services

¹ A Workplace Skills Plan outlines how an organisation/ employer is going to address the training and development needs within the workplace. It assists employers in identifying and providing relevant training that will address the skills gaps within the organisation. An ATR is a report on actual training completed during the previous year.

Cleaning Services	99002	General Cleaning
	99018	Cleaning of Carpet and Upholstery
	99047	Pet Care
	99019	Cleaning Equipment and Consumable Supply

COMMUNICATION AND MARKETING SERVICES CHAMBER

Marketing Services	9001	Marketing Services
	9002	Marketing Communications (Inc. Public Relations)
	9008	Direct Marketing
	88130	Market Research and Public Opinion Polling
	99038	Brand Marketers
Contact Centres	99055	Call Centre Management of People
Postal Services	75110	National Postal Activities
	75111	Banking Via Post Office
	75121	Mail Handling

LABOUR AND COLLECTIVE SERVICES CHAMBER

Labour Recruitment Services	88918	Permanent Employment Agencies
	88910	Labour Recruitment and Provision of Staff
	88916	Private Employment Agencies and Temporary Employment Services
	99045	Personnel Services Agencies
	88917	Temporary Employment Services
Collective Services	95120	Activities of Professional Organisations
	95155	Professional Bodies N.E.C.
	95991	Bargaining Councils and Dispute Resolution
	95992	Associations, Federations and Umbrella Bodies

MANAGEMENT AND BUSINESS SERVICES CHAMBER

Business Services	61421	Import And Export of Various Metals
	88000	Other Business Activities
	88141	General Consulting Services
	88900	Business Activities N.E.C.
	96490	Other Recreational Activities
	99000	Other Service Activities
	99014	Quality Management and Related Services
	99016	Ngo Management and Services
	99015	Non-Financial Business Management and Management Consulting
	99090	Other Service Activities N.E.C.
Project Management	99039	Generic Project Management
	99056	Event And Conference Management Excluding the Operation of Convention Centres

PERSONAL CARE SERVICES CHAMBER

Hair Care	99022	Ladies Hair Dressing
	99023	Men's and Ladies Hairdressing
	99024	Beauty Treatment
Beauty Treatment	99041	Nail Technology Including Nail Technologist, Nail Technicians and Distributors and Agencies of Nail Products
	99042	Non-Allied Registered Perfumery Including Aromatic Oils and Related Products, Perfumery Consultants, Sales People and Agencies of Nail Products
	99043	Health And Skin Care Incl. Health and Skin Care Therapists, Stress Therapists and Cosmetologists, Slimming Salons and Distributors of Slimming Products Including Slimming Machines
	99044	Make-Up Artistry
	99050	Distributors of Slimming Products Including Slimming Machines
	99051	Distributors of Makeup Products and Related Merchandise

	34260	Cutting, Shaping and Finishing of Stone
Funeral Services	99030	Funeral and Related Activities
	99033	Coffin Making by Funeral Enterprises
	99034	Manufacture of Funeral and Tombstone
Fashion	99046	Modelling Agencies
	99054	Fashion Design Not Related to Clothing
REAL ESTATE AND RELATED SERVICES CHAMBER		
	50411	Decorators/Interior Designers and Decorators
Real Estate Services	84000	Real Estate Activities
	84100	Real Estate Activities with own or Leased Properties
	84200	Real Estate Duties on a Fee or Contract Basis
	84201	Real Estate Valuation Services
	84202	Property Management Services
	84203	Estate Agencies
	99053	Valuers, Including Auctioneers

Source: DHET (2009)

The implication for this scope of coverage means that many of the available national data sets for the economy or labour market cannot be used in very precise ways. This requires a laborious exercise of extracting data at industrial classification level without definite accuracy. This task has been even more problematic since Stats SA withheld publication of GDP and QLFS at three-digit level three years ago.

WSP data and Quarterly Labour Force data will be presented in Sections 1.4. & 1.5, showing the trends in economic activities, employer organisations, levy contributions and the demographic profile of employment in each sub-sector

presented above. The next section looks at key role-players in the services sector.

1.3. Key Role-Players

The key role-players in the services sector include the accounting authority, chamber committees, employers, trade unions, government departments and educational institutions. A brief description of each key role player and their role at the Services SETA is provided in Table 3 below.

Table 3: Key Role Players

Key Partners	Roles
Oversight bodies	
Accounting Authority:	The Accounting Authority of the Services SETA plays a key role in governing and managing the SETA in accordance with the PFMA, as well as any other applicable legislation. For practical purposes, the Accounting Authority delegates some of its responsibilities and functions to one or more committees. There are currently 5 sub-committees, namely: Executive Committee; Governance, Risk and Strategy Committee; Remuneration Committee; Finance Committee and Audit Committee. These committees are mechanisms to assist the Accounting Authority in giving detailed attention to specific key areas of its duties and responsibilities, including the implementation of the NSDP 2030.
Services SETA Chamber Committees	Chamber Committees act in a stakeholder capacity as advisory bodies to assist the Services SETA Executive Management to carry out the mandate of the Accounting Authority. These are thus, independent advisory bodies that make recommendations on matters relevant to the subsectors. There are six chamber committees, namely: Cleaning and Hiring Services Chamber; Communication and Marketing Services Chamber; Labour and Collective Services Chamber; Management and Business Services Chamber; Personal Care Services Chamber and Real Estate Services Chamber.
DIFFERENT SPHERES OF GOVERNMENT	
Department of Higher Education and Training	The Department of Higher Education and Training makes provision for skills development legislation, policies, regulations, and guidelines. Key policies include the NSDP 2030 and the White Paper on Post-School Education and Training. The Services SETA is committed to the implementation of the NSDP outcomes through the Sector Skills Plan (SSP), the Strategic Plan and the Annual Performance Plan (APP).
Department of Small Business Development	The Department of Small Business Development (DSBD) is responsible for overseeing the development and growth of Small and Medium Enterprises (SMEs). Supporting SMME development is one of the NSDP's outcomes. The Services SETA supports the Department in the development of Business Advisory Standards through research and skills development.

Local Municipalities	The Services SETA has entered into partnerships with a number of municipalities to jointly manage skills development centres. The District Delivery Model is a good vehicle towards identifying and developing skills development interventions that support the NSDP outcomes.
Business	Business plays a catalyst role towards realisation of the NDP 2030 vision as well as the NSDP 2030 outcomes. The Services SETA has a total of 184 937 employers falling under its jurisdiction. About 49 000 contribute levy and 4 100 employers submit their WSP/ATRs. The levy enables the Services SETA to execute its mandate of developing skills to support economic growth of the sector and create job opportunities, inline with the policy frameworks outlined above.
Employer bodies	Employer bodies are a critical voice for the business community in influencing policy direction of the country. The Services SETA interacts with employers through associations among whom chamber committees are constituted to jointly facilitate the skills development in line with the NSDP 2030. Annexure B lists bodies that constitute key role players in the sector.

EDUCATIONAL INSTITUTIONS

TVET Colleges and Universities	TVET Colleges and Universities are a critical component of the skills development ecosystem within the PSET system. They are responsible for identifying and development of skills needs in line with industry needs. They are a critical link between the Services SETA and the world of work. The Services SETA works closely with the TVET Governance Council and DHET to develop their capacity. Universities provide a critical research capacity for the Services SETA.
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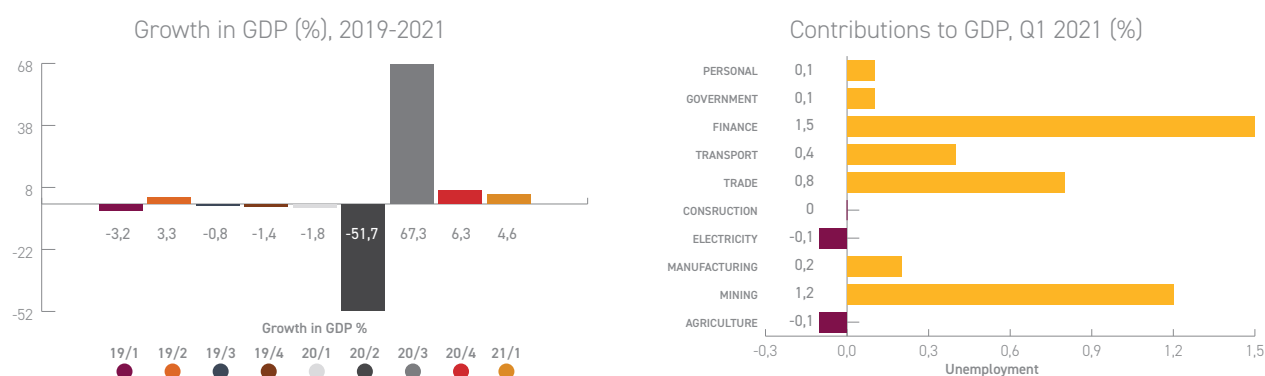
Chapter 4 provides an illustration of how the Services SETA partners with these key role-players to drive skills development for the services sector. The next section provides economic profile of the services sector.

1.4. Economic Performance

The section on the economic performance of the services sector provides an account of the sector's contribution to the economy in comparison to the rest of the economic sectors, a description of how the sector is currently performing and its outlook. The chapter then focuses on the employer profile and the labour market profile. Both are significant in providing a detailed understanding of the nature of employers and employment in the sector.

As pointed out above, the Services SETA's scope of coverage overlaps with a number of industries as defined by the WTO and Stats SA. Analysis of the services sectors that falls under the Services SETA purview include Finance, Real Estate, Business Services and Personal Services. Reference to the services sector in this Sector Skills Plan include the above-mentioned subsectors. Figure 2 reflects on the GDP growth trends and industry contributions.

Figure 2. Growth in GDP (%), 2019-2021 and industry breakdown



Source: Stats SA (2021a)

As Figure 2 illustrates, the South African economy has been in a difficult situation even before the onset of the COVID-19 pandemic. Around Q2 2019, the economy witnessed annualised negative growth of -0,8 and -1,4 for Q3 & Q4, respectively. This trend continued to Q1 & 2 of 2020, with a record-breaking -52,7% annualised growth in the latter quarter. The situation was justifiably attributed to the impact of the onset of COVID-19 which led to a total shutdown of the economic activities in South Africa. The easing of COVID-19 lockdown restrictions saw a big jump of 67% and 6% in Q3, Q4 & Q1 2021, respectively.

Regarding subsector contribution, Table 4 indicates that, firstly, the services sector as defined in Table 2, is showing a decline in growth, from R912 billion in 2019 to R905 billion in 2020. This decline took place across the six chambers, with cleaning and hiring services being disproportionately affected. Secondly, real estate is the biggest contributor the GDP followed by management and business services.

Table 4: Services Sector GDP contribution by Chamber²

Chamber	2015 (Rb)	2016 (Rb)	2017 (Rb)	2018 (Rb)	2019 (Rb)	2020 (Rb)
Cleaning and Hiring Services Chamber	33 881	35 880	38 890	40 260	42 110	39 970
Communication and Marketing Services Chamber	47 868	51 025	54 825	56 273	58 694	57 072
Labour and Collective Services Chamber	4 884	5 226	5 617	5 957	6 376	6 326
Management and Business Services Chamber	199 906	212 294	226 529	232 856	243 951	242 657
Personal Care Services Chamber	92 517	98 663	104 738	108 072	112 649	112 435
Real Estate Services Chamber	370 426	390 559	418 269	429 189	448 647	446 540
Total	749 481	793 646	848 868	872 608	912 427	905 000

Source: Quantec (June, 2021a)

The above observation is not surprising. Along with major economies of the world, the South African economy is faced with a serious growth challenge. Following a negative decline over two consecutive quarters, the economy is technically in recession. Quarters 3 & 4 of 2019 recorded – see Figure 2. The COVID-19 pandemic is expected to worsen the situation on a global scale. The developments above illustrated that the World Trade Organisation (WTO) prediction of the fall of between 13% and 32% in economic growth in 2020 was not farfetched. The South African economy will equally be affected by these developments.

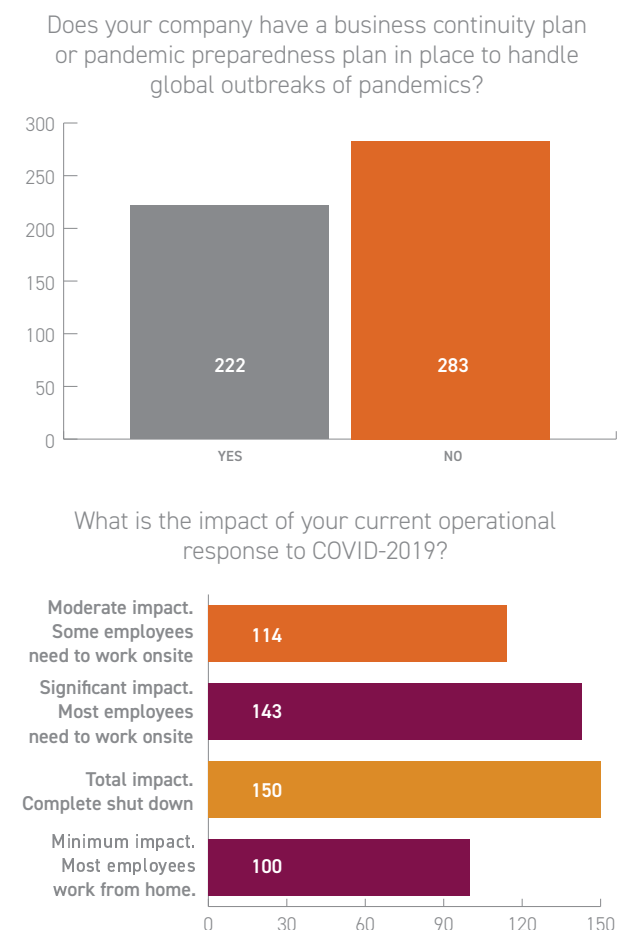
THE IMPACT OF COVID-19

Analysis of South Africa's Gross Domestic Product for Q1, 2021 by industry, indicates that finance sector is slowly recovering from the impact of COVID-19. The finance sector recorded the highest growth rate of 1,5% followed by mining and trade at 1,2% and 0,8%, respectively. Recovery of personal sector appears to be slow along with other industries.

The above developments are very worrying since the services sector is the mainstay of the South African economy. This implies that this sector is still suffering from the effects of COVID-19. This finding is not surprising. Survey by Stats SA (Stats SA, 2020) and Services SETA aimed at providing an early indicator of the business impact resulting from COVID-19, illustrates that most businesses (85%) expect their turnover to decline. A large number of businesses (60%) anticipate that the effects will be substantially worse than the 2008/2009 global financial crisis (Stats SA, 2020). A battery of economic indicators was used to assess the impact of COVID-19 on the South African economy, such as; business turnover, trading status, and labour turnover, among others. The proportion of businesses trading at full capacity ranged from zero in construction to 30,0% in forestry and fishing, and the total was 12,3%. Almost half (46,4%) reported to have 'temporarily

closed or paused trading'. Regarding business turnover, study respondents representing the construction, real estate and other business services, and transport industries were the worse- affected by lower-than-expected turnover.

Figure 3. Impact of COVID-19 on the operations in the services sector



Source: Services SETA Impact Assessment (2020)

² This data is extracted from Quantec (June 2021) which is calculated from the Stats SA annualized GDP. Stats SA's withholding of GDP data at 4-digit level has made estimates less accurate. This information should therefore be understood in this context – it is closest economic data available.

A survey conducted by the Services SETA indicates that majority of industry stakeholders were ill-prepared for such an unforeseen event. More than half of the respondents indicated that they did not have business continuity plans for such an unforeseen event – see Figure 3. It is not surprising that majority of businesses had to completely shut down during the lockdown. The impact of these developments on the labour force will be discussed in the ensuing sections.

The situation is expected to get worse in the near future. The National Treasury (2020) and the South African Revenue Services (SARS) have estimated GDP contraction (6.6% lower), unemployment growth, tax shortfalls and productivity declines. The National Treasury (2020) furthermore, cites two possible risks for South Africa’s economic growth. Firstly, South Africa’s sovereign credit rating was downgraded to junk status by all rating agencies at the end of March 2020. The rating agency, Moody’s, cut South Africa’s rating to sub-investment grade, meaning the country now has a junk rating from all three major international rating agencies. This implies that the country will exit from the World Government Bond Index, thus raising the cost of borrowing. Secondly, COVID-19 is expected to add to the economic woes discussed above.

IMPLICATIONS FOR SKILLS DEVELOPMENT

The impact of COVID-19 on planning for skills development is significant. As Rasool (2020:1) points out the sector skills planning process for 2020-2021 would need to capture accurate picture of the state of the economy and labour market. It means that the impact of COVID-19 on students, employers, employees and the unemployed should be thoroughly researched to avoid the risk of sending misleading signals for public investment in skills development.

In brief, the PSET system will be affected by cuts in public budget, reduced skills development levy. Employers and employees will be with faced reduced staff training budgets with possible decline in workplace activities. Training providers will increasingly shift to online and blended learning which may require adjustments on curriculum design, and development of relevant qualifications. Learners will increasingly face limited funding opportunities for their studies and needless to say, scarcity of employment openings. The next section discusses the employer profile, starting with Table 5.

1.5. Employer Profile

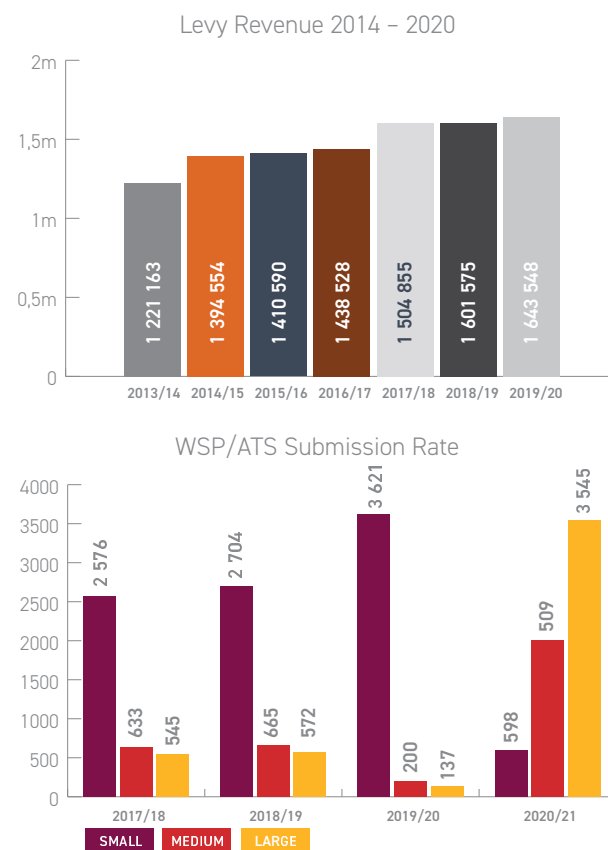
In this section, a description is provided of the firms that comprise the services sector, their distribution in terms of size and geography. The source of data is the DHET/SARS Database and WSP/ATR submissions. The Services SETA is one of the largest SETAs in terms of the number of employers falling within its scope. Approximately 184 937 employers fall within

its demarcation (as of February 2021), as illustrated in Table 5. Proportionally, most employers are in the Management and Business Services Chamber with 149 145 (80,6%) employers, followed by Real Estate and Related Services Chamber with 14 284 (7,7%) employers; with the lowest numbers recorded in the Marketing and Communication Services Chamber.

Table 5 further illustrates that the large majority of the Services SETA employers are SMMEs. Of the 184 937 employers, about 38 586 pay skills levies. This represents 21% of the total employers. This implies that the Services SETA should develop targeted interventions to ensure that all employers benefit equitably to promote transformation. It also requires specific interventions to support growth and development of SMMEs. Globally, research indicates that medium companies are much more able to create job opportunities.

Analysis of employer Workplace Skills Plans (WSP) and Annual Training Reports (ATR), submitted in April 2021, indicates a high volume of employer investment in the Cleaning and Hiring Services and Related Estate Services Chambers. About 3 398 (1,8%) employers submitted WSP/ATRs for 2021 – Figure 4. Sixty-seven percent of these were small employers, employing less 50 employees. Approximately 61% of employers submitting WSP were based in Gauteng.

Figure 4: Levy revenue and WSP/ATR submission rate



Source: Services SETA WSP/ATR (2018-2021), Services SETA Employer File (2021)

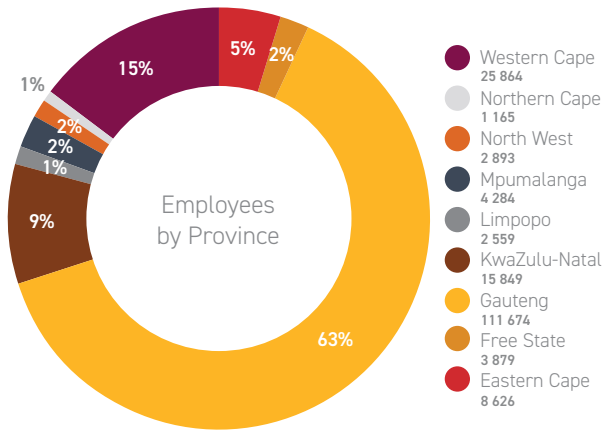
In terms of geographic spread, employers of the services sector are found in all nine provinces of South Africa, but with high concentration in three developed and industrialised regions of Gauteng, Western Cape, and KwaZulu-Natal. Findings in Figure 5 (overleaf) illustrate the fact that most employers are located in the developed cities of Johannesburg, Cape Town, and Durban. This situation highlights the need to expand access of training to the rural provinces of Limpopo, Eastern Cape, Mpumalanga, Northern Cape, Free State, North West, and most parts of KwaZulu-Natal, to promote equity.

Table 5: Services SETA Subsectors by Size and Levy Status

CHAMBER (SUBSECTORS)	GRAND TOTAL LEVY PAYING				TOTAL				NON-LEVY PAYING				TOTAL
	Large	Medium	Small	(blank)	Large	Medium	Small	(blank)	Large	Medium	Small	(blank)	
Cleaning & Hiring Chamber	4723 (2,6%)	16 (8,6%)	36 (6,8%)	637 (2,2%)	567 (6,1%)	1256 (3,3%)	49 (7,4%)	132 (7,5%)	2313 (1,9%)	973 (4,1%)	3467 (2,4%)		
Cleaning Services	2054 (43,5%)	12 (75,0%)	21 (58,3%)	226 (35,5%)	241 (42,5%)	500 (39,8%)	36 (73,5%)	76 (57,6%)	1041 (45,0%)	401 (41,2%)	1554 (44,8%)		
Domestic Services	38 (0,8%)	0 (0,0%)	0 (0,0%)	8 (1,3%)	6 (1,1%)	14 (1,1%)	0 (0,0%)	0 (0,0%)	18 (0,8%)	6 (0,6%)	24 (0,7%)		
Hiring Services	2340 (49,5%)	4 (25,0%)	14 (38,9%)	356 (55,9%)	239 (42,2%)	613 (48,8%)	13 (26,5%)	53 (40,2%)	1174 (50,8%)	487 (50,1%)	1727 (49,8%)		
Household Services	291 (6,2%)	0 (0,0%)	1 (2,8%)	47 (7,4%)	81 (14,3%)	129 (10,3%)	0 (0,0%)	3 (2,3%)	80 (3,5%)	79 (8,1%)	162 (4,7%)		
Communication & Marketing Chamber	4124 (2,2%)	9 (4,8%)	11 (2,1%)	564 (2,0%)	497 (5,3%)	1081 (2,8%)	7 (1,1%)	21 (1,2%)	2241 (1,9%)	774 (3,2%)	3043 (2,1%)		
Contact Centres Services	68 (1,6%)	4 (44,4%)	0 (0,0%)	14 (2,5%)	12 (2,4%)	30 (2,8%)	1 (14,3%)	1 (4,8%)	24 (1,1%)	12 (1,6%)	38 (1,2%)		
Marketing & Communication Services	3804 (92,2%)	5 (55,6%)	11 (100,0%)	516 (91,5%)	472 (95,0%)	1004 (92,9%)	5 (71,4%)	19 (90,5%)	2060 (91,9%)	716 (92,5%)	2800 (92,0%)		
Postal Services	252 (6,1%)	0 (0,0%)	0 (0,0%)	34 (6,0%)	13 (2,6%)	47 (4,3%)	1 (14,3%)	1 (4,8%)	157 (7,0%)	46 (5,9%)	205 (6,7%)		
Labour & Collective Chamber	4145 (2,2%)	29 (15,5%)	43 (8,1%)	525 (1,8%)	431 (4,6%)	1028 (2,7%)	101 (15,2%)	221 (12,5%)	2096 (1,7%)	699 (2,9%)	3117 (2,1%)		
Collective Services	815 (19,7%)	1 (3,4%)	3 (7,0%)	173 (33,0%)	90 (20,9%)	267 (26,0%)	1 (1,0%)	3 (1,4%)	389 (18,6%)	155 (22,2%)	548 (17,6%)		
Labour Recruitment Services	3330 (80,3%)	28 (96,6%)	40 (93,0%)	352 (67,0%)	341 (79,1%)	761 (74,0%)	100 (99,0%)	218 (98,6%)	1707 (81,4%)	544 (77,8%)	2569 (82,4%)		
Management & Business Chamber	149145 (80,6%)	121 (64,7%)	413 (78,2%)	24332 (85,4%)	5887 (62,8%)	30753 (79,7%)	473 (71,1%)	1328 (75,4%)	100567 (83,8%)	16024 (67,0%)	118392 (80,9%)		
Business Services	148934 (99,9%)	120 (99,2%)	411 (99,5%)	24275 (99,8%)	5842 (99,2%)	30648 (99,7%)	473 (100,0%)	1327 (99,9%)	100513 (99,9%)	15973 (99,7%)	118286 (99,9%)		
Other business activities	1 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	1 (0,0%)	1 (0,0%)		
Other service activities	1 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	0 (0,0%)	1 (0,0%)	1 (0,0%)		
Project Management Services	209 (0,1%)	1 (0,8%)	2 (0,5%)	57 (0,2%)	45 (0,8%)	105 (0,3%)	0 (0,0%)	1 (0,1%)	54 (0,1%)	49 (0,3%)	104 (0,1%)		
Personal Care Chamber	8516 (4,6%)	2 (1,1%)	6 (1,1%)	580 (2,0%)	508 (5,4%)	1096 (2,8%)	11 (1,7%)	25 (1,4%)	4858 (4,0%)	2526 (10,6%)	7420 (5,1%)		
Beauty Treatment Services	1293 (15,2%)	0 (0,0%)	0 (0,0%)	125 (21,6%)	159 (31,3%)	284 (25,9%)	1 (9,1%)	4 (16,0%)	765 (15,7%)	239 (9,5%)	1009 (13,6%)		
Fashion Services	23 (0,3%)	0 (0,0%)	1 (16,7%)	8 (1,4%)	4 (0,8%)	13 (1,2%)	0 (0,0%)	0 (0,0%)	8 (0,2%)	2 (0,1%)	10 (0,1%)		
Funeral Services	608 (7,1%)	2 (100,0%)	4 (66,7%)	96 (16,6%)	44 (8,7%)	146 (13,3%)	0 (0,0%)	2 (8,0%)	338 (7,0%)	122 (4,8%)	462 (6,2%)		
Haircare Services	6592 (77,4%)	0 (0,0%)	1 (16,7%)	351 (60,5%)	301 (59,3%)	653 (59,6%)	10 (90,9%)	19 (76,0%)	3747 (77,1%)	2163 (85,6%)	5939 (80,0%)		
Real Estate Chamber	14284 (7,7%)	10 (5,3%)	19 (3,6%)	1866 (6,5%)	1477 (15,8%)	3372 (8,7%)	24 (3,6%)	35 (2,0%)	7934 (6,6%)	2919 (12,2%)	10912 (7,5%)		
Real Estate Services	14284 (100%)	10 (5,3%)	19 (3,6%)	1866 (6,5%)	1477 (15,8%)	3372 (100,0%)	24 (3,6%)	35 (2,0%)	7934 (6,6%)	2919 (12,2%)	10912 (100,0%)		
Grand Total	184937 (100%)	187 (100%)	528 (100%)	28504 (100%)	9367 (100%)	38586 (100%)	665 (100%)	1762 (100%)	120009 (100%)	23915 (100%)	146351 (100%)		

Services SETA Database, 2020

Figure 5: Services SETA employers by provincial spread



Services SETA Database, 2021

The impact of the stimulus package amounting to R500 billion announced by the Government is only likely to be felt in the next two to three years (President Ramaphosa, 2020). It is not apparent how many companies will still be operating by then. This will have a major impact on the economy and jobs, as demonstrated by recent numbers of employees filing for Unemployment Insurance Fund (Rasool, 2020: 3).

It is expected that small to medium companies are likely to bear the harshest brunt of COVID-19. A study by Mack & Company in North America shows that companies employing 1-49 employees, were forced to lay off up to 50% of its workforce (MacKenzie & Company, 2020).

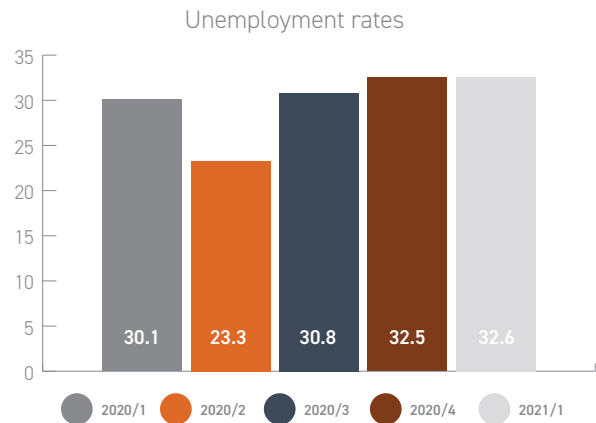
1.6. Employees' Demographic Profiles

The labour market profile describes how many people are employed in the sector, their race, gender, age, and disability characteristics. Of importance is the analysis of employment in the sector according to occupational levels. This occupational analysis provides insights into the degree with which the sector has contributed to the national agenda of transformation of the labour force. Data used is derived from Stats SA's QLFS and QES, and Services SETA's WSP and ATR 2021.

1.6.1. EMPLOYMENT BY SECTOR

Persistent decline in economic growth has had correlating impact on jobs and employment levels. As Figure 6 illustrates, the levels of unemployment have witnessed an upward movement in the last five quarters. Unemployment levels among women remained constantly high relative to the total South African average and men, respectively. For the same period, 43,6% of youth aged 15-34 years were not in employment, education or training.

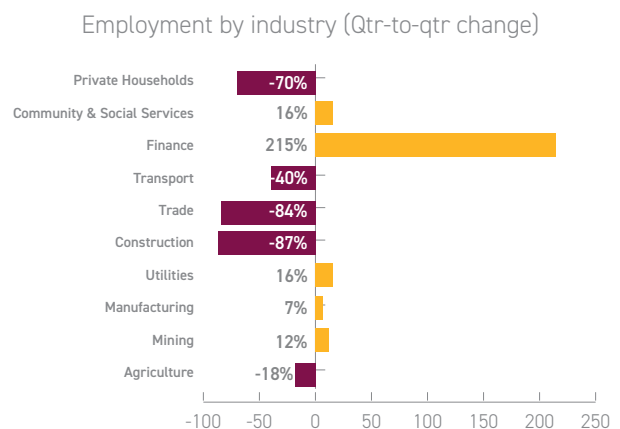
Figure 6: Unemployment rates by gender, Q1 2021



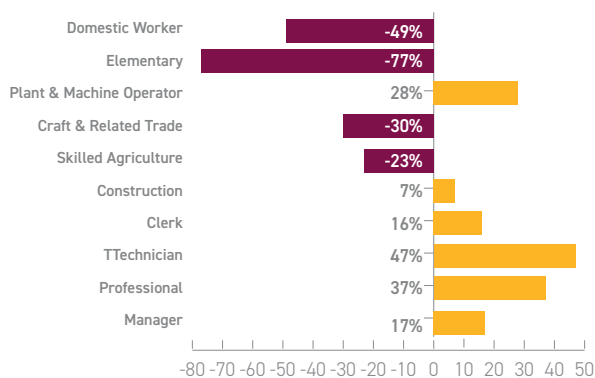
Source: Statistics South Africa, 2021b

Section 1.4 above indicates that the services sector is the largest industry in the South African economy. As demonstrated in Figure 7 the services sector is also the largest employer. The highest employment numbers proportionately were recorded in the Community and Social Services industry (3,785 million people), followed by Trade (3,276 million people), and Finance and Other Business Services (2,402 million people).

Figure 7: Employment by Industry and Occupation, Q1 2021



Employment by occupation (Qtr-to-qtr Change)



Source: Statistics South Africa, 2021b

Figure 7 further indicates that the services sector has been resilient over the last two years, with the related industries registering growth in employment rate; the Community and Social Services, and Finance and Other Businesses sector creating 216 000 and 24 000 jobs, respectively; year-to-year. On the other hand, industries such as Construction, Mining, Private Households and Agriculture registered a negative employment growth for the same period.

Analysis of the Stats SA's QLFS Q1 2021 at 4-digit level, reveals that most people were employed under Personal Care Services and Business Activities n.e.c., with 1 664 001 and 1 345 538 employees respectively (Quantec, 2021b). When the Stats SA QLFS of 2021 (Stats SA, 2021a) is compared with the Services SETA Chambers, it reveals correlations between the economic size of the subsector and employment levels.

Table 6: Employment in the Services Sector by subsector³

Industry	2015	2016	2017	2018	2019	2020
Cleaning and Hiring Services Chamber	80 035	82 651	85 613	89 369	87 733	76 856
Communication and Marketing Services Chamber	53 849	56 998	56 544	55 286	56 130	52 267
Labour and Collective Services Chamber	23 889	25 107	25 854	27 366	27 605	25 689
Management and Business Services Chamber	1 421 419	1 356 239	1 407 248	1 473 119	1 433 470	1 345 538
Personal Care Services Chamber	1 973 547	1 917 246	1 967 393	1 917 893	1 861 670	1 664 011
Real Estate Services Chamber	165 297	180 885	180 504	185 856	222 183	219 545
Total	3 718 036	3 619 126	3 723 157	3 748 889	3 688 791	3 383 907

Source: Quantec (June, 2021b)

The section below provides a demographic profile of the services sector labour force. The information is gleaned from the QLFS and WSP/ATR. The latter is based on the submission of more than 4000 employers who participate in workplace training. It provides a useful benchmarking against the overall sector as per Stats SA data.

1.6.2. EMPLOYEES' DEMOGRAPHIC PROFILES

The National Skills Development Strategy III (DHET, 2014); and by extension, the National Skills Development Plan: 2030 (DHET, 2020), requires SETAs to pay special attention to the following transformational imperatives: gender, race, age, geography (rural), class, health (HIV&AIDS) and disability. It is therefore important to pay attention to how workplaces address these issues and to what extent. The section below looks at the gender, age, and race profile of the services sector workforce.

a. Gender

International trends on the demographic features of the services sector employees' points bias towards men (Haroon, et al., 2016). This is because industries such as manufacturing, transport, storage, government services, communication

and business are traditionally dominated by men (Ibid). The demographic profile of the services sector as defined by Stats SA is in line with international trends. QLFS (Stats SA, 2020a) indicates that 56% of the labour force in the services sector is comprised of men, see Table 7. This is in line with the disaggregation of data by Services SETA SIC codes which indicates that 57% of the labour force was male.

b. Race

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

³ This data is extracted from Quantec (June 2021) which is calculated from the Stats SA annualized QLFS. Stats SA's withholding of QLFS data at 4-digit level has made estimates less accurate. This information should therefore be understood in this context – it is closest economic data available.

Table 7: Employment by Gender, Race and Age in the services sector

Gender	Services SETA ^{4,5}	National (Stats SA) ⁶
Male	215 759 (57%)	1 487 986 (44%)
Female	159 736 (43%)	1 893 800 (56%)
Total	375 495 (100%)	3 381 786 (100%)
Race		
Black African	261 898 (70%)	2 679 386 (79%)
Coloured	38 334 (10%)	285 039 (9%)
Indian/ Asian	14 276 (4%)	72 097 (2%)
White	59 976 (16%)	345 265 (10%)
Total	375 495 (100%)	3 381 786 (100%)
Age		
>34yr	227 646 (60%)	1 136 424 (34%)
36-54yr	126 681 (34%)	1 894 387 (56%)
>55yr	21 179 (6%)	350 976 (10%)
Total	375 495 (100%)	3 381 786 (100%)

Source: Services SETA Mandatory Grant Data, May 2021, Statistics South Africa, 2021⁸

c. Age

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

d. Disability

According to the WSP/ATR (2021), about 1% of employees had some form of disabilities. The most common form of disabilities mentioned were sight and physical disabilities. The rest of disabilities indicated were others or multiple.

Table 8: Disability status of services sector employees

Disability Status	No (%)
None	4668 (85,9%)
Other	688 (12,7%)
Disabled but unspecified	28 (0,5%)
Hearing (even with a hearing aid)	7 (0,1%)
Physical (moving, standing, grasping)	6 (0,1%)
Intellectual (difficulties in learning)	5 (0,1%)
Sight (even with glasses)	5 (0,1%)
Emotional (behavioural or psychological)	4 (0,1%)
Multiple	2 (0,0%)
Unknown	23 (0,4%)
Total	5436 (100,0%)

Source: Services SETA Mandatory Grant Data, May 2021

4 At Stats SA's 3-digit level

5 At Stats SA's 3-digit level

6 Profile of the Labour Force of Services SETA Levy-Paying Employers

7 At Stats SA's 3-digit level

8 Profile of the Labour Force of Services SETA Levy-Paying Employers

Majority of employees were not free to disclose their disability status.

1.6.3. SERVICES SECTOR OCCUPATIONAL TRENDS

Data from Stats SA indicates that in 2021 the majority of the workforce in this sector was employed at the level of domestic workers (29.2%), followed by salespersons (23.7%) – see Table 9. On the other hand, most of the workforce has not completed secondary education (40.8%), with some having completed secondary education (27.7%). Only 13.4% of the workforce had tertiary education. Of particular interest in the analysis of the educational qualification of services sector labour force, is that the number of completions with no schooling is decreasing, whilst those who have completed secondary education is steadily increasing. These developments suggest that the Services SETA should ensure that there are sufficient qualifications at the higher NQF level to ensure relevance of training interventions. As will be discussed in Chapter 4, a number of initiatives are underway to establish partnerships with universities to help strengthen the pipeline of skills supply.

Table 9: Employment by Occupation and Qualification in services sector⁷

Occupation	Services SETA ⁸	National (Stats SA)
Manager	28 688 (8%)	185 021 (6%)
Professional	28 159 (8%)	136 691 (4%)
Technician	53 515 (14%)	160 687 (5%)
Clerk	62 387 (9%)	239 583 (7%)
Sales and services	33 785 (9%)	800 681 (24%)
Skilled agriculture	20 216 (5%)	0 (0%)
Craft and related trade	4 031 (1%)	77 686 (2%)
Plant and machine operator	46 927 (13%)	66 511 (2%)
Elementary	97 861 (26%)	1 714 926 (51%)
Total	375 570 (100%)	3 381 786 (100%)
Level of Education		
No schooling	227708 (61%)	83177 (3%)
Less than primary completed	126716 (34%)	318214 (9%)
Primary completed	21184 (6%)	155854 (5%)
Secondary not completed		1381026 (41%)
Secondary completed		938242 (28%)
Tertiary		452009 (13%)
Other		53265 (2%)
Total	375 570 (100%)	3 381 786 (100%)

Source: Services SETA Mandatory Grant Data, May 2021; Statistics South Africa, 2021b

Since this sector is predominantly informal, and comprising of a high number of SMMEs, working conditions are below legal requirements. Only 44% of workers have pension funds, paid leave and sick leave. Contribution to UIF is also low at 40% (Quantec, 2021; Data First, 2021). According to WSP/ATR data (2021), 56% of workers are on full time employment and 20% are learners placed on learnership and internship programmes.

Skills development planning at the Services SETA will ensure that interventions are aimed at the most vulnerable workers, especially those at the elementary and domestic worker occupational categories. The impact of COVID-19 with the expected likely retrenchment of workers will be factored in skills development. The proposed skills development levy payment holidays for employers will put further strain on available training budget, thereby requiring more focus on vulnerable workers, including new entrants to the market.

1.7. Conclusion

Chapter 1 demonstrates that the services sector is one of the largest sectors of the South African economy, contributing more than 40% to the GDP (using the Services SETA demarcation) and creating more than 3 million jobs. The sector is facing a negative growth. The management and business services, and cleaning and hiring services subsectors are

particularly affected by this trend. The COVID-19 pandemic has worsened the situation for the economic sector that was already struggling. This implies that the services sector will require greater investment in skills development to support workers facing retrenchments.

The government's Economic Reconstruction and Recovery Plan provides an opportunity to leverage on and to build the services sector. The most promising aspect of the Plan is the undertaking to implement the necessary reforms, removing regulatory barriers that increase costs and create inefficiencies in the economy, securing our energy supply, and freeing up digital infrastructure.

The chapter further demonstrates that the services sector is characterised by strong partnerships between government, labour, and business, as reflected by the participation of these structures/entities in the different governance structures of the Services SETA. These partnerships create, *inter alia*, a conducive environment for research and engagement. Analyses of the labour force within the services sector highlight the need for the Services SETA to implement interventions at the higher level of education to realise growth in the South African economy. This is demonstrated by the fact that, increasingly, the sector is beginning to recruit people with a secondary qualification or higher. There is a need, therefore, to address those skills needs.

CHAPTER TWO: KEY SKILLS CHANGE DRIVERS

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2.1. Introduction

This chapter presents the key skills change drivers that have been identified as those that influence the demand for and supply of skills, either positively or negatively, in the services sector. The implications for skills development in the sector will be outlined. Key skills change drivers were identified through primary and secondary data. The source of primary data involved a survey that was conducted among Services SETA employers. Additional information was collected through stakeholder consultations illustrated in Table 1. These included industry representatives and Services SETA managers. COVID-19, Information and Communication Technology, Globalisation and Economy have been identified as key drivers of change for skills development. Sector skills planning needs to always align to national strategies and plans. This alignment is discussed in the following section. The last section outlines national priorities to which this Sector Skills Plan responds.

2.2. Factors affecting skill demand and supply

2.2.1. 2019 NOVEL CORONAVIRUS

As illustrated in Chapter 1, the impact of COVID-19 (2019 Novel Coronavirus) on companies is likely to be severe. Rasool (2020b) argues that companies will surgically cut costs with the collapse of business activity during the lockdown. We can expect management to assess every aspect of the internal value chain of the organisation. The pandemic has enabled companies to experiment with new organisational architectures during the lockdown. It is no longer necessary for every employee to report to the workplace daily (working remotely). In the aftermath, we can expect organisational structures to change in varying degrees, depending on the nature of business activities. Subsectors impacted and implications for skills development are outlined in Table 10. Skills development interventions will be prioritised to respond accordingly.

Table 10. Skills Implications of COVID-19 on Services Sector

Subsector Impact	Nature of impact	Occupations affected
Personal Care Services	Ability to operate safely	Hairdresser; Beautician; Barber
Labour Recruitment Services	Retrenchments due to company closures	Recruitment manager
Funeral Services	Demand for green funeral Compliance with legislation	Mortician; Funeral Director; Embalmer; Coffin Maker
Cleaning Services	New cleaning techniques	Cleaner; Cleaning supervisor

The implication of this key skills change driver is the impact on the way work is performed (remote working) and the pressure brought on companies to forcefully embrace 4IR.

2.2.2. INFORMATION AND COMMUNICATION TECHNOLOGY

The impact of ICT on the services sector transcends all industries in varying ways. At the core of this impact is the need to do business differently, leveraging on opportunities presented by the Fourth Industrial Revolution. For employers, this means the possibility of reduction in the cost of doing business and creating value for customers. For the workforce, this implies changes in occupations, jobs, and tasks. Some jobs may become obsolete and can be replaced with new ones. This will require retraining of the workforce to avoid possible job losses. The digital communication platforms, the growth of e-commerce, and global industry and customer access are some of the main trends that are driving the services sector.

Table 11. Skills Implications of ICT on Services Sector

Subsector Impact	Nature of impact	Occupations affected
Business Services	Ability to access and use big data	Quality Manager; Business Advisor / Consultant
Cleaning Services	Robotics are likely to perform cleaning chores	Cleaner
Contact Centre	Automation of certain functions	Contact Centre Call Agent
Labour Recruitment	Online recruitment	Recruitment officer
Postal Services	Digitised mail	Delivery driver; mail clerk
Real Estate	Online marketing and contracting	Sale Agent; Property Agent

Technology has had an impact on the design, form, and nature of interaction between sellers and buyers. This impact traverse sub-sectors such as real estate, business management, contact centres, recruitment, and collective bargaining. Subsectors impacted and implications for skills development are outlined in Table 11.

2.2.3. GLOBALISATION

As higher levels of integration due to globalisation continue, business in most sectors is experiencing higher levels of competition. In addition, emerging and developing economies are seen as new engines of growth as companies continue to look for new locations for business investment. Recent real GDP growth projections support this notion. It is further expected that the global Services Sector will continue to drive global trade (World Bank Group, 2016) where contact centres play a significant role in supporting business operations through global process outsourcing.

Table 12. Skills Implications of Globalisation on Services Sector

Subsector Impact	Nature of impact	Occupations affected
Business Services	Business Process Outsourcing (BPO) and increases the demand for skills within the global business environment	Contact Centre Manager; Workforce Planning, Enterprise Resources Planning etc
Personal Care Services	The sector is highly informal and entry into the business is not controlled	Hair dressing; Beautician; Barber
Funeral Services	Having to adhere to other countries' laws on handling and dressing bodies.	Mortician; Funeral Director; Embalmer; Coffin Maker

The Hair Care industry tends to be highly informal and entry into the business is not controlled. Employers in this subsector stated that there were products being distributed in the African market that have been banned in Europe and North America. Trends observed in formal hair care companies is that there was a decrease in the number of young new entrants, an increase in the availability of consumer products and hair care practitioners from across the African diaspora operating in South Africa. Regarding implications for skills planning, there is a growing demand for qualified hairstylists in the Afro hair industry.

2.2.4. CLIMATE CHANGE AND GREEN ECONOMY

As the International Labour Organisation (2018) notes, climate change and other forms of environmental degradation have already caused net negative impacts on jobs and work productivity. It is expected that these impacts are likely to become more pronounced in the coming decades (*Ibid*). Climate change may lead to job and work productivity losses because it increases the frequency of extreme weather events and, more generally, threatens the provision of ecosystem services. At the same time, it presents opportunities for new occupations for the services sector. Several disruptive technologies affect the sector profoundly. Reduced need for washing textiles, biotechnological innovations leading to improved cleaning performance and higher concentrations of environmentally friendly cleaning formulas affect the cleaning sector.

Table 13. Skills Implications of Climate Change on Services Sector

Subsector Impact	Nature of impact	Occupations affected
Cleaning Services	Environmentally friendly products	Commercial cleaner
Personal Care Services	Environmentally friendly products	Hairdresser; Beautician; Barber
Funeral Services	New burial practices	Mortician; Funeral Director; Embalmer; Coffin Maker
Real Estate Services	Green office; eco-friendly building; land development	Property developer; Real Estate Agent

Pressures around protecting the environment, the preservation of natural resources, energy conservation affect the personal care and real estate sectors. Green funerals are becoming the choice for most consumers (Lukstins, 2015)⁹. Local cemetery green burial policies are introducing local burial restrictions to citizens. The hair industry is under increasing pressure to use chemicals that are not harmful to the environment and users.

⁹ Green practices include offering alternatives to chemical embalming, local green burial options, eco-friendly products, such as biodegradable caskets and urns, and other services and products that appeal to the environmentally-conscious consumer.

2.2.5. ECONOMY

As pointed out in chapter 1, the South African economy experienced a serious contraction last year. The COVID-19 pandemic exacerbated an already worse situation. The Services Sector, the backbone of the South African economy, was disproportionately affected by the pandemic. This sector has not fully recovered from these setbacks as demonstrated by the GDP figures of Q1 2021. The decline in the economic growth has had a knock-on effect on the employment situation as many companies closed or were forced to lay off staff to reduce expenditure. The current situation will require innovation to keep businesses afloat and grow the economy. Table 14 illustrate the impact of the economy on the services sector.

Table 14. Skills Implications of Economy on Services Sector

Subsector Impact	Nature of impact	Occupations affected
Business Services	The need to upskill business advisors and consultants, including e-commerce	Contact Centre Manager, Quality Manager; Business Consultant/Advisor
Marketing Services	Changing landscape of the marketing industry	Sales Manager; Sales Representative
Labour recruitment Services	Changing landscape of the labour recruitment industry	Recruitment manager, Recruitment officer
Real Estate	Changing landscape of the real estate industry, including high reliance on ICT	Sale Agent; Property Agent; Property developer; Real Estate Agent

The Economic Reconstruction and Recovery Plan discussed below provides a helpful strategy to drive growth in this sector. The Reconstruction and Recovery Skills Strategy provides further clarity for alignment with skills planning initiatives of the Services SETA.

2.3. Policy Frameworks Affecting Skills Demand or Supply in the Sector

This section looks at the major national plans and strategies that affect the services sector, with emphasis on the implications for skills planning. The Services SETA values the significance of strong alignment between its programmes and the national strategies. Table 15 provides a brief discussion of each national strategy and policies.

Table 15. National strategies/policies and implications for skills development

National Strategy/Policy	Implications for skills development
National Skills Development Plan 2030	The main task of the Services SETA is the implementation of the NSDP. The NSDP is a 10-year plan for skills development in the post-school education and training in South Africa. Its main goal is to improve access to occupations in high demand and priority skills aligned to supporting economic growth, employment creation and social development whilst also seeking to address systemic considerations. This will be realised through 8 Outcomes. Through the SSP and later the Strategic and Annual Performance Plans, the Services SETA will factor these outcomes in its operations.
National Development Plan 2030	The NDP 2030 forms the basis of all national policies and strategies. The South African government plans to stimulate economic development and growth through SIPs. The Services SETA has an integral role to play in terms of using the SIPs as a training platform. As the SIPs are being implemented, they will invariably interface with Project Management Services, Hiring Services, Labour Recruitment, Cleaning Services, Gardening Services, Collective Services such as dispute resolution and wage negotiation services, Business Services and Real Estate Services.
New Growth Path	Services SETA's response to NGP is to identify large infrastructure projects that provide opportunities for sector role-players, employment creation, small business expansion and rural development. In addition, Services SETA will contribute to areas of the economy like the green industry and environmentally friendly production processes by exploring the role that can be played by the services sector. The Services SETA is reviewing current learnerships and qualifications to determine the extent to which they respond to the current skills needs. Work is already underway to fill the identified skills gaps. These include the impact of the 4th Industrial Revolution on cleaning and hiring and communication and marketing subsectors.
Medium-Term Strategic Framework (2019-2024)	The Services SETA, through its Special Projects Department, has targeted small- and micro enterprises, non-profit organisations, and cooperatives to render support as a contribution to the Government's MTSF (2019-2024). A needs assessment identified that the following skills were in demand: business plans development, financial management, project management and marketing. The Services SETA will work with SDPs to expand access to skills development.

Reimagined Industrial Strategy	This policy strong support to spur economic growth and develop potential in both local and international markets (global value chains). Re-industrialisation and localisation hold great potential if successfully achieved, currently South Africa is faced with high unemployment rates and an enormous skills shortage which will obstruct the reindustrialisation drive before it starts. More than 6 million South Africans are unemployed, and youth unemployment remains stubbornly above 50% (Business Day, 2018). Skill interventions required in support of the DTI's IPAP, SEZs and designated trades include those related to contact or call centres and business advising.
White Paper on Post-School Education and Training	The White Paper focuses on improving the quality of the TVET colleges which entails the development of appropriate programmes; upgrading of lecturer qualifications; capacity building for management and governance; improved learner support; utilising appropriate information technology systems for learning and management and building strong partnerships between colleges and employers in the public and private sectors. The Services SETA has forged strategic partnerships with TVET Colleges and Universities aimed at ensuring improved access to quality learning programmes, increased relevance of skills development interventions and building strong partnerships between stakeholders and social partners.
Economic Reconstruction and Recovery Plan	In response to the continued decline in the GDP growth, and debilitating impact of COVID-19 on the economy, the government of South Africa Economic Reconstruction and Recovery Plan. The plan aims to foster an economic rebound from the pandemic and to build the economy of the future. The plan has identified key economic sectors that are likely to drive recovery faster. To support this initiative, the Department of Higher Education, Science, and Innovation has developed s skills development strategy. The Services SETA has identified scarce, and critical skills prioritised by the Department for inclusion in this SSP update. These include: Call or Contact Centre Manager; Data Scientist; Contact Centre Resource Planner; Contact Centre Forecast Analyst; Call or Contact Centre Manager; Inbound Contact Centre Consultant; Outbound Contact Centre Consultant; Contact Centre Real Time Advisor; Call or Contact Centre Agent.

2.4. Addressing National Priorities

Policies outlined above place a greater emphasis on the role of SMEs in propelling economic growth, livelihoods, and jobs. Whilst there is high rates and opportunities for entrepreneurial activity, entrepreneurship is both necessity- and opportunity-driven. Therefore, the needs differ across stages and nature of the venture. This requires applied, interactive, mentoring and peer learning approach to grow their businesses. Against this background, the Services SETA, is forging collaboration with other SETAs and key government departments. The strategy is being developed under the Strategic Partnerships Department.

2.5. Conclusion

This chapter identified COVID-19, Information and Communication Technology; Climate Change, Globalisation, and the Economy as the key change drivers for the services sector. Implications for skills planning for each change driver were outlined. In addition, alignment to national priorities has been demonstrated, as well as specific interventions to address the priorities.

CHAPTER THREE: OCCUPATIONAL SHORTAGES AND SKILLS GAPS

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3.1. Introduction

Chapter 1 defined the services sector and its scope of coverage, economic contributions and challenges posed by COVID-19, employer, and labour force profiles. Chapter 2 identified factors that are driving change in the services sector and influencing skills demand and supply of skills either positively or negatively, alignment to key government policies or programmes and interventions to address national priorities. This chapter focuses on occupational shortages, skills gaps, and occupational supply in the sector. Regarding occupational shortages and skills gaps, the chapter looks at what occupations are hard-to-fill, how many of these hard to fill occupations exist and why these occupations are hard-to-fill. In addition, major skills gaps that exist in the services sector are investigated, by occupational levels.

This is followed by an exploration of the extent and nature of skills supply. This covers the extent of occupational supply, the state of education and training provision and the supply problems that employers experience with the current labour market that is available. The data was sourced from multiple sources such as the DHET's HEMIS/SETMIS data, Services SETA WSP data, Services SETA chamber led research, desktop research and national accounts data.

The last section presents the PIVOTAL list of programmes that the Services SETA will implement to address both occupational shortages, skills gaps, and labour supply challenges. Methods of research employed to identify occupations in the PIVOTAL list will be discussed. The method will outline the process followed to inform the interventions selected to address the occupational shortages; the envisaged outcomes of the identified interventions; the consultative process that was followed to arrive at the listed occupations; the main findings that informed the PIVOTAL list and the order of priority of the occupations.

3.2. Sectoral Occupational Demand

Occupational shortages occur when the demand for workers in specific occupations exceed the supply of workers who are

qualified, available, and willing to work – it refers – to excess demand for workers in specific occupations (DHET, 2020). The strongest indicator or unit to measure occupational shortages is Hard-To-Fill Vacancies. A Hard-To-Fill Vacancy is a vacancy (occupation) that an employer was unable to fill within 12 months, or it took longer than 12 months for the employer to find a suitably qualified and experienced candidate.

On the other hand, skills gaps refer to skills deficiencies in employees or lack of specific competencies by employees to undertake job tasks successfully based on required industry standards (DHET, 2020). The term "top up skills" also refers to skills gaps. It usually requires a short training intervention. Skills gaps may arise due to lack of training, new job tasks, technological changes, or new production processes, to list a few, which need to be addressed.

3.2.1. HARD-TO-FILL VACANCIES

This section presents the list of hard-to-fill vacancies identified within the services sector. The list is informed by desktop literature review of employment and unemployment trends within the sector; analysis of WSP/ATR data submitted by employers, especially the vacancy trends and planned interventions, stakeholder consultation workshops (virtual), and online employer survey to corroborate findings across multiple sources. The list of hard-to-fill vacancies is presented per chamber. The magnitude of demand will be determined at the final submission. The generally slow recruitment process and the lack of experience are commonly cited as underlying reasons. The respondents factored COVID-19 in identifying Hard-To-Fill-Vacancies and skills gaps as evident below.

a. Cleaning and Hiring Services Chamber

The Cleaning and Hiring Services Chamber is one the subsectors that in the main employ entry level workers, except in management positions. It is, therefore, not surprising to note below in Table 16 that there is a high vacancy rate at the senior levels of employment, like manager and inspector or equivalent. Commonly cited reasons are the lack of experience and qualifications. The findings revealed from participants show health and safety occupations emphasized due to COVID-19.

Table 16: Hard-to-Fill Vacancies, Cleaning and Hiring Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-226302	Health & Safety Officer	161	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant experience, Lack of relevant qualifications, Slow recruitment process
2019-121904	Contract Manager	142	Equity considerations, Poor salary, Slow recruitment process
2019-811201	Commercial Cleaner	448	Equity considerations, Lack of relevant qualifications, Slow recruitment process
2019-121206	Health & Safety Manager	100	Lack of relevant qualifications, Slow recruitment process
2019-143902	Cleaning Services Manager	119	Equity considerations, Lack of relevant qualifications, Slow recruitment process
2019-811202	Healthcare Cleaner	1902	Lack of relevant qualifications, Slow recruitment process
2019-515104	Cleaning Supervisor	195	Lack of relevant qualifications, Slow recruitment process
2019-325705	Safety Inspector	161	Lack of relevant qualifications, Slow recruitment process
2019-734201	Earthmoving Plant Operator (general)	104	Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-122105	Service Manager	100	Lack of relevant qualifications, Slow recruitment process

Equity considerations (Red), Poor salary (Yellow), Unsuitable job location (Green), Lack of relevant experience (Dark Green), Lack of relevant qualifications (Blue), Slow recruitment process (Grey), Equity considerations (Dark Purple)

The implication for skills development planning is the need to pay special attention to training at management and senior levels of employment. This observation speaks indirectly to transformational imperatives identified by the DHET (2014). Special attention should be paid to blacks, women, youth, and people with disability.

b. Communication and Marketing Services Chamber

Unlike the Cleaning and Hiring Services Chamber above, Communication and Marketing Services Chamber subsectors attracts people with relatively high level of skills and qualifications. It is, therefore, not surprising that the skills scarcity is concentrated at the highest levels of occupational categories – Manager, Professional and Technical and Associate Professional, see Table 17. The lowest level of occupational

category is Services and Sales Worker – occupational category number 5.

As a result of the skills requirements of these occupational categories, the main reasons employers are struggling to fill vacant posts are the lack of qualifications, experience, and the slow recruitment processes. Equity consideration is one of the top four reasons why employers take too long to fill vacancies, followed by poor salaries. The location of jobs does not seem to be a major factor. Derived as future skills due to advancing technology, the findings highlight IT and multimedia related occupations which are also relevant in situations of COVID-19.

The list below includes occupations identified by the Economic Reconstruction and Recovery Skills Strategy as critical for the success of the Economic Reconstruction and Recovery Plan.

Table 17: Hard-to-Fill Vacancies, Communication and Marketing Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-122301	Research & Development Manager	229	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant experience, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-143905	Call Centre Manager	100	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-216603	Multimedia Designer	1036	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant experience, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-251201	Software Developer	3673	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant experience, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-422206	Call Centre Agent	177	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant experience, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-422201	Inbound Contact Centre Consultant	422	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant experience, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-122103	Director of Marketing	201	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-122201	Advertising/Public Relations Manager	119	Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-243201	Communication Coordinator	481	Equity considerations, Poor salary, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-333908	Marketing Coordinator	448	Equity considerations, Poor salary, Slow recruitment process, Equity considerations
2019-333903	Sales Representative	218	Equity considerations, Poor salary, Unsuitable job location, Lack of relevant qualifications, Slow recruitment process, Equity considerations
2019-421105	Postal Frontline Service Worker	603	
2019-441203	Mail Clerk	1902	

Equity considerations (Red), Poor salary (Yellow), Unsuitable job location (Green), Lack of relevant experience (Dark Green), Lack of relevant qualifications (Blue), Slow recruitment process (Grey), Equity considerations (Dark Purple)

Implications for skills development is the need to pay special attention to transformational imperatives. A disproportional allocation of training budget and interventions should be made to blacks, women, youth, and people with disability. Most importantly, the Services SETA should ensure the availability of relevantly suitable qualifications to address the problem.

c. Labour and Collective Services Chamber

Due to nature of its operations, the Labour and Collective Services Chamber seems to struggle to recruit staff in critical areas of recruitment. Table 18 illustrates that the main reasons for inability to attract relevant staff include equity considerations, lack of experience and the slow recruitment processes. Like other chambers, health and safety officer has become a necessity due to COVID-19.

Table 18: Hard-to-Fill Vacancies, Labour and Collective Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-261105	Conciliation /Arbitration Commissioner	103	
	Dispute Resolution Manager	160	
	Resident Panellist	152	
2019-121204	Recruitment Manager	125	
2019-333302	Recruitment Consultant (Temp & Perm)	218	
2019-121102	Payroll Manager	359	
	Trade union organiser	457	
	Researchers on Worker Related Issues	378	
2019-226302	Occupational Health and Safety Officer	630	
	Trade union officials – Labour law specialists	571	
	Bargaining Council – Designated	218	

Equity considerations (Red) Poor salary (Yellow) Unsuitable job location (Green) Lack of relevant experience (Blue) Lack of relevant qualifications (Grey) Slow recruitment process (Purple)

The skills challenges related to the Labour and Collective Services Chamber imply that the Services SETA should sufficiently invest in Learnership and Internship interventions – with due consideration for transformation. These learning interventions provide prospective employees with sufficient and relevant exposure to the world of work, thereby preparing them for immediate absorption into the labour market.

d. Management and Business Services Chamber

Like other high-skills based subsectors, the Management and Business Services Chamber, seems to be constrained to equity considerations, lack of experience, slow recruitment, and lack of qualifications in attracting suitably qualified incumbents – see Table 19. Skills scarcity is also mainly concentrated at the management and senior occupational categories.

Table 19: Hard-to-Fill Vacancies, Management and Business Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-121905	Programme or Project Manager	156	
2019-121908	Quality Manager	229	
2019-121909	Sustainability Manager	113	
2019-134903	Small Business Manager	185	
2019-242101	Management Consultant	695	
2019-242202	Policy Analyst	448	
	Skills Development Facilitator	426	
2019-411101	General Clerk	457	
2019-441903	Programme /Project Administrator	481	
2019-242101	Business Advisor (Specialisation)	426	
2019-121906	Franchise Manager/ Consultant	603	
	E-Commerce Specialist	1807	

Equity considerations (Red) Poor salary (Yellow) Unsuitable job location (Green) Lack of relevant experience (Blue) Lack of relevant qualifications (Grey) Slow recruitment process (Purple)

The current economic challenges of slow economic growth, juxtaposed to COVID-19 pandemic, mean that skills related to turning around business operations, and consulting will be of higher demand. This is an ideal opportunity for promoting transformation by aiming training interventions at marginalised groups as discussed above. The Services SETA currently has sufficient suit of qualifications and training providers to meet the demand. The training budget might be a constraint, in light of forecasted revenue decline and the need to allocate budgets to COVID-19 related activities.

e. Personal Care Services Chamber

Personal Care Services Chamber is one of the subsectors that does not require high level of qualifications to enter the labour market. Table 20 indicates that the nature of business is mostly informal and small in size. It is not surprising therefore, the scarcity of skills is at the Clerical and Sales Worker, downwards. Congruent with the types of business activities, the main reason for skills' scarcity is the lack of qualifications.

The labour profile of this sector is that it is dominated by women and majority self-taught. These factors by themselves, can be the greatest barrier to growth and sustainability of entrepreneurs with direct impact on the work force.

Table 20: Hard-to-Fill Vacancies, Personal Care Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-514101	Hairdresser	3484	
2019-514204	Nail Technician	422	
2019-516301	Funeral Director	94	
2019-516301	Mortician	573	
2019-641501	Carpenter (Coffin Maker)	573	
2019-514101	Barber	1807	
2019-514205	Make Up Artist	464	
2019-325501	Massage Therapist	218	
	Funeral salesperson	229	
	Dreadlocks Technician	401	
2019-514201	Beauty Therapist	359	
2019-514207	Somatologist	218	
	Assessors & Moderator	573	

Equity considerations Poor salary Unsuitable job location Lack of relevant experience Lack of relevant qualifications Slow recruitment process






The implications for skills development planning for the subsector is the need to pay special attention to employees in precarious employment conditions; part-time employment and businesses vulnerable to closure. The aim should be preparing vulnerable workers for alternative employment or to start their businesses. Women and youth fall under this category. New Venture Creation learning interventions are ideally suited for this subsector.

f. Real Estate and Related Services Chamber

The real estate subsector is one of the small, yet economically strong industries – in terms of GDP contribution and business revenue. At the same time, it is often slated for its slow pace of transformation. Skin colour remains the biggest impediment to entry for blacks. The industry is highly regulated, thereby requiring a fair level of literacy and educational qualifications. It is not surprising that vacancy rates are concentrated at the high-level occupational categories, and that underlying reasons include the lack of relevant experience, followed by the lack of qualifications and equity considerations, respectively, as illustrated in Table 21. Included in this list are occupations identified in the Economic Reconstruction and Recovery Skills Strategy.

Table 21: Hard-to-Fill Vacancies, Real Estate and Related Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-143901	Facilities Manager	66	
2019-331501	Property Valuer	189	
2019-333901	Auctioneer	125	
2019-333402	Real Estate Agent	195	

OFO Code	Hard-To-Fill Vacancy	No	Reasons
2019-333401	Property Manager	264	
2019-642102	Solar Installer	131	
2019-671101	Electrician	205	
2019-642601	Rental Agent	177	
	Property Agent	35	

Equity considerations  Poor salary  Unsuitable job location  Lack of relevant experience  Lack of relevant qualifications  Slow recruitment process 

For the real estate subsector, planning for skills development should consider training employees from historically disadvantaged backgrounds to address transformation of the industry. Training interventions should be aimed at the upper echelons of occupational categories.

3.2.2. ALIGNMENT OF ERRSS OCCUPATIONS

Analysis of the ERRSS reveals that the Services SETA is required to prioritise the following occupations.

Table 22: ERRSP Occupations falling under Services Sector

Name of Occupation	Relevant Qualifications
Call or Contact Centre Manager	NQF Level 6, 7 or 8
Data Scientist	BSc Data Science at NQF 7; PGD in Data Science at NQF 8
Contact Centre Resource Planner	National Diploma: Contact Centre Management, NQF 6
Contact Centre Forecast Analyst	National Certificate: Contact Centre Operations, NQF 4
Call or Contact Centre Manager	National Diploma: Contact Centre Management, NQF 6
Inbound Contact Centre Consultant	National Certificate: Contact Centre Support NQF 2; National Certificate: Contact Centre and Business Process Support NQF 3
Outbound Contact Centre Consultant	National Diploma Contact Centre Management, NQF 6; BTech in Contact Centre Management, NQF 7
Contact Centre Real Time Advisor	National Diploma Contact Centre Management, NQF 5
Call or Contact Centre Agent	Diploma Contact Centre Management, NQF Level 5

Source: (DHET, 2021)

3.2.3. SKILLS GAPS

This section looks at the nature and extent of the demand for skills gaps within the services sector. It draws from literature reviews; employer surveys; WSP/ATR and Services SETA Performance Information data, and stakeholder consultation virtual workshops. There are two broad categories used, namely; soft and technical skills.

Soft skills are a combination of people skills, social skills, communication skills, character or personality traits, attitudes, career attributes, social intelligence, and emotional intelligence quotients, among others, that enable people to navigate their environment, work well with others, perform well, and achieve their goals with complementing hard skills.

On the other hand, technical skills may refer to the knowledge and expertise needed to accomplish complex actions, tasks and processes relating to computational and physical technology as well as a diverse group of other enterprises.

Analysis of skills gaps requirements within the services sector, reveals a similar pattern. There is a strong demand for soft skills at the managerial level, whereas requirement for technical skills is higher at the lower levels of occupational categories. Table 23 lists key skills gaps identified within services sector by magnitude, major and occupational categories.

Table 23: Skills Gaps for the services sector

Skills Gaps	No	Major Group	Occupations
Customer service	5427	Clerical Support Workers	Office clerk/administrator; Call Centre Agent
People management	177	Managers	Corporate Services Manager; Project Manager
Communication	161	Service and Sales Workers	Call Centre Agent; Sales Agent; Rental Sales Agent
Quality management	294	Managers	Project Manager; Quality Manager
Strategic management	459	Managers; Professionals	Corporate Services Manager; Project Manager
Database analytics	1032	Service and Sales Workers	Policy Analyst; Sales Representative
Change management	253	Managers; Professionals	Corporate Services Manager; Small Business Manager
Coaching and mentoring	311	Managers; Professionals	Small Business Manager; Business Consultant
Leadership	459	Managers; Professionals	Corporate Services Manager; Project Manager
Document management	2315	Service and Sales Workers	Marketing Practitioner; Sales Representative
Diversity management	161	Managers; Professionals	Business Manager; Business Consultant
Professional conduct	2670	Service and Sales Workers; Clerical Support Workers	Office clerk/administrator; Call Centre Agent
Computer literacy	162	Service and Sales Workers; Clerical Support Workers	Office clerk/administrator; Call Centre Agent
Data management	1015	Service and Sales Workers	Marketing Practitioner; Sales Representative
Foreign language (Mandarin, Russian, Portuguese)	104	Service and Sales Workers	Office clerk/administrator; Call Centre Agent
Problem solving skills	101	Service and Sales Workers	Office clerk/administrator; Call Centre Agent
Facilitation skills	218	Technicians and Associate Professionals	Skills Development Facilitator; Business Consultant
Time management	98	Clerical Support Workers; Elementary Occupations	Office clerk/administrator; Call Centre Agent
Environment sustainability skills	152	Service and Sales Workers	Marketing Practitioner; Sales Representative
Assessor training	218	Service and Sales Workers	Skills Development Facilitator; Business Consultant
BBBEE legislation	596	Technicians and Associate Professionals	Business Manager; Business Consultant
Work ethics	573	Clerical Support Workers; Elementary Occupations	Office clerk/administrator; Call Centre Agent
Social media	457	Service and Sales Workers; Clerical Support Workers	Marketing Practitioner; Sales Representative

The significance of investment in skills gaps for the success of a business and its workforce, is to ensure that the workforce is adequately trained to cope with the changing demands of their jobs, is underscored by the World Economic Forum (2016) which notes that beyond hard skills and formal qualifications, employers are more often equally concerned about the work-related practical skills or competencies that current or prospective employees are able to perform various job tasks successfully.

Complex problem-solving skills are the most sought-after skills. Technical skills such as Information and Communication Technology literacy and active learning are also critical for optimum performance by employees, as does cognitive abilities and process skills (World Economic Forum, 2016). To

adequately address skills gaps, a mixture of soft and technical skills is preferred. Training for critical skills usually takes the form of short courses delivered in-house or externally. Such programmes, due to their short duration, do not require accreditation and thus does not lead to national qualifications on the NQF.

Findings revealed that skills gaps that could emerge due to Covid-19 include behavioural change (e.g., social distancing), social media, and computer skills. As will be demonstrated below, the Services SETA is making gradual significant investment in Skills Programmes. Investment in this area has grown fivefold in the last seven years. Training investment cuts-across all occupational categories, with substantial bias towards low level occupations.

3.2.4. ALIGNMENT OF ERRSS SKILLS GAPS

The following Skills gaps are addressed in the skills planning process of the Services SETA.

Table 24: ERRSS Skills Gaps

Skills gaps in need of current/short-term intervention (in the next 12 months)	Skills gaps in need of future/long-term intervention (over the next 5 years)
Cloud architecture	Artificial Intelligence
Cybersecurity	Biotechnology
Data centre operations	Blockchain
Desktop support engineering	Data analysis
Enterprise architecture development	Data science
Integrated systems development	Internet of Things
Learning management systems architecture	Machine learning
Network analysis, control, and security	Nanotechnology
Software development engineering	Quantum computing
Systems engineering	Robotic automation

Source: (DHET, 2021)

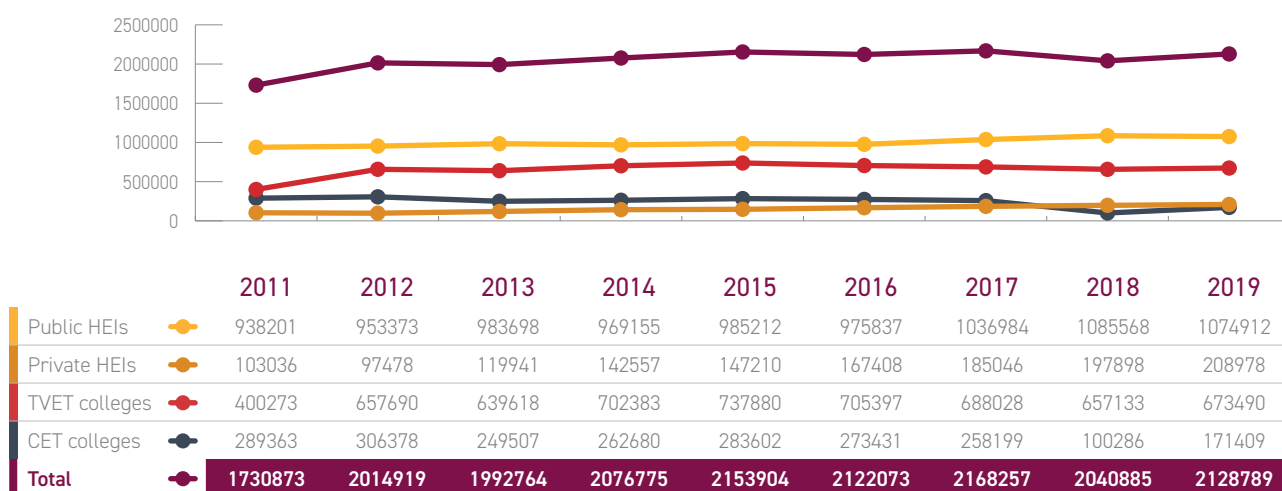
3.3. Extent and nature of supply

3.3.1. THE EXTENT OF OCCUPATIONAL SKILLS SUPPLY

Higher Education and Training Programmes

Skills development ecosystem post-school education and training (PSET) consists of Technical, Vocational Education and Training (TVET), Community Education and Training (CET), private Colleges, public and private universities, and SETAs. PSET is positioned to ensure the pipeline of supply of skills for the labour market. There are 26 public universities, 124 private institutions of higher education, 50 TVET Colleges, 6 CETs, 299 private colleges and 21 SETAs. In addition, there are thousands of small training providers. Altogether, the system enrolled up to 2 532 426 learners in 2018 – see Figure 8. The university system accounted for 1 283 466 (51%) learners. The college system enrolled 977 256 (39%) and the SETA system has about 271 704 (11%) of learner enrolled through various programmes.

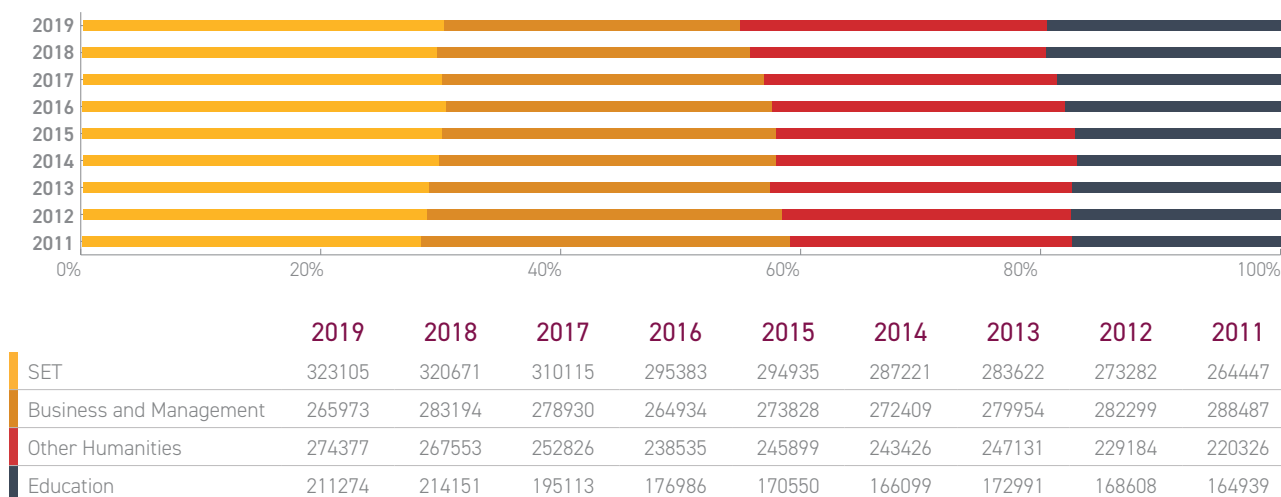
Figure 8: Learner enrolment in public and private HEIs, 2011-2019



Source: (DHET, 2015; 16; 17; 19; 20; 21)

Within the public universities system, the highest intake is within the Science, Engineering and Technology (SET) followed by Business and Management, Humanities and Education disciplines – see Figure 9. From around 2017, enrolment in Business and Management qualification has witnessed a major decrease. The following year, 2018, registered a modest increase.

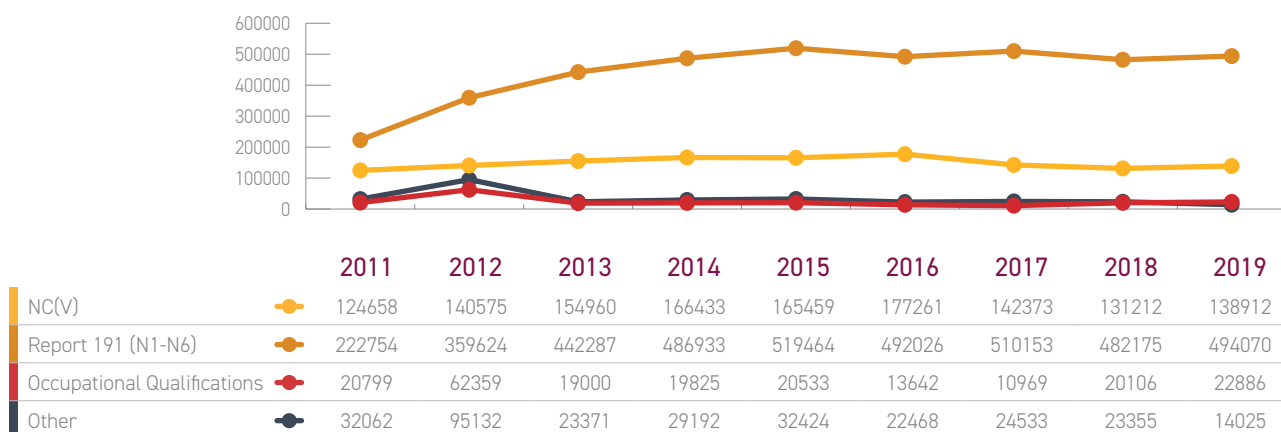
Figure 9: Number of students enrolled in public HEIs by major field of study, 2011 – 2019



Source: (DHET, 2015; 16; 17; 19; 20; 21)

The noticeable decrease in enrolment implies that SETAs will need to strengthen the pipeline of skills supply for the services sector related qualifications over the five years. The low rate of skills supply for the services sector is made pale by the low rate of enrolment of SETA-related qualifications in the TVET College space. For TVET colleges, Occupational qualifications are directly aligned to SETA training facilitation mandate. As Figure 10 illustrates, enrolment in SETA-related qualifications has been the lowest amongst the rest. This state of affairs, once again, highlights the need for the Services SETA to work closely with TVET Colleges to strengthen the pipeline of skills supply.

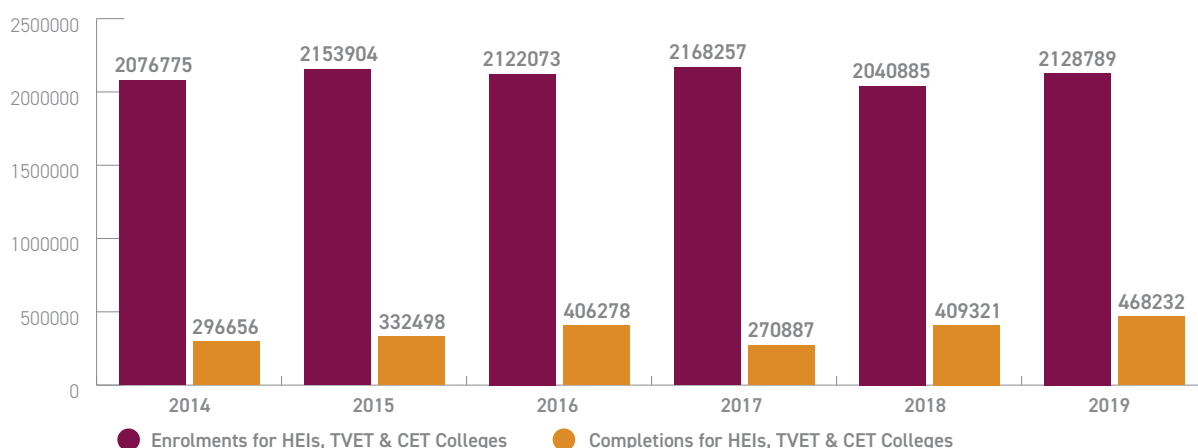
Figure 10: Learner enrolment by type of qualifications in TVET Colleges, 2011-2019



Source: (DHET, 2015; 16; 17; 19; 20; 21)

A comparison of learner enrolments and completion figures in public and private universities, TVET and CET Colleges paints a bleak picture regarding the pipeline of skills supply. As Figure 11 illustrates, completion rates fall far short of enrolment rates. The average completion rate is 16%. A detailed analysis of the data reveals a worrying trend of low completion rates within CET and TVET Colleges, and public universities. Together, these institutions account for more 90% of the student enrolment in the country. A number of trace studies reveal a number of underlying reasons which need to be addressed for the situation to be turned around. Key among them include access to learning materials and the quality of the school-leaving qualifications.

Figure 11: Comparison of enrolment and completion in HEIs, 2019



Source: (DHET, 2015; 16; 17; 19; 20; 21)

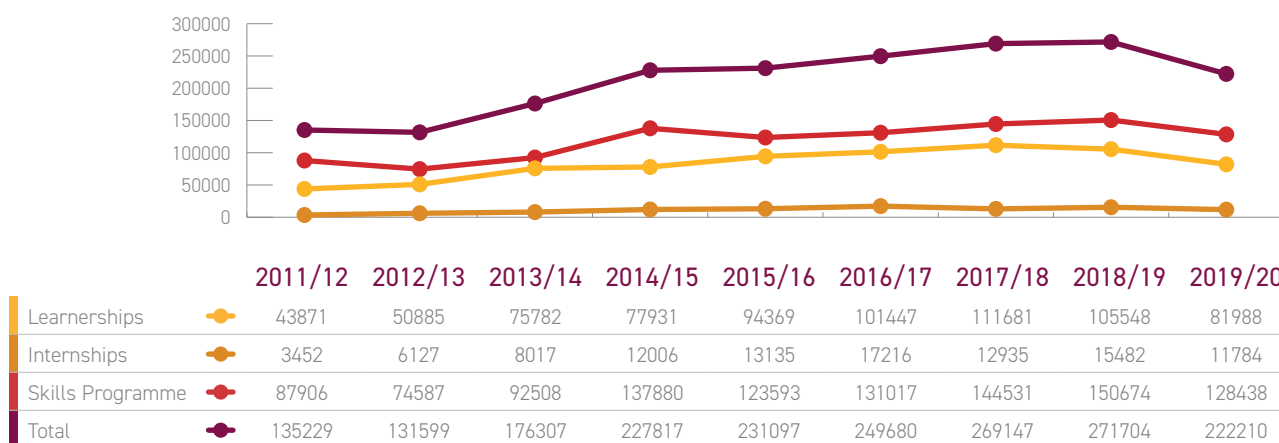
The next section explores the skills supply situation in the Sector Education and Training Authorities space. Like the HEIs, completion rates in the SETA space are worrying. The big challenge in the latter is insufficient workplaces that afford learners experiential learning opportunities. Unlike HEIs qualifications, occupational qualifications offered by SETAs include a workplace learning component.

Sector Education and Training Authorities

There are 21 SETAs responsible for different sectors as determined by DHET – see Figure 12 for the full list and alignment to major industries. There has been a steady increase in the enrolment of learners over the last five years. Enrolment in Skills Programmes has consistently surpassed others, followed by Learnerships. Figure 12 illustrates this picture. These developments could be attributed to the fact that, firstly, the learning pathway is of short duration and mostly targets employed learners. The brief duration of the programme is attractive to employed learners who cannot afford to be away from work.

Secondly, Skills Programmes are top-up learning interventions. Top-up learning interventions are ideally suited for people who are already in a job. The purpose is to empower them in areas where they are lacking, like leadership skills, negotiation skills and advanced computer skills.

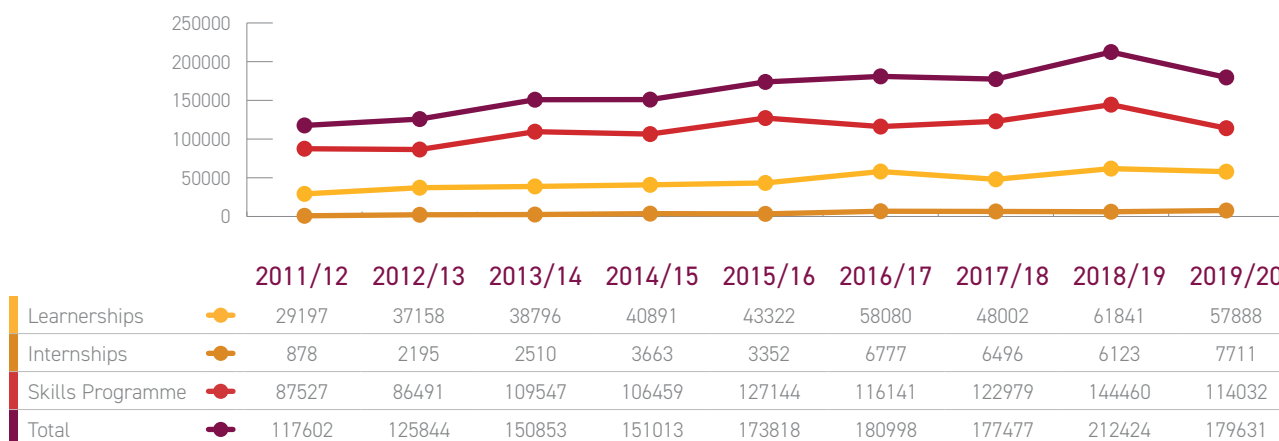
Figure 12: Learner enrolment in all 21s SETAs



Source: (DHET, 2015; 16; 17; 19; 20)

In line with enrolment trend above, Skills Programmes registered highest completion rates followed by Learnerships. Whilst also realising a steady increase in completion rates, Internship programmes' completion rates are far lower than the enrolments as Figure 13 illustrates. This is a problem common across all SETAs that needs closer scrutiny.

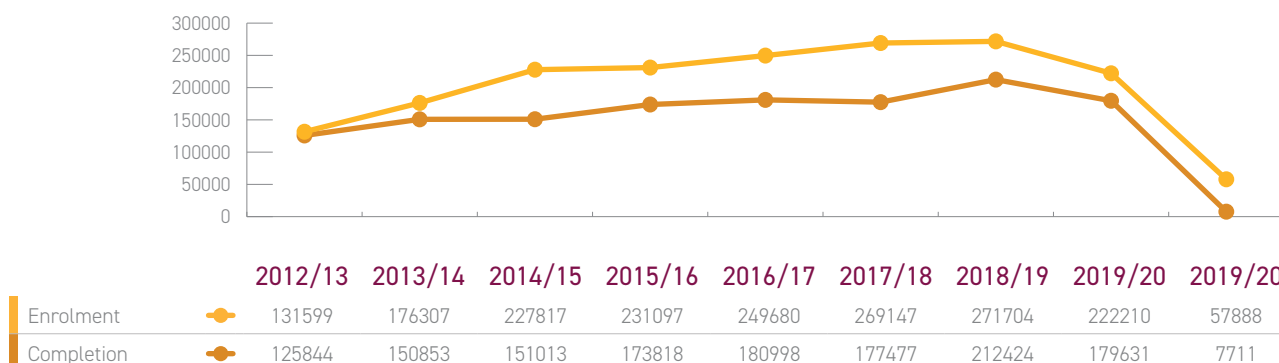
Figure 13: Learner completion in all 21s SETAs



Source: (DHET, 2015; 16; 17; 19; 20)

The discrepancy between enrolment and completion rates is aptly illustrated in Figure 14. The gap between the two is increasing instead of declining. What is even more worrying, is the fact that completion rates appear to decline more instead of increasing or remaining constant.

Figure 14: Comparison of learner total learner enrolment and completion in all 21s SETAs



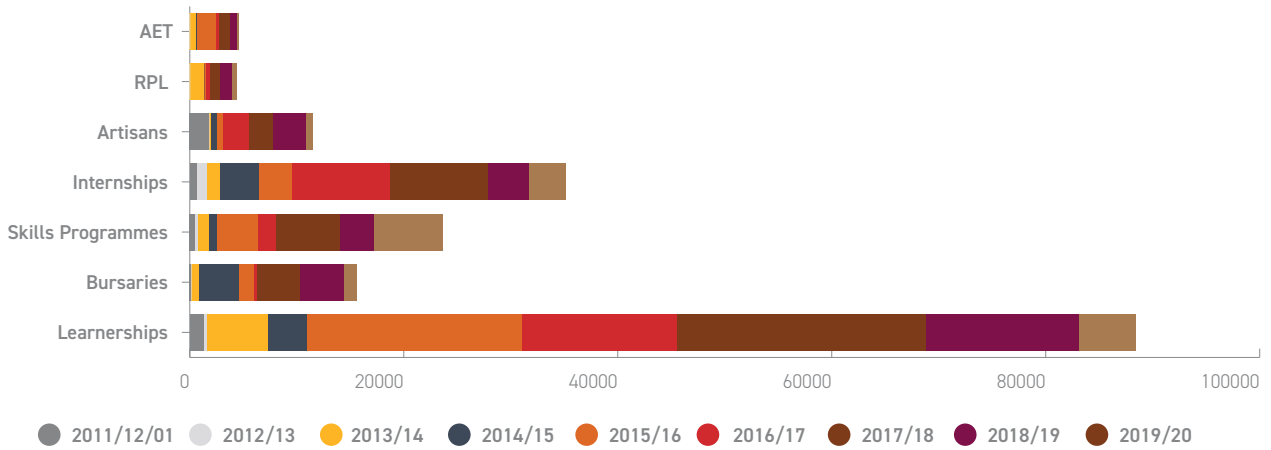
Source: (DHET, 2015; 16; 17; 19; 20)

The overall decline in enrolments and completion within the PSET system places severe pressure on SETAs to enhance the pipeline of skills supply for the labour market. The next section provides an overview of the Services SETA's contribution to the skills supply for the services sector.

Services SETA funded learning interventions

The Services SETA has made noticeable contribution to skills development in the last five years. According to Figure 15, the highest rates of enrolment are in Learnership learning programme, followed by Internship. These two learning programmes are critical, because they mostly benefit youth and women. The latter category is, in most cases, new entrants to the labour market. These programmes equip them with relevant workplace experience and exposure to the world of work.

Figure 15: Services SETA Learner enrolment, 2014-2018

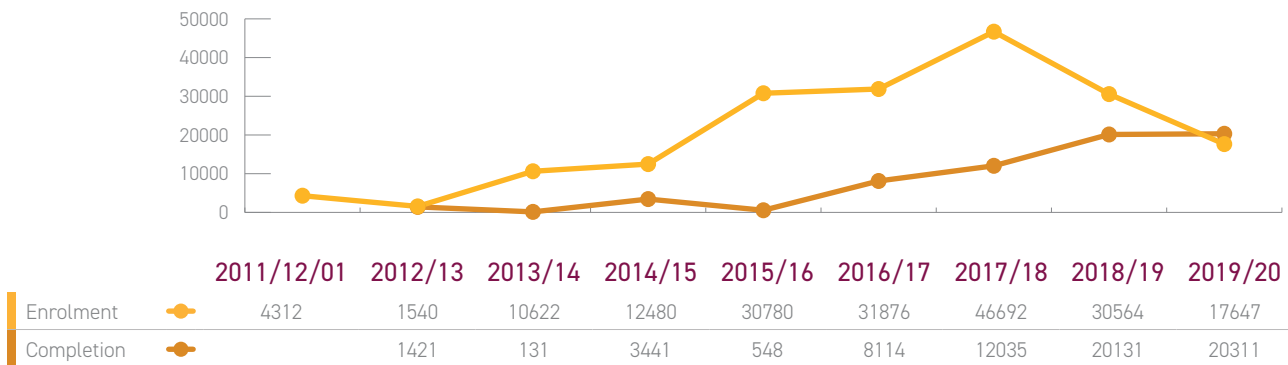


Source: (Services SETA LMIS, 2015; 16; 17; 18; 19)

Another critical area of improvement is Skills Programmes. As discussed above, this programme is ideally suited for already-employed learners who require top-up skills.

Regarding completion rates, the Services SETA, like other SETAs above, falls behind with completion – see Figure 16. Tracer studies revealed a number of reasons for this state of affairs. Key amongst them is the high rate of dropouts (Services SETA, 2018). Learners are often tempted to quit learning programmes when they find employment or receive enrolment acceptance from another SETA, TVET college or university.

Figure 16: Services SETA Learner enrolment and completion, 2014-2018



Source: (Services SETA LMIS, 2015; 16; 17; 18; 19)

The next section looks at the interventions developed by the Services SETA to improve the pipeline of skills supply for the sector.

3.3.2. THE STATE OF EDUCATION AND TRAINING PROVISIONING

Qualification's development and Skills Development Providers

The Services SETA uses public and private entities to provide training in the Services Sector. There were 1 408 public and private SDPs that were accredited by the Services SETA as of 31 April 2018. Gauteng had the highest number of SDPs (947), followed by KwaZulu-Natal (157) and the Western Cape (156). Table 25 illustrates the number of SDPs per Services SETA registered qualification.

Table 25: Number of Services SETA's Qualification by Accredited Training Service Providers

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
1	57712	FETC10: Generic Management	4	97
2	61595	FETC: Business Administration Services	4	50
3	67465	National Certificate: Business Administration Services	3	47
4	59201	National Certificate: Generic Management	5	46
5	71490	National Certificate: Contact Centre Support	2	44
6	49648	National Certificate: New Venture Creation (SMME)	2	41
7	50080	FETC: Project Management	4	39
8	66249	FETC: New Venture Creation	4	37
9	23654	National Certificate: Management	3	33
10	65750	National Certificate: Hairdressing	2	32
11	59097	FETC: Real Estate	4	31
12	65729	FETC: Hairdressing	4	27
13	59276	FETC: Marketing	4	26
14	65749	National Certificate: Hairdressing	3	25
15	65750	National Certificate: Hairdressing	2	25
16	61755	GETC: Business Practice	1	21
17	23833	National Certificate: Business Administration Services	2	17
18	57937	GETC11: Hygiene and Cleaning	1	15
19	20188	National Certificate: Real Estate	6	13
20	93997	National Certificate: Contact Centre and Business Process Outsourcing Support	3	12
21	60780	Ladies Hairdresser (Hairdressing)	Trade	11
22	66249	FETC: New Venture Creation	4	11
23	93996	FETC: Contact Centre Operations	4	11
24	83946	National Certificate: Management	3	10
25	60713	Ladies Hairdressing (Hairdressing)	Trade	9
26	20908	National Diploma: Customer Management	5	7
27	58063	FETC: Labour Recruitment Services	4	7
28	67464	Further Education and Training Certificate: Marketing	4	7
29	80646	FETC: Beauty and Nail Technology	4	7
30	93995	FETC: Payroll Administration Services	4	7
31	20152	National Certificate: Ladies Hairdressing	4	6
32	71489	FETC: Contact Centre Operations	4	5
33	36233	National Certificate: Specialist Hygiene and Cleaning Services	2	4
34	58310	National Diploma: Health and Skincare	5	4
35	67229	National Diploma: Payroll Administration Services	5	4
36	23853	GETC: Domestic Services	1	3
37	48874	National Certificate: Business Consulting Practice	5	3
38	58309	National Diploma: Project Management	5	3
49	93993	National Certificate: Labour Relations Practice	5	3
40	49129	FETC: Management and Administration	4	2
41	58395	National Certificate: Project Management	5	2
42	60781	Gentlemen Hairdresser (Hairdressing)	Trade	2
43	60993	Electrician	Trade	2
44	79626	FETC: Commercial Property and Facilities Management	4	2
45	80546	FETC: Auctioneering Support Services	4	2
46	20175	National Certificate: Hygiene and Cleaning Supervision	3	1

10 Further Education and Training Certificate

11 General Education and Training Certificate

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
47	21787	National Certificate: Funeral Services Practice	3	1
48	21792	National Diploma: Contact Centre Management	5	1
49	48663	National Certificate: Mail Handling	3	1
50	49176	FETC: Business Systems Operations: End User (ERP)	4	1
62	71609	National Certificate: Generic Management: Real Estate	5	1
63	71729	FETC: Public Relations Practice	4	1
64	71751	GETC: Adult Basic Education and Training: Small, Medium and Micro Enterprises	1	1
65	74630	FETC: Generic Management: General Management	4	1
66	93994	National Diploma: Labour Relations Practice: Dispute Resolution	5	1

Source: Services SETA MIS

In order to respond to current skills demand within the services sector, qualifications in the following occupations are being prioritised for registration, development and/or update. These are listed in Table 26 below.

Table 26: Occupations for which qualifications are prioritised

Registered Qualifications for which assessment tools are being developed	Qualifications awaiting registration by QCTO	Qualifications awaiting registration by SAQA
Occupational Certificate: Project Manager	Recruitment Consultant	Hairdresser
Occupational Certificate: Contact Centre Manager	Real Estate Agent	Labour inspector
Occupational Certificate: Garden Service Worker	Payroll Manager	Small Business Consultant / Mentor
Occupational Certificate: Facilities Manager	Funeral Director	Quality Manager
Mortician	Image Consultant	Quality Assurer
Laundry worker	Commercial Cleaner	Healthcare Cleaner
Laundry Sorter	Sales and Marketing Coordinator	Stonemason
Laundry Washer		Office Supervisor
Laundry Finisher		Beauty Therapist
Embalmer		Beauty Technologist
Embalmer Assistant		Body Therapist
Quality Manager		Manual Skincare Therapist
		Eye Grooming Therapist
		Make-Up Consultant
		Nail Therapist
		Temporary Hair Removal Therapist
		Body Care Therapist
		Massage Therapist

Career Guidance

The Services SETA conducts annual career guidance and expo events across the country in order to introduce its offerings to prospective learners. In 2019/20, the Services SETA hosted 18 career guidance events in the current reporting period to promote sector qualifications and facilitate access to skills development opportunities. Annual Performance Plan (2020/21) has a target of 18 campaigns, which include training of schools-based career guidance teachers.

3.4. Sectoral Priority Occupations and Interventions

This section presents the list of priority occupations and interventions – otherwise known as PIVOTAL – for the Services SETA for 2021/22. Identification of the list used primary and secondary research methods. Primary research involved a survey of employers falling under the Services SETA scope, employer interviews, consultations with key stakeholders through workshops, the Services SETA Management, and the Accounting Authority. The secondary research included analysis of WSP data, submitted by Services SETA employers as well as desktop literature reviews.

Literature Review and Performance Information

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

Analysis of performance information constituted one component of the secondary data analysis. Performance information analysis included analysing enrolment data and WSPs. A descriptive evaluation research design was carried to report on enrolled, planned or completed employer-funded and Services SETA-funded skills development interventions between 2012 and 2018. The analysis was based on key measures that focused on access and participation, learner completion, relevance, and skills supply. The WSP and ATR data submitted to the Services SETA by employers between 2013 and 2019 was also analysed to investigate areas of planned training, where training takes place and areas that need interventions through PIVOTAL programme.

Stakeholder Engagement

The Services SETA conducted virtual stakeholder engagements between 3 to 10 May 2021 to compile the draft list. More than 270 company representatives took part in the workshops. The aim of the workshops was to validate the list of hard-to-fill vacancies and skills gaps as generated from the WSP/ATR and employer interviews. The sampling strategy used here was convenient sampling since the participation was limited only to the employers present at these workshops.

The draft list of Priority programmes will be approved by the Services SETA Accounting Authority.

3.4.1. THE MAIN FINDINGS THAT INFORMED THE PIVOTAL LIST

Based on the discussions in Chapters 1, 2 and 3, consideration was given to: (i) Ensuring the pipeline of supply that there are sufficient and relevant qualifications on offer; (ii) That there are sufficient training providers, including assessors and moderators; and (iii) Adequate funding through Discretionary Funding is allocated to PIVOTAL programmes through skills programmes, internships, learnerships and bursaries.

3.4.2. ENVISAGED OUTCOMES FROM THE IDENTIFIED INTERVENTIONS

The aim of the identified Priority list is to close the skills gaps within the services sector. Research reveals that there is a

high vacancy rate in the sector, especially at middle and senior management.

3.4.3. CONSULTATIVE PROCESSES

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

3.4.4. QUANTIFYING THE SETA PIVOTAL LIST

The Services SETA, in consultation with key stakeholders, estimated the quantity of Priority Skills list as reflected in Table 18. The following methodology was followed:

- The top ten occupations were identified for each chamber, based on the average number of planned interventions captured in the WSP submissions to the Services SETA between 2020 and 2021 (excluding submissions where the chamber was listed as “Unknown”);
- The average number of enterprises that submitted WSPs between 2013 and 2020 was determined for each chamber;
- The average number of planned interventions was divided by the average number of WSP submitters, to determine an average number of interventions per enterprise;
- The full population of both levy paying and non-levy paying enterprises operating within Services SETA related sectors was identified per chamber;
- The projections are based on a linear forward projection of planned training interventions, based on the assumption that the average number of planned interventions for the period 2012 to 2020 will also be applicable for future years. No other exogenous factors are considered for these projections.

3.4.5. RANKING OF THE PRIORITY LIST

The ranking of the Priority list of the Services SETA is based on the priority of the Accounting Authority. The magnitude is based on the projection of demand as explained above. Magnitude for planned interventions are based on the available budget. Additional criterion was applied by the Accounting Authority to rank the priority list, namely: Employability (Job Creation), including upward mobility; Skills Transferability Transformation, and; Future Skills. The Priority list is provided in Table 27. The planned number of interventions was finalised after consultations with management, Accounting Authority, and industry.

Table 27: Services SETA Priority Occupations List 2021/22

#	SETA NAME	PERIOD	OCCUPATION CODE	OCCUPATION	SPECIALISATION/ ALTERNATIVE TITLE	INTERVENTION PLANNED BY THE SETA	NQF LEVEL	NQF ALIGNED	QUANTITY NEEDED	QUANTITY TO BE SUPPORTED
1	Services SETA	2022/23	2019-216603	Multimedia Designer	Digital Media Designer/Multimedia Artist/Instructional Designer/Interactive Media Designer	Leamership/Skills Programme	5	YES	1036	520
2	Services SETA	2022/23	2019-251201	Software Developer	Software Architect/ Information Architect Software/ Software Designer/ Software Engineer/ ICT Risk Specialist	Leamership	4	YES	3673	920
3	Services SETA	2022/23	2019-422206	Call Centre Agent	N/A	Leamership/Skills Programme	5	YES	177	100
4	Services SETA	2022/23	2019-811202	Healthcare Cleaner	Low/High/Medium Risk Area Cleaner	Leamership/Skills Programme	5	YES	1902	950
5	Services SETA	2022/23	2019-642102	Solar Installer	Industrial Roof Plumber/Sheet Metal Patternmaker	Bursary/Apprenticeship	6	YES	230	230
6	Services SETA	2022/23	2019-671101	Electrician	Electrical Contractor/Electrician (General)/ Electrical Wireman	Bursary/Apprenticeship	6	YES	80	80
7	Services SETA	2022/23	2019-516301	Mortician	Undertaker/Funeral Practitioner	Leamership/Skills Programme	3	NO	573	280
8	Services SETA	2022/23		Cloud architecture	N/A	Skills Programme	N/A	NO	154	100
9	Services SETA	2022/23	2019-251102	Data Scientist	Data analytic	Skills Programme	5	YES	1023	250
10	Services SETA	2022/23	2019-331501	Property Manager	Facility Manager/ Commercial Property Manager	Leamership	5	YES	189	100

3.5. Conclusion

This Chapter presented occupational shortages and skills gaps with reference to hard-to-fill vacancies as well as the extent and nature of supply. Reasons for hard-to-fill vacancies include lack of qualified people and lack of relevant experience, in the main. The analysis of the pipeline of supply of skills indicates incremental progress as there is a continuous growth in enrolments at learning institutions and Services SETA-funded learner numbers are progressively increasing each year. The Priority (PIVOTAL) list indicates interventions that have been prioritised for implementation. Prioritisation of the list took into account the priority areas of the ERRSS. The final quantity to be supported has been finalised in consultation with the Accounting Authority of the Services SETA.

CHAPTER FOUR: **SETA** **PARTNERSHIPS**

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4.1. Introduction

This chapter reports on existing and new partnerships between the Services SETA and key role players. The Services SETA has entered into partnerships with public, private and non-profit parties in order to deliver skills development for the services sector. Progress on the existing partnerships will be provided. The partnership framework is informed by the NSDP's framework. The NSDP recognises that skills development agenda requires collaborations among key role players in the ecosystem. Business and skills development providers – small and larger; private and public constitute the core of the ecosystem of the post-school education and training system. Figure 17 illustrates the NSDP partnership framework.

Figure 17: Linkage of Education and the Workplace through SETAs



Source: DHET (2009)

The framework acknowledges the importance of improving the relationships between education, training, and work. Workplace-based learning is central in achieving the policy objectives of the post school education and training system. The role of SETAs as intermediary bodies is posited as a key factor in linking the world of work and education.

4.2. An analysis of existing SETA partnerships

4.2.1. SETA PARTNERSHIPS

The Services SETA has established a collaborative partnership with other SETAs, government departments, research centres and universities to promote SMME development listed in Table 28. This initiative involves joint research to identify skills needs of the SMMEs sector and developing relevant qualifications.

Table 28. Inter-SETAs partnership

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
DHET-AgriSETA-Cathsseta-EWSETA-fp&mseta-LGSETA-merSETA-Services SETA-W&RSETA	05 Feb 2020 – 31 Mar 2024	To support the ECD content and product research and development, testing and scale-up intended to improve the relevance and quality of skills development support services rendered to entrepreneurs and SMEs across all economic sectors

This partnership has been successful in bringing together various SETAs with a strong presence in the SMME sector to share research and jointly develop implementing strategies. The challenges include human and financial resources.

4.2.2. HEI'S PARTNERSHIPS

The Services SETA established partnerships with universities, TVET and CET Colleges to strengthen supply of skilled and capable workforce for the services sector.

Table 29: TVET Colleges' partnerships with the Services SETA

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
Motheo TVET College	05 March 2015 to date	Building of Artisan Academy and financial support to trade programmes
TVET Governors Council	1 Apr 2018/19 – 31 Mar 2022/3	Leadership and Governance development
Ikhala TVET College	1 Apr 2017/18 – 31 Mar 2029/30	Funding the renovation of college infrastructure and Services SETA learning programmes
University of Cape Town	2019/20-2022/23	Bursaries for dermatology
Cape Peninsula University of Technology	2019/20-2022/23	Bursaries for TVET College lecturers
University of Pretoria (GIBS)	2019/20-2021/22	Leadership Development

4.2.3. PRIVATE SECTOR AND LABOUR PARTNERSHIP

The Services SETA has entered partnership with the private sector, labour, and State-Owned Entities to support leadership development and transformation in the sector. Current partnerships are listed in Table 30.

Table 30. Private sector and labour partnership

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
CAPES	Apr 2019/20 – 31 Mar 2022/23	Leadership development training to support transformation in the sector
UASA	Apr 2019/20 – 31 Mar 2022/23	Training of shop steward
SATAWU	Apr 2019/20 – 31 Mar 2022/23	Training of shop steward
COSATU	Apr 2019/20 – 31 Mar 2022/23	Training of shop steward

The private sector initiative with CAPES is aimed at promoting transformation in the sector by allocating funding of SMMEs owners and managers. Capacitation of labour representatives is also very crucial for the transformation of the sector.

4.2.4. PARTNERSHIP WITH GOVERNMENT DEPARTMENTS & PARTNERSHIP WITH MUNICIPALITIES

Municipalities provide sites or buildings and basic infrastructure for the purpose of launching a skills development centre. The Services SETA works with local TVET Colleges or Universities to ensure delivery of skills training at these centres. Where necessary, the Services SETA provides financial support to ensure that the centres are of the required standard. In addition to local municipalities and community organisations, the Services SETA works in close relationship with government departments to promote skills development.

Table 31. List of partnerships with public sector

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
Kokstad Municipality	05 March 2015 to date	Development of a Skills Development Centre
Nkonkobe local Municipality	01 April 2015 to date	Development of a Skills Development Centre
Beaufort West Municipality	01 December 2015 to date	Funding of various learning interventions
Mafefe Traditional Council	22 January 2018 to date	Development of a Mini Skills Development Centre
Ga-Phasha Traditional Council	24 January 2018 to date	Development of a Mini Skills Development Centre
Umkhanyakude District Municipality (Cala)	26 April 2017 to date	Development of a Skills Development Centre
Buffalo City Metropolitan Municipality	28 June 2017 to date	Funding of various learning interventions
Ngqeleni Community	22 January 2018 to date	Development of a Skills Development Centre and a Chicken Run Project
Lesedi	22 January 2018 to date	Development of a Skills Development Centre
DSBD-Seda-Sefa-Services SETA	05 Feb 2020 – 31 Mar 2024	Support to SMMEs – training, research, finance, and incubation
Department of Roads and Public Works Northern Cape (Prieska)	09 March 2018 to date	Development and refurbishment of a Skills Development Centre

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
Department of Social Department (Dumbe/Paulpietersburg)	31 March 2016 to date	Development of a Skills Development Centre
Small Enterprise Development Agency (SEDA)	05 Feb 2020 – 31 Mar 2024	To facilitate accreditation of SDPs within the sector on business advising qualifications by using learning material developed by SEDA. The affected qualifications are: National Certificate: Business Advising NQF Level 5, and FET Certificate: Business Advising Information Support NQF Level 4
North West Department of Economic Development, Environment, Conservation, and Tourism (DEDECT)	Apr 2019/20 – 31 Mar 2022/23	To address the twin challenges of high youth unemployment and high failure rate of start-up businesses by implementing self-funded Business Advisory Services learning interventions in the North West province. This will be business advising skills to unemployed youth and create micro business advising businesses to support other SMMEs

4.3. New Partnerships

Participation of TVET Colleges in research is very limited despite the historic role played by colleges in promoting work-integrated learning. To address this weakness, the Services SETA is forging a research partnership with colleges to address work-intergrated learning and occupationally directed qualifications.

Table 32. List of new partnerships

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
Nkandla TVET College	1 Apr 2019/20 – 31 Mar 2022/23	Research on occupationally directed qualifications and WIL
Esayidi TVET College	Apr 2019/20 – 31 Mar 2022/23	Research on occupationally directed qualifications and WIL
Gert Sibande TVET College	Apr 2019/20 – 31 Mar 2022/23	Research on occupationally directed qualifications and WIL
Ikhala TVET College	2020/21 – 2029/30	Partnership to operationalise Cala skills development centre – provide various learning interventions
Community Education and Training - Eastern Cape	2020/21 – 2029/30	Partnership to operationalise Cala skills development centre – provide various learning interventions
Rand Mutual/MDA	1 Apr 2020/21 - 31 Mar 2022/23	Operationalisation of Nggeleni skills development centre
QCTO	2020/21 – 2029/30	Quality assurance: accreditation, development of new qualifications, certification, etc
Nkandla TVET College	Apr 2019/20 – 31 Mar 2022/23	Delivery of furniture and equipment as needed by the college
Bambanana TVET College	Apr 2019/20 – 31 Mar 2022/23	Delivery of furniture and equipment as needed by the college
Thabazimbi TVET College	Apr 2019/20 – 31 Mar 2022/23	Delivery of furniture and equipment as needed by the college

4.4. Planned partnerships

To support the Department of Higher Education, Science, and Innovation to improve access to higher education by the 'missing middle' students, the Services SETA entered into partnerships with Universities South Africa to provide ring-fenced bursary funding. The missing middle are students whose parents earn a combined household income that is higher than the NSFAS threshold, yet are too poor to afford university tuition for their children. The expectation is that Universities in South Africa, an association of South Africa's universities, will identify and allocate funding to such students.

Table 33: Planned partnerships

Name of institution/ partner organisation	Term and duration of partnership	Objectives of partnership
Universities South Africa	2021/22 – 2022/23	Allocation of bursaries to the missing middle
NYDA	2021/22 – 2022/23	Implementation of learning programmes with a focus youth
CETA/MICTSETA/AgriSETA	2021/22 – 2022/23	MOU to jointly implement skills programmes and operationalisation of completed skills development centres

To further address the problem of the NEED (youth not in employment or education), the Services SETA is forging the partnership with the National Youth Development Agent (NYDA) to support youth with skills and business start-ups. Discussions are underway and the MOU will be concluded by the second half of this year. A partnership with CETA/MICTSETA/AgriSETA and WRSETA to jointly use skills development centres to drive skills provisioning is also at an advanced stage. Other SETAs are also being courted in the interim.

4.5. Partnership success factors

Inter-SETA collaboration is critical because SETAs tend to operate in isolation despite the many overlaps of training interventions and qualifications. By bringing other SETAs onboard, the Services SETA is facilitating synergies among SETAs to facilitate implementation of training interventions to ensure wider reach. This is particularly important considering the available training budgets.

Employer participation in skills development is very critical to ensure adequate alignment between skills demand by the industry and supply thereof. The partnership with CAPES is making a profound impact in junior and middle management in

the industry. The focus on SMMEs is also providing the much-needed support in this sector.

4.6. Challenges experienced with partnerships

Challenges facing public HEIs include time, money, and the lack of readiness. This tends to slow down progress. In order to address these challenges, the Services SETA has established a Strategy and Partnership Department. The sole purpose of this department is to drive the partnerships agenda of the Services SETA. A key focus will be on Enterprise Development, Youth and Rural Development and Infrastructure Development.

4.7. Conclusion

The framework for mapping partnerships and stakeholder proposals has highlighted the gaps in existing partnerships and opportunities to explore new partnerships. Further mapping and alignment of the purpose of these partnerships to primary business activities has enhanced prioritisation. The chapter also highlighted best practices for effective partnership for replication across the SETA landscape.

CHAPTER FIVE: SETA MONITORING AND EVALUATION

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5.1. Introduction

This chapter addresses monitoring and evaluation practices at the Services SETA. It also addresses among other things, the approaches to M&E at the Services SETA, the use of performance information and audit outcomes to inform planning, a review of the Services SETA's performance against the previous year's skills priorities. The latter will reflect on progress made, shortcomings and plans to address them.

5.2. Services SETA's approach to Monitoring and Evaluation

The Services SETA's M&E approach is informed by the Policy Framework for the Government-wide Monitoring and Evaluation

System (DPME, 2007). The GWM&E system recognises the role of evaluations, performance information, and social, economic, and demographic statistics in the M&E function. The M&E approach of the Services SETA is further informed by the government approach to planning which places greater focus on outcomes and impact – results-based management framework imbedded within the Theory of Change philosophy. The Theory of Change logical framework and alignment with Services SETA's strategic documents is highlighted in Figure 18. This planning philosophy and approach aims to help the organisation to focus on outcomes and impact as opposed to outputs (numbers) ensuring alignment with the mandate of the government of the day. Such an approach is critical for skills development interventions whose sole aim is to produce quality graduates that contribute to economic growth and social development.

Figure 18: Services SETA's planning, M&E approach



Through business optimisation process, the Services SETA has reorganised the Strategy and Planning function to include Research, Performance Reporting and Verification, Impact Assessment, Chamber Operations and Qualifications Development units, as illustrated in Figure 19. This organisational configuration was informed by the need to strengthen the research, planning, implementation,

monitoring and evaluation functions within the Services SETA to ensure evidence-based decision-making process that result in improved performance and impact. A brief discussion of each unit is provided below, with reference to its role in the planning value chain and the human resources capacity.

Figure 19: Strategy & Planning Department's Organogram



The Strategy and Planning Department of the Services SETA drives research, strategic planning, and monitoring and evaluation. The research, planning, monitoring, and evaluation are placed in the same department allows for seamless execution of the M&E function. The Manager: SSP & SP is responsible for research, SSP, SP and APP updates. The Manager: Performance is responsible for monitoring organisational performance, whereas the Manager: Impact Assessments is responsible for evaluation of the impact of the Services SETA interventions, including operational efficiencies. The Chamber is largely responsible for coordination of research – including impact assessment research – coordination of qualifications development and industry engagement.

To strengthen organisational performance, monthly management meetings are held with managers from other line departments to review performance, identify bottlenecks and propose solutions.

5.3. Use of internal data to inform research and planning

The purpose of this section is to illustrate how the Services SETA uses information from previous year's performance information annual reports and research reports, including tracer studies, and internal and external audits to inform research and planning.

Research forms the basis of the Services SETA's plans. M&E research uses performance reports, formative as well evaluation research to inform key strategic plans such as the Sector Skills Plan, Strategic Plan and Annual Performance Plan. M&E data is used to:

- Assess the effectiveness and relevance and impact of Services SETA's interventions in responding to transformational imperatives.

- Evaluate the implementation of learning programmes targeted at sector occupational shortages list.
- Analyse why intended results are not achieved; thus, gather lessons learnt; leading to recommendations for improvement.
- Provide data for policy development and qualification development.
- To provide data for planning and implementation of future projects.
- To provide reports used to assess the outcomes and impact of NSDS and the Services SETA's strategic objectives.

The Services SETA's Accounting Authority, and the subcommittees, exercise oversight, strategic guidance and organisational performance management using the following mechanisms:

- Quarterly monitoring reviews.
- Accounting Authority Strategic Planning Session
- Governance & Strategy Committee oversight of research, planning and reporting
- Review of annual performance, gaps, and reasons for either under or over achievement
- Updated research agenda and evaluation plan
- SSP development and update
- Strategic Plan and Annual Performance Plan Updated

Section 5.5. discusses measures that have been put in place to strengthen achievements skills priorities. These measures are informed by activities outlined above.

5.4. Prior year reflections

This section examines the extent to which priority actions identified in the prior year's SSP have been achieved. The SSP 2020/21 had identified four priority actions. Significant progress has been made in relation to all priority actions. These action plans informed both the Strategic Plan and the Annual Performance for the 2021/22 financial year. Achievements are outlined in Table 34.

Table 34: Action Plan achievements, 2020/21

Action Plan	1. Promote social and circular economy through entrepreneurship and cooperative development initiatives
Achievement	E-learning programme and content targeting SMMEs has been developed and is in the process of implementation. Inter-SETA collaboration to conduct research on SMMEs skills needs.
Action Plan	2. Increase throughput rate of occupationally directed qualifications through mobilisation of key industry role players
Achievement	In the last financial year, seven occupational qualifications registered. Development of assessment tools is currently underway. There are plans to update/align at least eight occupational qualifications in the current financial year.
Action Plan	3. Improve the pipeline of supply by ensuring relevance of qualifications and capacitation of training providers, including TVET Colleges
Achievement	The Strategic Partnership Department embarked on an ongoing campaign to capacitate service delivery partners with a particular focus on training providers to strengthen the supply-side. Additional effort to strengthen the supply-side include extension of expiry date for active legacy qualifications. As highlighted in Chapter 4, the Services SETA has formed a partnership with TVET Colleges' Governance Council to enhance governance and leadership of TVET colleges. Furthermore, the Services SETA has formed partnership with two TVET colleges; Nkangala and Esayidi to conduct research on occupationally directed qualifications and work-integrated learning (WIL).
Action Plan	4. Expand access to skills development to employees and learners residing in rural and peri-urban areas of South Africa
Achievement	The Services SETA responded to the need to provide skills development initiatives in rural areas. This was done through partnerships with various municipalities, tribal authorities and TVET colleges to ensure that the offerings reach all sectors of society. The following communities benefited from these interventions: Ngqeleni, Emfundisweni, Mkhuze, Ga-Mafefe, Tshisahulu, the Greater Kokstad and Sakhisizwe municipalities, and the National Artisan Development Academy in the Mangaung Metropolitan Municipality in partnership with Motheo TVET College.

5.5. Measures to strengthen achievement of skills priorities

The Services SETA has placed several measures in place to improve monitoring and evaluation function, and to strengthen achievements of skills priorities.

Organisational review: to promote organisational efficiency, the Services SETA has, under the direction of the Accounting Authority, has embarked on business process review which includes the review of M&E function. The M&E function, broadly speaking, sits across various departments such as Planning, Special Projects, Quality Management Division and Learning Interventions and Projects Coordination. The aim is to integrate various existing monitoring, reporting and evaluation policies, processes, and systems under a single framework, that guide decision making and ongoing planning.

Discretionary Grant Policy: the Services SETA is mandated with the task of reviewing the DG policy to improve responsiveness to NSDP and ERRSS goals. The primary goal is to improve mobilisation of industry to participate in work-based learning programmes and to attract quality learners.

Work Integrated learning: In the first place, the Services SETA has embarked on a bi-annual engagement with CEOs of top levy-paying companies to strengthen relationships in order to

secure work placements for learners. Secondly, the Services SETA has entered into a research partnership on WIL with TVET colleges to explore effective delivery models.

Inter-SETA collaboration: The Services SETA has prioritised collaboration with other SETAs to enhanced delivery of skills development interventions. This is particularly important considering skills needs by Services SETA levy-paying employers that require use of qualifications across the SETA landscape. These may include finance, IT, and artisan-related qualifications by way of example.

5.6. Conclusion

This chapter discussed the skills planning process at the Services SETA with reference to institutional arrangements and staffing capacity. It demonstrated the strong alignment between planning and monitoring and evaluation at the Services SETA by ensuring that the functional departments work together and have the same reporting line. Secondly, the chapter reflected on progress against priority actions. All priority actions, except one, have been realised. A plan of action for realising priorities not met has been outlined, along with additional measures aimed at improving planning processes at the Services SETA, have been outlined in the third section of the report.

CHAPTER SIX: STRATEGIC SKILLS PRIORITY ACTIONS

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6.1. Introduction

Chapter 6 highlights key discussion points from Chapters 1, 2, 3, 4 and 5. Drawing conclusions from those chapters, this chapter identifies possible areas of intervention and suggests actions that should be taken to address them. It also responds to measures that have been put in place to support national strategies and plans.

6.2. Findings from Previous Chapters

Chapter 1 highlighted the fact that the South African economy is struggling to grow at the required pace. In fact, the economy might be heading to a recession. Whilst some underlying causes are within the control of the South African government, others are not; like "international trade wars." COVID-19 is expected to exacerbate the already dire situation with serious implications for skills development. On the one hand, the training revenue is likely to decrease due to closure of some companies or retrenchment of staff. Related to the latter, there will be a need to retrain staff facing retrenchment to prepare them for alternative employment.

Despite these challenges, the services sector remains central to the South African economy. This sector continues to lead in terms of contribution to the Gross Domestic Product, at 22%, despite the decline in overall growth rate. The sector creates employment opportunities to more than 3 million people; an equivalent of 28% of the national employment rate. A challenge facing the sector is the fact that it is shedding jobs at the lowest levels of the employment hierarchy; elementary and domestic workers. As pointed out above, this is the area where majority of employees in this sector are concentrated, more than 50%.

This state of affairs has serious implications for skills development; the need to up-skill lower-level workers to improve upward mobility and/or re-employment in other functional areas, such as IT, but most importantly, promoting entrepreneurial development. There is a need to prioritise training in the SMME space to support growth. Research reveals that medium enterprises are more likely to create new jobs than large ones. The establishment of the Strategic Partnership department by the Services SETA to support SMEs, is a timely intervention in this regard.

Chapter 2 addresses key drivers for change of skills development and their impact. COVID-19; Information and Communication Technology; Globalisation and Economy were identified as key change drivers in the services sector. The Fourth Industrial Revolution has a profound impact across sub-sectors and industries. Sub-sectors mostly impacted include; marketing, contact centres, labour recruitment,

business services and cleaning services. The current pandemic has highlighted gaps in the skills of citizens with regards to competencies such as digital literacy and soft skills relating to behavioural change, problem solving and adaptability. In addition, a longer-term view is required toward a just transition, recognising the impacts and social interventions needed to secure jobs as the economy shifts to sustainable production. Planning is required for skills in a green economy.

The skills development system needs to recognise the rapid pace of change and seek to be responsive and proactive. Displaced workers, those losing jobs through business closures, retrenchments and obsolete skills need to be a priority to seek to stem the further growth of unemployment, which has already reached critical levels. Implications for skills development are that the sector needs to respond appropriately and fast enough to ensure access to these developments. There is a need to constantly review current qualifications and the stage of readiness of the training providers. The Services SETA is currently working with the industry to identify new qualifications that can best meet the sector demands. Chapter 2 further highlights the alignment between the Services SETA's skills development initiatives with key national policies such as the National Growth Plan, White Paper on Post-School Education and Training, NSDP, National Development Plan and ERRSS.

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

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

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

Chapter 5 addresses monitoring and evaluation practices at the Services SETA. It emphasises the centrality of performance information and audit reports in informing the decision-making process in the organisation. Key sources of information are the ones derived from the pipeline analysis and risk analysis

and review exercise. This chapter further reflected on the performance of the Services SETA against previous years' skills development priority actions. Four of the five action plans were achieved. Intervention measures have been put in place to realise the five-action plan.

6.3. Recommended Actions

Based on the challenges and opportunities in the services sector that are outlined in chapter one through to chapter five, the following skills priorities have been identified to respond appropriately:

Table 35: Recommended Action Plan, 2022/23

Recommended Action	Explanation
Foster Inter-SETA collaboration and industry partnership to promote SMME development in the services sector	The South African Government's Economic Reconstruction and Recovery Plan and National Development Plan place a strong emphasis on developing small and medium enterprises. Point four of the Nine-Point Plan aims to "[unlock] the potential of small, medium and micro enterprises, cooperatives and township enterprises." The Services SETA aims to work with collaboratively with MICTSETA, FoodBev SETA, FP&SETA, CETA, WRSETA and CATHSSETA to support development and growth and SMMEs. MOUs have been concluded and the relevant SETAs are working concept papers for implementation.
Secure workplace training opportunities working in collaboration with the industry, employers, and the SETA	The Services SETA aims to work closely with industries to implement learning interventions. The priority is mobilisation of industry to participate in work-place based learning initiatives to ensure good quality of workplaces and improved throughput. Collaboration with other SETAs in this space is critically important and will be explored.
Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications	A number of Services SETA qualifications are either outdated, have expired, or are not aligned to QCTOs occupationally directed qualifications framework. Working with the industry and QCTO, the Services SETA will continue to update these qualifications and ensure alignment with the prescribed framework. For the 2021/22 financial year, eight qualifications have been earmarked for either update, alignment, or outright development.
Strengthen alignment between industry needs and Services SETA supply through research, implementation, and structured M&E	Rapid developments in the South African economy as brought about by ICT and COVID-19 requires SETAs to conduct regular and relevant research to inform decision making processes, but to also inform training interventions. The Services SETA will foster closer collaboration with industry partners, business, labour and university research institutions to conduct relevant and up-to-date research. Internal business operations will be streamlined to ensure efficient and effective implementation of learning interventions and timely monitoring and evaluation of impact.
Development of organisational-wide M&E Framework to improve performance management	In order to inculcate the culture of high performance with impact, the Services SETA is developing an M&E framework that integrate both management performance and institutional (delivery) performance standards. The framework will draw from the GWM&E system and frameworks for Evaluation, Performance Standards (Monitoring), and Social, Economic and Demographic Statistics. The Theory of Change will be used to guide the M&E framework to adequately measure the impact of Services SETA's skills development interventions.

6.4. The impact of Fourth Industrial Revolution

The world of work beyond 2022 will be significantly different from the workplace of today. Therefore, it is crucial for the PSET system to appreciate these major shifts to cultivate a skills planning system that will ensure programming that will endure the turbulence of the next five to 10 years. There is clear evidence that the technologies that underpin the Fourth Industrial Revolution are having a major impact on businesses and the world of work. Two priorities, for the Services SETA, are therefore to:

- Engender a deliberate programme aimed at stimulating sufficient understanding of disruptive changes eminent within the services sector;

- Resulting from the former, cultivate a workforce development strategy that is aligned to the unravelling innovation across the sector.

More specifically, in order to effectively engender a 4IR outlook to skills development the Service SETA will push for:

- Less onerous instruments for workforce training; which prepare individuals to move more easily across occupations – rather than training them for specific occupations on the Organising Framework for Occupations (OFO).

- Reshaping of industry thinking away from a compliance approach towards SETA interventions while encouraging interventions that are premised on developing the specific skills workers require to apply unfamiliar disruptive technologies to innovative projects.
- Identifying, funding, and supporting priorities that equip individuals to create their own work, instead of preparing them for the job market.
- The Services SETA has designed and launched an online learning platform to facilitate the provision of skills development training interventions.
- The 4IR will also mitigate against the impact of COVID-19 on training interventions by ensuring the provisioning of training opportunities remotely to protect learners against possible exposure to the disease.

In line with the Institute for the Future thinking, the Services SETA will endeavour to incorporate a futuristic approach to qualifications development; an opportune time as the transition to occupational qualifications is being fast tracked.

6.5. Measures to support national strategies and plans

This section discusses national strategies and plans to which Sector Skills Plan is aligned. It will also provide examples of interventions put in place to support this initiative.

NATIONAL SKILLS DEVELOPMENT PLAN, 2030

The Services SETA has (i) established two university research chairs, namely M&E Research Chair (Rhodes University) and OFO Research Chair (REAL, WITS). It is supporting 16 Skills Development Centres across the country, with special focus on rural areas. It has collaborated with Motheo TVET College and the Construction SETA to construct a National Artisan Academy in Mangaung. An Entrepreneurship and Cooperative Development Institute has been launched support SEDA, SEFA in growing SMEs.

REIMAGINED INDUSTRIAL STRATEGY

This policy strongly supports economic growth and developing potential in both local and international markets (global value chains). Re-industrialisation and localisation hold great potential if successfully achieved, currently South Africa is faced with high unemployment rates and an enormous skills shortage which will obstruct the reindustrialisation drive before it starts. More than 6 million South Africans are unemployed, and youth unemployment remains stubbornly above 50% (Business Day, 2018). Skill interventions required in

support of the DTI's IPAP, SEZs and designated trades include those related to contact or call centres and business advising.

ECONOMIC RECONSTRUCTION AND RECOVERY PLAN

The Economic Reconstruction and Recovery Plan aims to boost economic growth following the long spell of negative growth, exacerbated by COVID-19. The Plan identifies key sectors of the economy that require urgent attention. The services sector is one of the industries identified. The DHET's ERRSS identifies key occupations and skills gaps required to support the implementation of the ERRP. The Services SETA has identified these occupations and skills gaps for inclusion in the current SSP.

To support this initiative, the Department of Higher Education, Science, and Innovation has developed skills development strategy. The Services SETA has identified scarce, and critical skills prioritised by the Department for inclusion in this SSP update. These include: Call or Contact Centre Manager; Data Scientist; Contact Centre Resource Planner; Contact Centre Forecast Analyst; Call or Contact Centre Manager; Inbound Contact Centre Consultant; Outbound Contact Centre Consultant; Contact Centre Real Time Advisor and Call or Contact Centre Agent. These lists of scarce and critical skills have been incorporated in the lists of hard to fill vacancies, skills gaps, and priority list for implementation in the next financial year. Efforts are also underway to accommodate these lists in the 2021/22 financial year.

6.6. Conclusion

This chapter provides a summary of chapters 1-5, with particular emphasis on implications for skills development, and interventions developed by the Services SETA to respond to these implications. Current and planned intervention include:

- a. Foster Inter-SETA collaboration and industry partnership to promote SMME development in the services sector.
- b. Secure workplace training opportunities working in collaboration with the industry, employers, and the SETA
- c. Work with QCTO and industry role players to complete and implement registered occupationally directed qualifications.
- d. Strengthen alignment between industry needs and Services SETA supply through research and structured M&E.
- e. Development of organisational-wide M&E Framework to improve performance management

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ANNEXURE A: CONTINUOUS IMPROVEMENT PLAN

SECTOR SKILLS PLAN

2021|22 -
2023|24



SSP 2022|23 Update



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1. Introduction

The revised Sector Skills Plan Framework and Guidelines issued by the Department of Higher Education and Training in 2020, requires SETAs to submit a Continuous Improvement Plan (CIP) accompanying each Sector Skills Plan (SSP) update. This CIP has been prepared in line with the prescribed format of the revised Framework. The first section of the CIP highlights areas of improvement that were identified in the 2021/22 submission. The second section discusses the CIP Matters as recommended by the DHET. The final section presents the approval by the Chairperson of the Accounting Authority.

2. Progress

The SSP 2021/22 CIP highlighted the need to strengthen the methodology employed in identifying hard-to-fill vacancies and skills gaps to ensure meaningful participation by industry stakeholders, and to investigate the impact of COVID-19 on the services sector and implications for skills planning. This recommendation was addressed through triangulation of findings by using:

- i. A survey on the impact of COVID-19 on the services sector employers
- ii. Industry consultations:
 - a. Cleaning & Hiring Services Chamber - 03 May 2021
 - b. Personal Care Services Chamber - 04 May 2021
 - c. Labour & Collective Services Chamber - 05 May 2021
 - d. Management & Business Services Chamber - 06 May 2021
 - e. Communication & Marketing Services Chamber - 07 May 2021
 - f. Real Estate Services Chamber - 10 May 2021
- iii. A research on skills demand and supply analysis for the

Services Sector

- iv. Internal consultations:
 - a. Management Consultations – May-Jun 2021
 - b. Governance, Risk and Strategy Committee – 9 June 2021 & 26 July 2021
 - c. Accounting Authority – 28 July 2021

The following research projects are outstanding and will be finalized during the submission of the final SSP 2022-23.

- a. In-depth analysis of Workplace Skills Plans and Annual Training Reports;
- b. Employer survey;

Feedback from the Review Panel, established by DHET, and DHET's Skills Planning Branch, highlighted the need to strengthen Chapter 4: SETA Partnerships. A concerted effort has been made to strengthen this chapter by ensuring that all existing and planned partnerships are listed and sufficiently described – that is, the nature and purpose of partnerships.

A further improvement has been the close collaboration between Strategy and Planning Department and the Mandatory Grant Unit. This collaboration has helped improve the quality and integrity of WSP/ATR data for use to update the SSP 2022-23.

More work is being done to the Services SETA Learner Information Management System in order to improve the integrity of learner and employer data for use in the SSP 2022-23 update. The system has been synchronised with the DHET's Sector Education and Training Management Information System. This development has helped to strengthen the integrity of the Services SETA data.

Lastly, the Services SETA has sought to align this SSP update to the Economic Reconstruction and Recovery Plan.

3. CIP Matters

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
3.1. Research Agenda and Strategy	The Research Agenda 2022/23 has been updated. The update took into account planned research	Five research projects were undertaken in the past financial year: 1. Services Sector Skills Demand 2. Employer Survey 3. Learner Tracer Study and 4. Supply Analysis; Impact of COVID-19 on the Services Sector and Sector Skills Plan 2022-23.	Following research projects have been prioritised for 2022-23: 1. Sector Skills Plan 2023-24 2. Impact of COVID-19 on the services sector – follow-up 3. Skills Demand for SMEs 4. Learner Tracer Study 5. Research into WIL and occupationally directed qualifications
3.2. Collaboration	Collaboration with TVET Colleges: The SETA has entered into a capacity building partnership with the TVET Colleges Governors Council	COVID-19 delayed implementation of the project. Implementation has been revised and agreed upon	Appointment of service providers for various milestones
	Inter-SETA collaboration to support growth and development of SMMEs	MOU entered into with five SETAs	Plan of Action to be finalized this financial year.
	Services SETA has entered research partnership with three TVET Colleges on WIL and occupationally directed qualifications	Draft research concept paper finalized by the Services SETA Strategy & Planning Department	Draft research concept paper to be circulated among research partners for inputs and implementation
3.3. Improving Data Sources	Mandatory Grant: Stakeholder database is not up-to-date resulting in key stakeholders missing out on Mandatory Grant-related information	Substantial progress has been made in cleaning up the database. Availability of staff at home due to COVID-19 restrictions allowed easy access	The database is updated on an ongoing basis
	Performance information: The Services SETA is experiencing a challenge with regard to the quality of performance information data	The SETA worked on synchronising the LMIS system with SETMIS. The SETA's LMIS system has been enhanced to enable the organisation to upload learner performance information data on SETMIS	Ongoing enhancements to the system are being effected to improve the quality of data
	Stakeholder information: Stakeholder information is sufficiently up-to-date	Provincial offices update stakeholder information on a quarterly basis	The action plan is ongoing to ensure 100% reach
	Primary research: The Services SETA conducts regular research to understand trends in the services sector which have an impact on skills demand and supply.	Five research studies were conducted this year. Findings from these research studies were used to update the current Sector Skills Plan. The Services SETA Research Agenda has been updated.	A follow-up research on COVID-19 is envisaged. Collaborative research with TVET partners is also envisaged.
	Services Sector stakeholders require regular update and capacitation on the use of OFO Code	No OFO Code capacitation workshops took place due to COVID-19	Online capacitation workshops are envisaged for the current financial year.
3.4. Organising Framework for Occupations (OFO) and Sector PIVOTAL list			
3.5. Developing mechanisms for Skills Planning	The Services SETA annually conducts employer surveys and learner tracer studies to strengthen skills surveillance	A tracer study and employer survey were carried out last year as per the Research Agenda	A tracer study and employer survey are planned as per the Research Agenda
3.6. Alignment with Government Priorities	The Government of SA developed an Economic Reconstruction and Recovery Strategy to respond to the impact of COVID-19 on the economy. An Economic Reconstruction and Recovery Skills Strategy aims to ensure adequacy of skills supply	The SSP 2022-23 is aligned to ERRP and ERRSS. Priority Skills List is aligned to ERRSS	The Services SETA will prioritise the implementation of ERRSS scarce skills list to support government initiatives

MATTER	CURRENT STATUS	PROGRESS MADE	ACTION PLAN
3.7. Research Capacity in the System	Planning Department: The Planning Department is responsible for research, monitoring, evaluation and sector coordination	The Services SETA has strengthened the research capacity with the incorporation of chamber coordination and qualifications development	There are plans to strengthen the project monitoring and evaluation unit
	External Service Provider: The scope of the Services SETA is very large requiring support from external services providers to carry out research	The Services SETA works with private and university-aligned research entities to carry out research on skills demand and supply	The Services SETA plans to conduct a follow up study on the Future of Jobs, and impact of COVID-19 on the services sector
	Research Reference Group: The Services SETA established a Research Reference Group for every research project to strengthen quality and oversight	Research reference groups were established for SSP Research and the skills demand and supply research study	The Services SETA will continue to establish a Research Reference Group for each research study to strengthen oversight and quality of outputs
3.8. Career Advice System	The Services SETA runs a series of career exhibitions and outreach programmes through the Corporate Services Department. The Provincial offices, located in all the nine provinces with two offices in Eastern Cape, also support the outreach programmes and are the closest port of call for learners and employers	The Services SETA undertook 18 career guidance events	The target for the current financial year is 18. Special attention will be paid to rural areas, including career guidance workshops and training of school-based career counselors
3.9. Role of Accounting Authority in the Development of the SSP	The Accounting Authority (AA) of the Services SETA approves the SSP. Key research findings that inform the SSP and all drafts of the SSP are presented to the AA for discussion and ultimately adoption. The AA of the Services SETA also approves the Research Agenda	A consultation with the Governance Risk and Strategy Committee of the Accounting Authority took place on 09 June 2021	Further consultations are envisaged prior to final submission of the SSP on 01 August 2021
3.10. Stakeholder Engagement in Preparation for the SSP	Key stakeholders participate in various stages of the SSP, including the formative research	Stakeholder workshops were held in the development of SSP 2022/23 updates as outlined in the SSP	Feedback sessions have been planned to update stakeholders

4. Conclusion

The Services SETA has strengthened the use of primary research to update SSP 2022/23. Improvements in the research methods include employer surveys, virtual chamber skills analysis to enhance the quality and credibility of data.

Interactions with key stakeholders through industry engagements had to adapt new ways of interacting via virtual mode as face-to-face contact was impacted by Covid-19. The Governance Risk and Strategic Committee made valuable contribution to the Research Agenda.

The Services SETA has strengthened inter-SETA collaboration in research and policy to strengthen the Post-School Education

and Training system by establishing research partnerships with three TVET Colleges.

Alignment to the Government's ERRP and ERRSS has been to support Government policies and programmes to grow the economy during and beyond COVID-19.

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

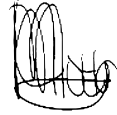
5. Approval

This CIP has been informed by the research agenda originally adopted by the Governance Risk and Strategic Committee and updated in accordance with implementation developments. It is submitted as an annexure to the Services SETA Sector Skills Plan 2022/23.

Approved by:

MS MAMABELE MOTLA

Executive Manager: Strategy & Planning



Signature

Date: 30 July 2021

MR MENZI FAKUDE

Chief Executive Officer



Signature

Date: 30 July 2021

MR STEPHEN DE VRIES

Chairperson: Accounting Authority



Signature

Date: 30 July 2021

ANNEXURES B: SERVICES SETA STAKEHOLDERS

SECTOR SKILLS PLAN

2021|22 - 2023|24



SSP 2022|23 Update



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Services SETA employers and their services

Business	Allied Nursing Association of South Africa	ANASA
Business	Association of BEE Verification Agencies	ABVA
Business	Direct Marketing Association of South Africa	DMASA
Business	Employers Organisation for Hairdressing Cosmetology and Beauty	EOHCB
Business	Federation of African Professional Staffing Organisation	APSO
Business	SA Institute of Auctioneers	SAIA
Labour	Hotel Liquor Catering Commercial and Allied Workers Union	HOTELICCA
Labour	Institute of Estate Agents of South Africa	IEASA
Labour	International Festivals and Events Association Africa	IFEA
Labour	Office Professionals of South Africa	OPSA
Labour	South African Transport and Allied Workers Union	SATAWU
Labour	United Association of South Africa	UASA

CHAMBER COMMITTEE ORGANISATIONS NOT PART OF ACCOUNTING AUTHORITY

Constituency	Name of Organisation	Abbreviated name
Business	Afro Hairdressing and Beauty Employers Association of South Africa	AHBEASA
Business	Black Economic Empowerment Cleaning Association	BEECA
Business	Constructional Engineering Association of South Africa	CEA
Business	Employers Association of Afro Hairdressing and Cosmetology of South Africa	EAAHCSA
Business	Exhibition and Event Association of Southern Africa	EXSA
Business	National African Federation Chamber of Commerce	NAFCOC
Business	National Association of Bargaining Councils	NABC
Business	National Association of Managing Agents	NAMA
Business	National Contract Cleaners Association	NCCA
Business	National Funeral Directors Association	NFDA
Business	National Property Forum	NPF
Business	Project Management South Africa	PMSA
Business	Real Estate Business Owners of South Africa	REBOSA
Business	South African Funeral Practitioners Association	SAFPA
Business	South African Institute of Black Property Practitioners	SAIBPP
Business	South African Institute of Valuers	SAIV
Business	South African Payroll Association	SAPA
Business	South African Property Owners Association	SAPOA
Business	South African Quality Institute	SAQI
Business	South African Textile Services Association	SATSA
Labour	Commission for Conciliation Mediation and Arbitration	CCMA
Labour	National General Workers Union	NAGEWU
Professional Body	Business Process Enabling South Africa	BPESA
Professional Body	Contact Centre Management Group	CCMG
Professional Body	Estate Agency Affairs Board	EAAB
Professional Body	Institute of Work at Height	IWH
Professional Body	Marketing Association of South Africa	MASA
Professional Body	Public Relations Institute of South Africa	PRISA
Professional Body	South African Institute of the Interior Design Professions	IID

Annexure C: Research Agenda 2021-24

30 July 2021

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Glossary

DHET	Department of Higher Education and Training
FET	Further Education and Training Institutions
FSC	Financial Sector Council
HEIs	Higher Education Institutions
HSRC	Human Sciences Research Council
NDP	National Development Plan
NSDS	National Skills Development Strategy
NQF	National Qualifications Framework
PSET	Post-school Education and Training
SAQA	South African Qualifications Authority
SETAs	Sector Education and Training Authorities
TVET	Technical Vocational Education and Training

Authorisation of the Research Agenda

I, the undersigned, hereby approve, on behalf of the Services SETA the contents of the draft Research Agenda for the 2020/21-2023/24 period.

Approved by:

MS MAMABELE MOTLA

Executive Manager: Strategy & Planning



Signature

Date: 02.08.2021

MR MENZI FAKUDE

Chief Executive Officer



Signature

Date: 02.08.2021

MR STEPHEN DE VRIES

Chairperson: Accounting Authority



Signature

Date: 02.08.2021

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1. Introduction

The Services SETA is established in terms of Section 9(1) of the Skills Development Act of 1998 (as Amended). It has the core functions of developing a Sector Skills Plan (SSP); implementing the SSP through approving workplace skills plans; allocating grants to employers, providers and learners; establishing learning programmes, and monitoring education and training in the sector.

The services sector, in the South African skills development context, refers to a cluster of 70 SIC codes which have been determined by the Minister of Higher Education and Training, as falling within the scope of the Services SETA. It should be distinguished from the tertiary sector of the economy, which is more commonly known as the services sector in economic analyses or media reports. The ministerial determination of the Sector SIC codes has delineated a sector unique to South Africa's skills development.

For operational purposes, the Services SETA has clustered the 70 SIC codes into 16 subsectors and six chambers as illustrated in Figure 1.

Figure 1. Services SETA Chambers and Sub-sectors

	Cleaning & Hiring Services	<ul style="list-style-type: none"> • Hiring services • Household services • Cleaning services • Domestic services
	Communications & Marketing Services	<ul style="list-style-type: none"> • Marketing services • Contact Centres • Postal services
	Labour & Collective Services	<ul style="list-style-type: none"> • Labour Recruitment Services • Collective Services
	Management & Business Services	<ul style="list-style-type: none"> • Business Services • Project Management
	Personal Care Services	<ul style="list-style-type: none"> • Hair care • Beauty Treatment • Funeral services • Fashion
	Real Estate & Related Services	<ul style="list-style-type: none"> • Real Estate Services

The Planning Department of the Services SETA is primarily responsible for the development of the Sector Skills Plan and engaging in skills development research required to underpin

the development of appropriate interventions to meet the demands of the sector. The unit is further responsible for producing the Strategic Plan (SP), Annual Performance Plan (APP) and Annual Operational Plan.

This Research Agenda aims to position Services SETA as the research partner of choice for all skills development research within the services sector. It furthermore, seeks to respond to the National Skills Development Plan (NSDP) outcomes and principles.

2. Why a Research Agenda

Post School Education and Training should be planned, executed, and assessed by scientific methods in order to guarantee effectiveness. As such, one of the main measures is to study and understand the required interventions of an effective PSET system. In fact, identifying the required knowledge, skills and capacities demanded by industry requires scientific research. It is needless to say that efficient development and quality enhancement of PSET programs can be fulfilled more effectively by scientific research, because research findings increase the confidence in plans and their objectives achievement.

Research on PSET should be based on one of the main processes of a training system that is planning, performing, reporting and evaluation. Planning of PSET is one of the main stages of the process and its basis is related to educational needs which should be collected and applied by scientific methods. In other words, educational needs assessment can be helpful in increasing effectiveness of learning programmes. Research, therefore, plays a vital role in the overall development of pedagogy, learning programs, and policy formulation.

The primary purpose of this research is to expand the existing body of knowledge by providing solutions to the challenges faced national system of education and training but also to innovative new mechanism for delivery and success. The Services SETA wishes to ensure that a significant volume of high-quality research engages with and contributes to the government's goal of reducing the skills bottlenecks in the country, especially in priority and scarce and critical skills areas, and improving low participation rates in the workplace training.

3. What will a Research Agenda Achieve

Research Agenda can be defined as a roadmap or framework that guides inquiry. A research agenda may be both global and specific. Ideally it is used to specify gaps in knowledge

in a specific area and serves to guide the direction and development of new projects and research questions. A clear research agenda serves two important purposes. First, it can help you communicate to others what you study and the area in which you have developed (or are developing) expertise. Second, it serves to guide your decision-making about what projects or specific research questions to pursue.

This Research Agenda sets out the research needs of the Services SETA for the period April 2021 to March 2022. It has been developed to:

- 3.1. Inform planning processes within the Services SETA;
- 3.2. Support the annual production of the Services SETA Sector Skills Plan Update;
- 3.3. Inform research stakeholders of the Services SETA's research priorities and assist the Services SETA to guide resource allocation for research;
- 3.4. Co-ordinate all research and benchmarking activity within services sector;
- 3.5. Collect and disseminate information that impact on skills development in the services sector especially information that pertains to and influences the implementation of the National Skills Development Plan (NSDP), National Qualifications Framework (NQF) and related socioeconomic national and sectoral priorities;
- 3.6. Introduce standards/principles to which all Services SETA commissioned research should adhere to;
- 3.7. Develop a conceptual model to support coherent skills planning and implementation, and
- 3.8. Build partnerships and collaborate with key research agencies such as the Human Sciences Research Council (HSRC), DHET PSET Research, Statistics South Africa, South African Qualifications Authority (SAQA), universities and research units within services sector.

4. Research Priorities

The research agenda comprises six focus areas pertaining to skills development that have been derived inter alia from the NSDP, NDP, and the White Paper for Post-School Education and Training and the Department's research agenda (DHET, 2014).

a. Access

One of the key challenges of the skills system is that it has become known for its inaccessibility. With the magnitude of unemployment in South Africa, it is crucial to address barriers

to access and to seek innovative ways to expand access. As the DHET (2014) notes, equity is a serious dimension of access and it is therefore crucial to ensure that previously disadvantaged individuals, including persons with disabilities, those who live in rural areas and those in financial need have improved access to PSET opportunities.

KEY THEMES - TOPICS ON ACCESS

- Barriers and enablers for access to training
- Partnerships between TVET colleges and higher education providers and work places
- Funding mechanisms or modalities for rural learners and learners with disability

b. Education and the workplace

Work-based learning is key component of occupationally directed qualifications being implemented by the Services SETA. The lack of sufficient opportunities for work-place learning has resulted in many learners being unable to exit the system. To resolve this conundrum requires closer collaboration between the Services SETA, employers and training providers. The Services SETA is committed to this level of partnership. As a result, key interventions will be embarked upon as highlighted herein.

KEY THEMES – EDUCATION AND THE WORKPLACE

- Barriers, constraints and enablers for workplace-based learning
- Models of effective work-place based training
- An evaluation of the effectiveness of Learnerships
- An evaluation of the use of the SETA mandatory grant
- Impact of SETAs (cost-benefit analysis)
- The effectiveness of work-based skills programmes
- Modalities to strengthen the link between the world of work and world of education

c. Skills planning: analysis of demand-side signals

Skills demand and supply analysis lies at the heart of SETAs research agenda. This exercise cannot be a once-off activity. The exercise needs to be repeated continuously to ensure that training interventions address key skills required by the economy.

KEY THEMES - SKILLS PLANNING: ANALYSIS OF DEMAND-SIDE SIGNALS

- Vacancy analysis
- Long-term projections of occupational needs
- Value-chain analysis of the services sector industries to understand skills requirements

- Under-reporting investment in training and development in the workplace by employers
- An investigation into the characteristics of employability (what kinds of knowledge, skills and attributes are employers looking for?)
- Pathways of students within the education and training system and into the workplace
- Research and analysis for identifying skills needs and occupations and demand
- Information on data collection from employers
- Analysis of labour-market trends
- Wage analysis
- Analysis of economic policies and strategies to access future skills demands

5. Research Funding and Procurement

The Services SETA premises the achievement of this research agenda on collaborative partnerships with both public and private institutions working within the wider PSET ecosystem. Where possible, the Services SETA therefore welcomes investment by research councils, universities, foundations, development agencies and other bodies in any of the areas listed in this Research Agenda.

The Services SETA's procurement practice is governed by the Public Finance Management Act, 1999 (Act 1 of 1999) and Treasury Regulations. Therefore, procurement decisions on research provision will combine considerations of cost, functionality and quality. The Services SETA will ensure that its research procurement processes are informed by the advice of credible evaluators.

6. Research Topic

Linked Goal	Research topic	Objective of the research study	Research questions	Research Method	Status
Goal 1 & 2	1. Services SETA Sector Skills Plan 2022/23	Review and update of Sector Skills Plan 2022/23	<ul style="list-style-type: none"> • What is the contribution of the sector to the economy growth of the country? • What is the contribution of the sector the employment rate of the country? • What are growth trends of the sector? • What are the key drivers of skills demand in the sector? • What are the scarce and critical skills for the sector? • What are the organisational skills development priorities? 	<ul style="list-style-type: none"> • Desktop analysis of existing literature • Interviews with employers • Employer survey • Analysis of WSP • Consultations with industry representatives 	Current
Goal 1 & 2	2. Services Sector labour market supply and demand analysis	An analysis of the labour and skills demand in the services sector	<ul style="list-style-type: none"> • What is the level of sector contribution to skills supply? • How much does the sector spend in training and development? • In which areas do employer train in? • What is the quality of training in the sector? 	<ul style="list-style-type: none"> • Interviews with employers • Employer survey • Analysis of WSP • Consultations with industry representatives 	Current
Goal 1 & 2	3. Positioning the Marketing industry for the 4th Industrial Revolution	<ul style="list-style-type: none"> • To understand the size and nature of marketing industry • To measure the contribution of the marketing industry to the economy: (GDP and employment opportunities) • To understand current and future skills requirements for the 4th Industrial revolution 	<ul style="list-style-type: none"> • What industrial strategies exist in the sector and what does economic data tell us about the impact of these strategies? • What is the demographic profile of Services Sector employers by subsector and province? • What is the demographic profile of Services Sector employees, aligned to transformational imperatives? • What are the patterns in labour force shrinkage and replacement demand by sector, subsector and province? • What are the skills required to take advantage of the 4th Industrial revolution opportunities? 	<ul style="list-style-type: none"> • Literature review • Key stakeholder interviews • Stakeholder workshops 	Planned

Linked Goal	Research topic	Objective of the research study	Research questions	Research Method	Status
Goal 1 & 2	4. The impact of Green Cleaning on the cleaning industry's skills landscape	Understand the impact of greening on the cleaning industry's skills landscape	<ul style="list-style-type: none"> What is value of the chain of the cleaning industry? What green economy opportunities exist in the green economy for the cleaning industry? What job opportunities exist in the green economy of the cleaning industry? What skills are required to support growth of the green economy? What is the nature of supply for green economy? 	<ul style="list-style-type: none"> Literature review Key stakeholder interviews Stakeholder workshops 	Planned
Goal 1 & 2	5. Work Based Learning (WBL) Impact Assessment Study	<ul style="list-style-type: none"> To determine the destinations of learners who have completed learnerships, internships and apprenticeships To understand the factors associated with employment/unemployment To understand the intricacies of the articulation of qualifications into occupations 	<ul style="list-style-type: none"> What are destinations of students who complete WBL? If employed: <ul style="list-style-type: none"> Where are they employed What is their occupation? Has there been a change in jobs since completing the learning programme? After WBL has there been a difference in rank/ post level? Are they employed full-time or part time and temporary or contract? What are their wages? What benefits and allowances are they getting? If not in employment, why? Are they studying full-time? Are they looking for employment? 	<ul style="list-style-type: none"> Online survey Telephonic interview 	Planned
Goal 1 & 2	6. Evaluations of Bursary Programmes by the Services SETA	<ul style="list-style-type: none"> Evaluate bursary programmes 	<ul style="list-style-type: none"> What are the enrolment rates? What are completion rates? How do students transition post-qualification? What is ROI for the Services SETA? 	<ul style="list-style-type: none"> Online survey Telephonic interview 	Planned
Goal 1 & 2	7. Evaluations of Artisan Programmes by the Services SETA	<ul style="list-style-type: none"> Evaluate Artisan programmes 	<ul style="list-style-type: none"> What are the enrolment rates? What are completion rates? How do students transition post-qualification? What is ROI for the Services SETA? 	<ul style="list-style-type: none"> Online survey Telephonic interview 	Planned
Goal 1 & 2	8. SMME skills needs analysis	<ul style="list-style-type: none"> Identify skills shortage in the SMME sector 	<ul style="list-style-type: none"> What types of skills in a short supply? Which subsectors are mostly affected? At level of employment is the shortage most severe? 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	9. The future of the services sector	Analysis of the effects of low economic growth, Covid-19 and 4IR on the services sector	<ul style="list-style-type: none"> What is the impact of these megatrends on the services sector in relation to growth and skills demand and supply? What opportunities exist and where? 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	10. Analysis of the impact of the Property Practitioner's Bill on the Real Estate Sector	The evaluate the possible impact of the Bill on the real estate sector and key role players	<ul style="list-style-type: none"> What are the challenges facing the real estate sector? How can these be overcome? Is the Bill an appropriate vehicle to address these challenges? What other alternative exist? 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	11. Appraisal of the valuation industry	To understand the size of the industry, contribution to the economy and skills needs	<ul style="list-style-type: none"> What is the contribution of the industry to GDP? What is the contribution of the industry to employment? What are skills demands in the industry? What is the state of skills supply? 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned

Linked Goal	Research topic	Objective of the research study	Research questions	Research Method	Status
	12. Impact Assessment	Cost Benefit Analysis on SETA Offerings	<ul style="list-style-type: none"> What is actual of Seta offering, taking into account other indirect costs? What value has the Seta derived from such interventions? 	<ul style="list-style-type: none"> Documents review Review of financial records CBA tool 	Planned
Goal 1 & 2	13. Health and Safety skills requirement for the Beauty Industries	Value chain analysis of the beauty industry in relation to skills requirements for health and safety	<ul style="list-style-type: none"> What is the value chain of the beauty industry? Where does health and safety lies in the value chain? What skills are required to meet health and safety for the industry 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	14. Appraisal of the Image Consulting Industry / Fashion Design	To understand the economic contributions of the sector and the skills needs	<ul style="list-style-type: none"> What is the contribution of the industry to GDP? What is the contribution of the industry to employment? What are skills demands in the industry? What is the state of skills supply? 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	15. The impact COVID-19 on the services sector	The evaluate the possible impact of COVID-19 on services sector businesses	<ul style="list-style-type: none"> What are the challenges facing the businesses in the services sector? How can these be overcome? What are the implications for skills demand and supply? Which subsector are affected by the pandemic? 	<ul style="list-style-type: none"> Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	16. Service SETA Performance: NSDSIII and NSDP Baseline Evaluation	<ul style="list-style-type: none"> Develop quantitative and qualitative baseline data by assessing the status of the programme areas as stipulated in the 2020/21-2024/25 strategic plan and results framework Develop core quantitative and qualitative indicators to be used for accurately measuring the changes in skills formation over time 	<ul style="list-style-type: none"> What are the key strengths, weaknesses, opportunities and threats and other relevant factors to the successful implementation of the SETA work based on the objectives set out in the strategic plan? How can the organisational performance be improved 	<ul style="list-style-type: none"> Documents review Desktop literature review' Face-to-face interviews 	Planned
Goal 1 & 2	17. Is the Discretionary Grant contributing to the achievement of the SSP, AP, SP in a coherent way or are other demands being made of the SETAs with regard to the focus of the Discretionary Grants?	<ul style="list-style-type: none"> Assess the merits of the SETA's discretionary grants policy, and make recommendations on areas for improvement Review other SETA funding models Develop an appropriate assessment framework that the SETA can use going forward Make recommendations on funding model and for future implementation 	<ul style="list-style-type: none"> What are the expected Outcomes and impact of the Policy? What should be the fit-for-purpose criteria for the award of grants Is there alignment with National and Strategic Priorities What role does oversight and accountability 	<ul style="list-style-type: none"> Documents review Desktop literature review' Face-to-face interviews 	Planned

Linked Goal	Research topic	Objective of the research study	Research questions	Research Method	Status
Goal 1 & 2	18. A Exploratory Analysis of a TVET College's Skills and Demand Supply Nexus	<ul style="list-style-type: none"> The primary focus of the study will be to understand the skills demand challenges faced by TVET College in localised context. The study therefore seeks to engage with the training provider and industry nexus with the intention of informing the programmatic offerings of the institution. 	<ul style="list-style-type: none"> What is the nature and character of economic, labour market, government policy/strategy constraints and opportunities impacting on the skills needs within the region? What is the nature and character of business operations of the prevalent industries and the impact thereof on skills needs? What is the scale and nature of skills needs for the short to medium term including identifying and mapping skills needs ? What are the key challenges experienced within the skills development ecosystem that impact on worker and employer productivity 	<ul style="list-style-type: none"> Documents review Desktop literature review' Face-to-face interviews Focus groups Surveys 	Planned

7. Conclusion

This research agenda closely aligns to the thematical areas covered in the White Paper for Post-School Education and Training. The key themes covered relate to a PSET system which is characterised by expanded access; improved quality and increased diversity of provision; a stronger and more cooperative relationship between education and training institutions and the workplace. Realisation of this research agenda will therefor allow the Service SETA to build an evidence base for its programmatic interventions, facilitate continuous improvement and develop as a learning organisation.

8. References

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- Department of Trade and Industry (2011). Industrial Policy Action Plan (IPAP 2011/12-2013-/14). Pretoria: The DTI
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Notes

Two columns of horizontal lines for note-taking.



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