



2021-22

SERVICES SETA | SECTOR SKILLS PLAN

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.

Mr Sibusiso Dhladhla

Executive Manager: Planning



Signature:

13/08/2020

Date:

Mrs Amanda Buzo-Gqoboka

Chief Executive Officer



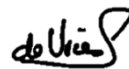
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FOREWORD BY THE CHAIRPERSON OF THE ACCOUNTING AUTHORITY

It gives me a great pleasure to present the Sector Skills Plan 2021/22 update. This update coincides with the most difficult time in the history of South Africa. The country is confronted with the immense economic, social and health crisis wrought by the COVID-19 pandemic. The pandemic is going to leave many businesses in ruins, leading to a blood bath of job losses. The labour force will experience many health-related challenges, ultimately affecting their productivity.

Many of the businesses in our sector will face immense distress, as evidenced by current research studies and projections, and highlighted in this Sector Skills Plan. Some companies will be forced to shut down temporarily, while others may face permanent closure. Our research indicates that personal care and labour recruitment services subsector will be adversely affected. The business relief measures to business in the form of skills development levy payment holiday of four months, announced by the President on behalf of the Cabinet and Presidential COVID-19 Command, will go a long way to alleviate financial pressures on businesses.

From the skills development perspective, the Services SETA will need to ensure a balance between upgrading skills of those lucky enough to retain their jobs, post-COVID-19, and retraining those unlucky to lose their jobs. Primary attention will be paid to the vulnerable workers; those employed in the lower echelons of employment ranks, those employed in precarious jobs – informal, non-permanent contracts; women, youth and people with disabilities.

As the Services SETA Accounting Authority, representing a tripartite alliance of labour, business and government, we will work with our respective constituencies to mobilise the necessary support measures to ensure the survival of businesses adversely affected by COVID-19. We will also, collectively, provide strategic guidance and oversight to the Services SETA's management to ensure that we meet with our mandate as enshrined in the Skills Development Act, the National Skills Development Plan, 2030 and the MTSF 2019-2024.

We are mindful of the impact of the skills development levy payment holidays extended to businesses on the Services SETA's revenue, and ultimately; the training budget. Careful consideration will be exercised to ensure that available resources are allocated to the most pressing needs to support businesses and the workforce to survive the COVID-19 storm.

We thank all the stakeholders who took their time and valuable resources to participate in the consultations process towards the development of this Sector Skills Plan. We also want to thank the management of the Services SETA for innovative measures they put in place to ensure smooth and effective participation of all stakeholders, by leveraging on technology, to conduct virtual engagement sessions.



MR STEPHEN De VRIES
CHAIRPERSON: ACCOUNTING AUTHORITY

13/08/2020

DATE

MESSAGE FROM THE CEO

I present to you the Services SETA's Sector Skills Plan 2021/22 update. This update is aligned to the Department of Higher Education and Training's revised SSP Guidelines and Framework (DHET, 2020), the National Skills Plan 2030, the National Development Plan's Implementation Plan 2030 and the Medium-Term Strategic Framework – 2019-2024 (DPME, 2020).

The update of this Sector Skills Plan has been underpinned by extensive consultations with the Services SETA stakeholders, using a number of platforms, these included online surveys, virtual workshops and a coordinated industry engagement facilitated by chambers and provincial offices. We are most grateful to our stakeholders for heeding the call and for their participation in the above sessions.

Internally, the Services SETA and management played a pivotal role in shaping the final output, taking into account contemporary immediate challenges brought about by COVID-19. The Accounting Authority of the Services SETA provided oversight over, and strategic direction, to the quality of the final product, ensuring fair representations of the Services SETA subsectors' voices and aspirations.

As the Chairperson of the Accounting Authority pointed out in his remarks above, the update of this Sector Skills Plan has been overshadowed by the economic, social and health distress due to the COVID-19 pandemic. The pandemic will adversely affect the liquidity of many companies, especially, SMMEs with a knock-on effect on jobs.

Our sector comprises largely of SMMEs. A concerted effort has been placed on supporting these businesses due to their proven ability to create jobs and sustain livelihoods. Working with large businesses, labour and government, we will seek to identify affected SMMEs and design and implement appropriate interventions to improve their growing concern statuses.

Working with business and skills development providers, both public and private, we will identify training needs of workers affected by possible job losses to prepare them for alternative employment. We will also streamline the provisioning of training opportunities, leveraging on ICT to ensure a wider reach of learners within their safe spaces to protect them against exposure to COVID-19, whilst striving and making certain that no learner is left behind.

We are also working with employers to develop appropriate strategies to ensure safe work-integrated learning spaces for our learners.

We call upon all Services SETA stakeholders to work with us as we navigate through the COVID-19 storm to realise our mandate of developing a skilled and capable workforce for the country and services sector in particular.



Mrs Amanda Buzo-Gqoboka
CHIEF EXECUTIVE OFFICER

31/08/2020

DATE

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LIST OF ACRONYMS

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

EXECUTIVE SUMMARY

This Sector Skills Plan (SSP) 2021/22 update is informed by findings from primary and secondary research methods that were used to collect information on skills demand and supply in the services sector. Primary research includes the analysis of Services SETA performance information, employer surveys and stakeholder engagements. Secondary research includes: Desktop literature review and analysis of employers' recruitment data; Services SETA employers' mandatory grant data; Stats SA's Quarterly Labour Force Survey. Research findings were validated through stakeholder workshops comprising of the management of the Services SETA and key industry representatives.

The services sector, as demarcated by the Department of Higher Education and Training (DHET), refers to the 70 Standard Industrial Classification (SIC) Codes. The 70 industries have been divided into six chambers and 16 subsectors for operational purposes. As of June 2020, there were approximately 131 105 employers actively trading within the sector. The large majority of employers are classified as medium to small (73%), implying, companies employing no more than 150 people. Employers in the Services SETA sector are concentrated in Gauteng, KwaZulu-Natal and the Western Cape provinces. Key role players, and their influence on the services sector, include the Accounting Authority, Chamber Committees, employers, employees and professional bodies. Over the many years, the Services SETA has established strong partnerships with the business and labour force to facilitate greater collaboration towards research on skills demand and identification of relevant supply interventions.

Research indicates that the services sector remains the largest economic sector in terms of size, employment and contribution to the economy. Data from Stats SA indicates that while the overall economy of South Africa faces recession, with most economic sectors registering negative growth, the services sector grew by 0.6% in Q1, 2020. More than 3 million people are employed in this sector. The impact of COVID-19 is yet to be fully understood. Early research indicates that the services sector is likely to be severely impacted, with serious implications for workers and skills development planning.

Employer data from the Services SETA database indicates that the Management and Business Services subsector employs more people (47%). The labour force in the services sector is employed in the low-level, low-paying occupational categories, namely: clerical, elementary and domestic. The implication for skills development is that the sector should strike a proper balance between training for productive industries, which are found in the manager, professional and technical occupation, to support economic growth and the non-productive sectors to also promote transformation and equity, by training the low-level labour force. The 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-1, ICT, and Climate Change. COVID-19 is expected to have a lasting impact on the South African economy with serious ramifications for the workforce. The lockdown measures introduced to curb the spread of the pandemic have constrained economic activities of many sectors, with the services sector disproportionately affected.

As the economy begins to return to the new normal, a priority for skills development must be a focus on displaced workers, making every effort through innovative strategies to enable those who have lost jobs through company closure or retrenchments, to be capacitated to re-join the labour market through employment and self-employment, as well as addressing the key issue of provision of psychosocial support.

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. Efforts are underway at the Services SETA to develop qualifications that address skills demand driven by technological change, especially management of big data.

Alignment between this SSP 2021/22 and the National Development Plan (NDP), National Growth Path (NGP), Industrial Policy Action Plan (IPAP) 2016/17–2018/19, Medium-Term Strategic Framework (MTSF) (2014-2019), National Skills Development Plan 2030, White Paper on Post-School Education and Training, and the Government's 9-Point Plan (especially Point 7) has been highlighted and the contribution of the Services SETA to the implementation of each, discussed.

A list of hard-to-fill vacancies is presented in Chapter 3 per chamber and subsector. Common reasons for inability to fill vacancies include lack of experience, qualifications and equity considerations. The services sector is one of the sectors that lags behind with regard to transformation. It is not surprising that equity consideration is one of the underlying reasons for hard-to-fill vacancies. The identified occupations are a proxy indicator of scarcity. An analysis of this list indicates a strong demand for training at NQF Level 6 and above. A total of 23 skills gaps were identified for which skills programmes will be designed to address the demand. There is a strong focus on IT-related occupations which signifies the impact of the Fourth Industrial Revolution. The Services SETA is working with universities to develop and register occupational qualifications at this level.

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 will be finalised, and the planned interventions decided upon before the final submission on 31 August 2020. Identified interventions will inform the updates of the Strategic and Annual Performance Plans 2021/22.

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.

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 planning cycle of the

Services SETA allows for effective use of performance information and audit outcomes in decision-making.

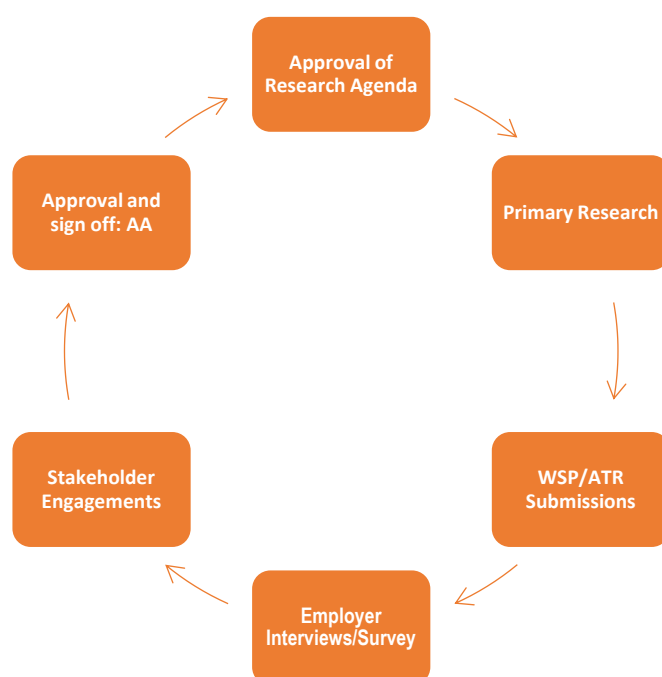
The Services SETA has identified four critical areas for interventions to promote skills development in the sector in the short-to-medium term. These include:

- Promote social and circular economy through entrepreneurship and cooperative development initiatives
- Increase throughput rate of occupationally directed qualifications through mobilisation of key industry role players
- Improve the pipeline of supply by ensuring relevance of qualifications and capacitation of training providers, including TVET Colleges
- Expand access to skills development to employees and learners residing in rural and peri-urban areas of South Africa

RESEARCH PROCESS AND METHODS

The SSP 2021/22 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

Every fourth Quarter of the year, the Planning Department submits the Research Agenda to the Governance Risk and Strategy Committee of the Accounting Authority for review and approval. The research agenda draws from recommendations of completed studies, especially impact evaluation studies and performance review and analysis, as well as the Core Department – responsible for implementation of learning programmes, chamber operations and industry inputs. This process takes place between February and March each year. The Services SETA Research Agenda was approved on 9 July 2020.

ii. Primary Research

The inception of new projects starts from 01 April 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:

- Future Jobs and Skills Study
- A formative evaluation of Services SETA funded Skills Development Centres
- Empirical research on the state of funeral industry with a view to assist the Services SETA in determining the training and development needs in the industry
- Employer Interviews
- Skills Demand Validation workshops

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

iii. WSP/ATR Submissions

Employers are expected to load their Workplace Skills Plans and Annual Training Reports as per legislation. Employers have until 30 April to submit their reports. Due to the COVID-19 pandemic, the submission date was extended to 31 July 2020. Around March and April, capacitation workshops are organised across the country to provide support to employers to load their plans and reports on the Seta system. Due the lockdown measures which restricted movement of people, no workshops were held. Instead, support was provided online.

iv. Employer Interviews

Using a DHET-issued template to collect labour market intelligence in the country, telephonic interviews with employers were conducted.

v. Mandatory Grant Data Analysis

Employers were given up to 30 June 2020 to submit their WSP/ATR. Once employers submit their WSP/ATR, the Planning Department begins the analysis process. Lists of Hard-to-Fill Vacancies, Skills Gaps, Change Drivers and Future skills are then compiled. This happens in May before the first submission of the Sector Skills Plan to DHET. Based on the feedback, additional analysis has been conducted in July in preparation for the final submission in August.

vi. Management Consultations

Towards the preparation of the submission of the first SSP 2021/22 draft, the lists of Hard-to-Fill Vacancies, Skills Gaps, Change Drivers and Future skills are discussed with the management team comprising of Core, Quality Assurance, Industry-Funded and Planning Departments for deliberations and inputs. Table 1 outlines the extent of engagements with various stakeholders.

Table 1: Dates and Purpose of Stakeholder Engagements

Date	Type of Stakeholders	Purpose of Engagement
06 July 2020: 10:00 – 12:00 13:00 – 15:00	Industry representatives representing various subsectors	To solicit inputs regarding change drivers, hard-to-fill vacancies and skills gaps
07 July 2020: 10:00 – 12:00 13:00 – 15:00	Industry representatives representing various subsectors	To solicit inputs regarding change drivers, hard-to-fill vacancies and skills gaps
13 July 2020	Executive Management Forum	Provide feedback on outcomes of engagements with industry representatives
14 July 2020	Accounting Authority	Presentation of the First SSP Draft for endorsement and sign-off
14 August 2020	Industry representatives representing various subsectors	Validation and prioritisation of identified change drivers, hard-to-fill vacancies and skills gaps
18 August 2020	Personal Care Services Chamber	Feedback on the engagement's outcomes and SSP 2021/22 update
19 August 2020	Labour and Collective Services Chamber	Feedback on the engagement's outcomes and SSP 2021/22 update
20 August 2020	Communication and Marketing Services Chamber	Feedback on the engagement's outcomes and SSP 2021/22 update
21 August 2020	Cleaning and Hiring Services Chamber	Feedback on the engagement's outcomes and SSP 2021/22 update

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 validations workshops were later held with previous participants to confirm the validity of skills identified as well as the magnitude. Feedback sessions with Chamber Committees were held for endorsement purpose – please see Table 1 for details. 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 31 July 2020

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 2020
Data sources	Interview transcripts
Study duration	Started 1 March 2020 was completed by 31 July 2020

c) Research Study Title: Future jobs and skills study

Objective of the study	The purpose of this project was to identify occupations that may become obsolete in the next ten years and new ones that might emerge
Research design	Quantitative and qualitative
Research method	Mixed method approach. This includes: Futurists and Academics' Interviews, Provincial workshops with cross-section of services sector entities to develop inputs into and preliminary scenarios, scenario development workshops with business owners and associations, Beauty Industry Survey during annual congress in Cape Town and digital survey with youth aged between 18 and 30
Sample size	<p>Futurists & academics' interviews – 8</p> <p>Provincial workshops – 14</p> <p>Association sessions – 9</p> <p>Beauty Industry survey – 31</p> <p>Youth Digital survey – 300</p>
Data sources	Workshop summaries completed questionnaires and interviews
Study duration	Started 1 October 2017 and was completed by 31 March 2019

d) Research Study Title: Empirical research on the state of funeral industry with a view to assist the Services SETA in determining the training and development needs in the industry

Objective of the study	The purpose of this project was to conduct a skills demand and supply analysis for the funeral industry
Research design	Quantitative
Research method	Survey with funeral enterprises, burial societies and members as well as municipalities, geo-mapping of funeral industry enterprises
Sample size	295 sites included in the survey, 94 data collection agents, 2143 funeral enterprises mapped and 1987 completed surveys
Data sources	Completed surveys
Study duration	Started 1 September 2017 and was completed by 31 March 2019

e) 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

f) Research Study Title: Impact Assessment of COVID-19 on the Services Sector Employees' well being

Objective of the study	The purpose of this project was to conduct an assessment of the impact of COVID-19 on Services SETA employees
Research design	Quantitative
Research method	Online survey
Sample size	115
Data sources	Completed surveys
Study duration	Started 1 April 2020 and was completed by 31 April 2020

CHAPTER ONE:

SECTOR PROFILE

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 a concise understanding of the contribution of the sector to economic, employment and human capital development. The discussions herein, are informed by data collected through primary and secondary research. Primary data include analysis of the Services SETA's Workplace Skills Plans (WSP) and Annual Training Report (ATR) data¹, the employer survey carried out by the Services SETA in 2019/20, Services SETA Performance Information, Gross Domestic Product (GDP) (2020a), Quarterly Labour Force Surveys (QLFS) (2020b), and Quarterly Employment Surveys (QES) (2020c) by Statistics South Africa (Stats SA).

WSP and ATR data is used in the main to corroborate data from Stats SA which provide a national picture of the services sector labour market. Secondary data include a review of published and unpublished, international and national research studies.

1.2. Scope of Coverage

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 predominantly 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 in order 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 which is the legislated custodians of market, population, economic and government data in the country, as illustrated in Table 2.

Table 2: Stats SA and International SIC codes aligned to SETAs

Stats SA SIC	SETA	International SIC	SETA
Major Division 1: Agriculture, Hunting, Forestry and Fishing	Agri SETA, CATHSSETA	A - Agriculture, forestry and fishing	Agri SETA, CATHSSETA
Major Division 2: Mining and Quarrying	MQA	B - Mining and quarrying	MQA
Major Division 3: Manufacturing	CHIETA, FOODBEV SETA, MERSETA, Agri SETA	C – Manufacturing	CHIETA, FOODBEV SETA, MERSETA, Agri SETA
Major Division 4: Electricity, Gas and Water Supply	EW SETA	D - Electricity, gas, steam and air conditioning supply	EW SETA
		E - Water supply; sewerage, waste management and remediation activities	EW SETA
Major Division 5: Construction	CETA	F – Construction	CETA
Major Division 6: Wholesale and Retail trade, repair of motor vehicles, motor cycles and Personal and Household Goods, Hotel and Restaurants	W & R SETA, CATHSSETA	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	W & R SETA, CATHSSETA
		I - Accommodation and food service activities	FOODBEV, CATHSSETA
Major Division 7: Transport, Storage and Communication	Services SETA , TETA, MICT SETA	H - Transportation and storage	TETA, Services SETA
		J - Information and communication	MICT SETA
Major Division 8: Financial Intermediation, Insurance, Real Estate and Business Services	Bank SETA, FASSET, Services SETA , INSETA	K - Financial and insurance activities	Bank SETA, FASSET, INSETA
		L - Real estate activities	Services SETA
		M - Professional, scientific and technical activities	Services SETA , FASSET
Major Division 9: Community, Social and Personal Services	Services SETA , ETDP SETA, HWSETA, LG SETA, SASSETA	O - Public administration and defence; compulsory social security	SASSETA
		P – Education	ETDP SETA

		Q - Human health and social work activities	HWSETA
		R - Arts, entertainment and recreation	CATHSSETA
Major Division 0: Private Households, Exterritorial organisations, Representatives of Foreign Governments and other Activities not Adequately defined	Services SETA, SASSETA	T - Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	Services SETA
		N - Administrative and support service activities	Services SETA
		S - Other service activities	Services SETA

Table 2 Table 2 demonstrates that the Services SETA SIC codes can be found across four Stats SA Major Divisions and six International SIC code sections. The table further presents overlaps between the services sector and other sectors, pointing to areas of collaboration required with other SETAs. 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 as will be highlighted.

The Services SETA is, therefore, established in terms of 70 SIC codes. This scope of coverage is different to how the services sector is more widely defined, in South Africa and elsewhere. The differences mean 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 without definite accuracy. However, long-term trends analysis provides a consistent baseline of empirical data upon which to base skills development planning decisions.

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 as illustrated in Figure 2.

Figure 2. Services SETA Chambers and Sub-sectors

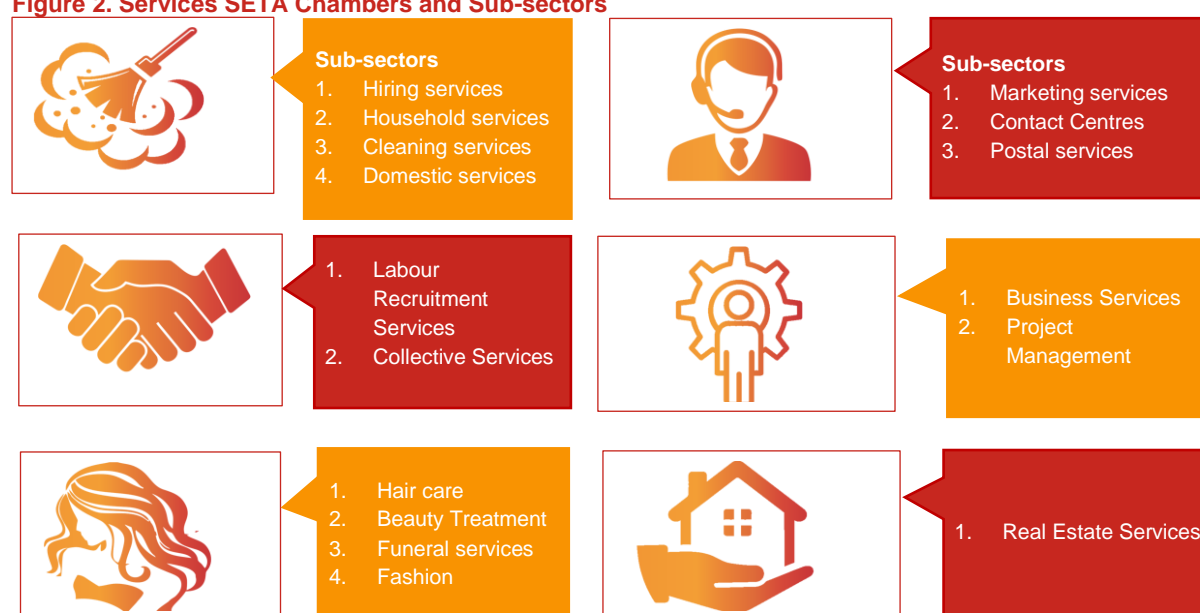


Table 3 provides typical employers located within the sub-sectors. It aims to give an understanding of the sub-sector by unpacking its typical membership base. The full of list of Services SETA industries (SIC Codes) is provided in Annexure A.

Table 3: Subsector descriptions

Subsector	Description
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Hiring Services	Truck and construction plant hire; building and construction equipment; earthmoving, excavating and crane hire; hire function, office supplies and equipment; small tool hire; video hire; clothing, garment, costumes and other equipment hire.
Household Services	Garden maintenance - maintain the general health or condition, and the presentation of a garden; lawn mowing, lawn repair and renovation; pruning, spraying pesticides, fertilising or soil care, replacing old or sick plants, maintaining indoor plants, tree surgery. Dry cleaning and laundering - family and commercial laundries; garment pressing; agents and other laundry facilities.
Domestic Services	The employment of hired workers by private households for the performance of house cleaning, child care, cooking, gardening and personal services. The performance of similar tasks for hire in public institutions and business, including hotels and bordering houses.
Cleaning	The provision of cleaning services to individuals, households, and businesses (contract cleaning); general cleaning services; cleaning of carpets and upholstery; industrial cleaning and pet care.
Marketing	Includes marketing and public relations. Identifying clients' needs; planning and executing services to meet clients' objectives; promote a company's image or products amongst the public, researching, promoting, selling and distributing products or services; branding – developing public awareness of a company and its brand
Contact centres	A centralised office used for Business Process Outsourcing. The purpose is for receiving and transmitting large volumes of requests by telephone; administering incoming calls for product support or information enquiries from consumers; outgoing calls for telemarketing, clientele, product services, and debt collection.
Postal Services	Activities related to this service are national postal activities; banking via the Post Office; mail handling and courier services; connecting with the world by distributing information, goods, financial and government services.
Labour Recruitment Services	Companies offering employment services; permanent and temporary employment agencies; labour recruitment and provision of staff; labour broking – the provision of persons with skills needed by employers for a defined period; companies offering outsourced human resources services.
Collective Services	Bargaining councils; collective bargaining on terms and conditions of employment; the negotiation of collective agreements; conciliation, mediation and arbitration services.
Business Services	Management consultants; business advisors; management and outsourcing of payroll services; administration services; quality management; Black Economic Empowerment (BEE) verification agencies; organisations and independent consultants providing services in an area such as quality management, general management, payroll, the environment, technology, human resources, marketing, communication, engineering etc.
Project Management	Methodical approach to planning and guiding project processes from start to finish; five stages: initiation, planning, executing, controlling, and closing. Project managers oversee teams working on individual projects in a variety of fields, including construction, engineering and business. An effective project manager needs a diverse skill set.
Hair Care	Hairdressers, hairstylists and cosmetologists offer beauty services, such as shampooing, cutting, colouring and styling hair. Cosmetologists may be trained to

	give manicures, pedicures and scalp and facial treatments; provide make-up analysis; clean and style wigs and hairpieces.
Beauty Treatment	Beauty treatment, nail technology, product distribution, marketing and sales.
Funeral Services	Burial and cremation of human or animal corpses. Related services include burial services; the rental of equipped space in funeral parlours; undertaking services; the rental or sale of graves; upkeep and maintenance of graves.
Fashion	Fashion and modelling requirements are not dictated by the fashion trade but by the clientele. The main modelling categories are editorial, fashion and commercial.
Real Estate Services	Residential, commercial, and industrial property management for buying and selling; interior design; construction businesses requiring real estate service specialists; professional valuation services; auctioneers; developers adding to or replacing buildings; leasing of property; property management: managing a property for its owner(s), which includes facilities management; real estate marketing; real estate investing

Key Partners and their roles

Oversight bodies

Accounting Authority: The Accounting Authority of the Services SETA plays an important role in governing and managing the SETA in accordance with the PFMA, as well as any other applicable legislation. For practical purposes the Accounting Authority delegates some of its responsibilities and functions to one or more committees. There are currently 5 sub-committees, namely: Executive Committee; Governance, Risk and Strategy Committee; Remuneration Committee; Finance Committee and Audit Committee. These committees are mechanisms to assist the Accounting Authority in giving detailed attention to specific key areas of its duties and responsibilities.

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 of the Chamber. The membership of the committees is not restricted to members of the Accounting Authority only. 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 National Skills Development Plan and the White Paper on Post-School Education and Training. The Services SETA is committed to the implementation of these policies 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). The Services SETA provides a critical role of facilitating skills provision among entrepreneurs. Through Entrepreneurship and Corporate Development Initiative (ECDI), the Services SETA supports the Department in the development of Business Advisory Standards.

Local Municipalities: The Services SETA has entered into partnership with a number of municipalities to jointly manage skills development centres. These include Mangaung; Cala; Kokstad; Prieska; Nkonkobe; Bambanana; Nkandla; Thabazimbi; Mkuze; Mount Coke; North West; Ngqeleni; Paulpietersburg; Beaufort West; Lesedi (Heidelberg).

Business: The Services SETA has a total of 176 793 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. WSP/ATR submissions assist the Services SETA with critical labour market information, including the nature and extent of skills demand and supply.

Employer bodies: The Services SETA interacts with employers through associations among whom chamber committees are constituted. Table 5 lists bodies that constitute key role players in the sector.

Educational Institutions

TVET Colleges: Cumulatively there are 30 partnerships with TVET Colleges that were entered into in the current planning period through various Special Projects and DG funding opportunities. This achievement is due to a higher demand for SETA programmes and related partnerships.

Universities: Cumulatively there are 4 partnerships with Universities that were entered into in the current planning period, through various Special Projects and DG funding opportunities. These include University of Cape Town (development of hair and beauty qualification), University of Limpopo (development of funeral and waste management qualifications), Rhodes University (M&E Research Chair) and Wits University (OFO Occupation Mapping Tool Research Chair).

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 4 below.

Table 4: Key Role Players

Furthermore, SETAs are founded on a tripartite relationship between government, business and labour. Table 5 lists key Services SETA employer bodies. Whilst the government provides a legislative guidance and monitoring function, business is expected to pay a portion of its monthly payroll towards skills development levy to train its workforce. Labour, as a representative of the workforce, advocates for the rights of employees' access to relevant training. These partners are critical in informing the Services SETA's skill development planning process, including identification and development of relevant qualifications, in line with the mandate, including the implementation of the NSDP 2030.

Table 5: Services SETA Employer Bodies

Services SETA employers and their services				Chamber Committee organisations not part of Accounting Authority			
Business	Allied Nursing Association of South Africa			Business	Afro Hairdressing and Beauty Employers Association of South Africa		
Business	Association of BEE Verification Agencies				Black Economic Empowerment Cleaning Association		

Business	Direct Marketing Association of South Africa		Constructional Engineering Association of South Africa
Business	Employers Organisation for Hairdressing Cosmetology and Beauty		Employers Association of Afro Hairdressing and Cosmetology of South Africa
Business	Federation of African Professional Staffing Organisation		Exhibition and Event Association of Southern Africa
Business	SA Institute of Auctioneers		National African Federation Chamber of Commerce
Labour	Hotel Liquor Catering Commercial and Allied Workers Union		National Association of Bargaining Councils
Labour	Institute of Estate Agents of South Africa		National Association of Managing Agents
Labour	International Festivals and Events Association Africa		National Contract Cleaners Association
Labour	Office Professionals of South Africa		National Funeral Directors Association
Labour	South African Transport and Allied Workers Union		National Property Forum
	United Association of South Africa		Project Management South Africa

Chamber Committee organisations not part of Accounting Authority

Business	Real Estate Business Owners of South Africa	Labour	National General Workers Union
	South African Funeral Practitioners Association	Professional Bodies	Business Process Enabling South Africa
	South African Institute of Black Property Practitioners		Contact Centre Management Group
	South African Institute of Valuers		Estate Agency Affairs Board
	South African Payroll Association		Institute of Work at Height
	South African Property Owners Association		Marketing Association of South Africa
	South African Quality Institute		Public Relations Institute of South Africa
	South African Textile Services Association		South African Institute of the Interior Design Professions
Labour	Commission for Conciliation Mediation and Arbitration		

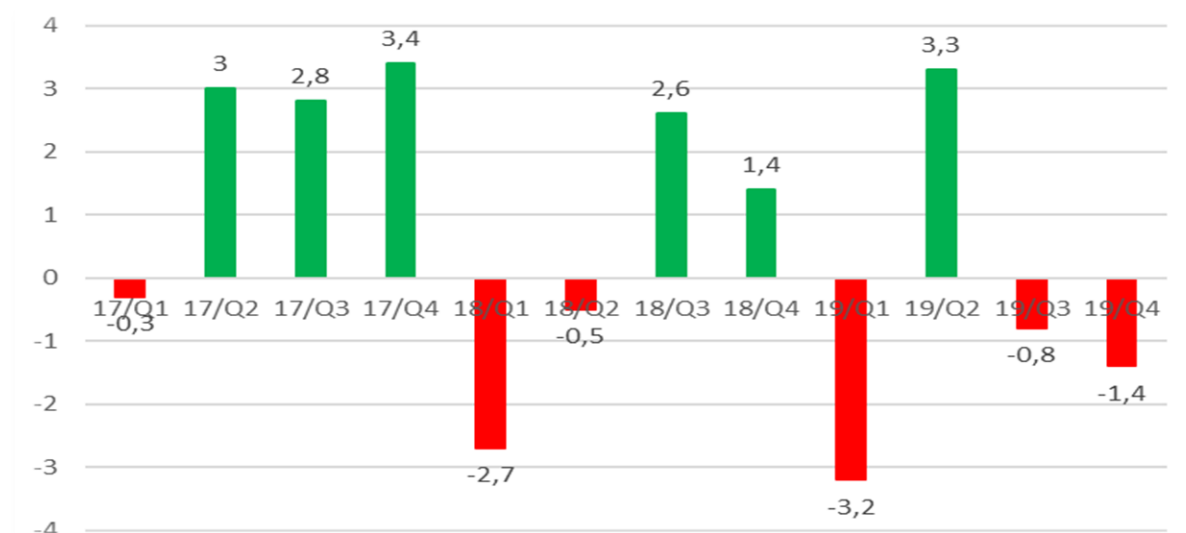
Professional bodies, universities, colleges of education, private training providers and research centres play a critical enabling role. They provide advices on skills needs analysis, design and development of qualifications to meet skills demanded by the sector in line with the NSDP 2030, and provide the requisite training on behalf of the Services SETA.

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 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 future outlook. Reference will also be made to the impact of COVID-19 on the sector. 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.

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 negative growth of -0,8 and -1,4 respectively – see Figure 3. The COVID-19 pandemic is expected to worsen the situation on a global scale. According to World Trade Organisation (WTO), world trade is expected to fall by between 13% and 32% in 2020. The South African economy will equally be affected by these developments.

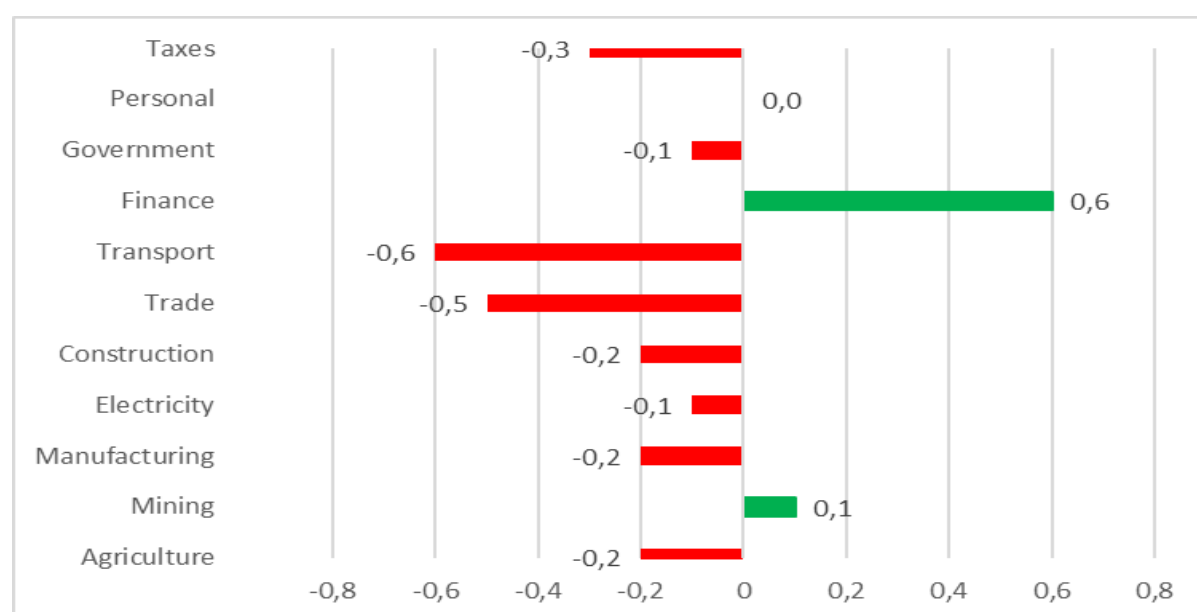
Figure 3. Growth in GDP (%)



Source: Stats SA (2020a)

Analysis of South Africa's Gross Domestic Product for Q4, 2019 by industry, as it pertains to the services sector, indicates that personal care services were harshly affected; registering zero growth. The business sector (including, real estate, marketing, labour recruitment, consulting) recorded positive of just over half-percentage (0,6%) – see Figure 4. These trends reinforce the observation that, overall, the services sector is the pillar of the South African economy. The sector continues to collectively register positive net growth, notwithstanding a difficult economic climate.

Figure 4. Contributions to growth in GDP, Q42019 (% points)

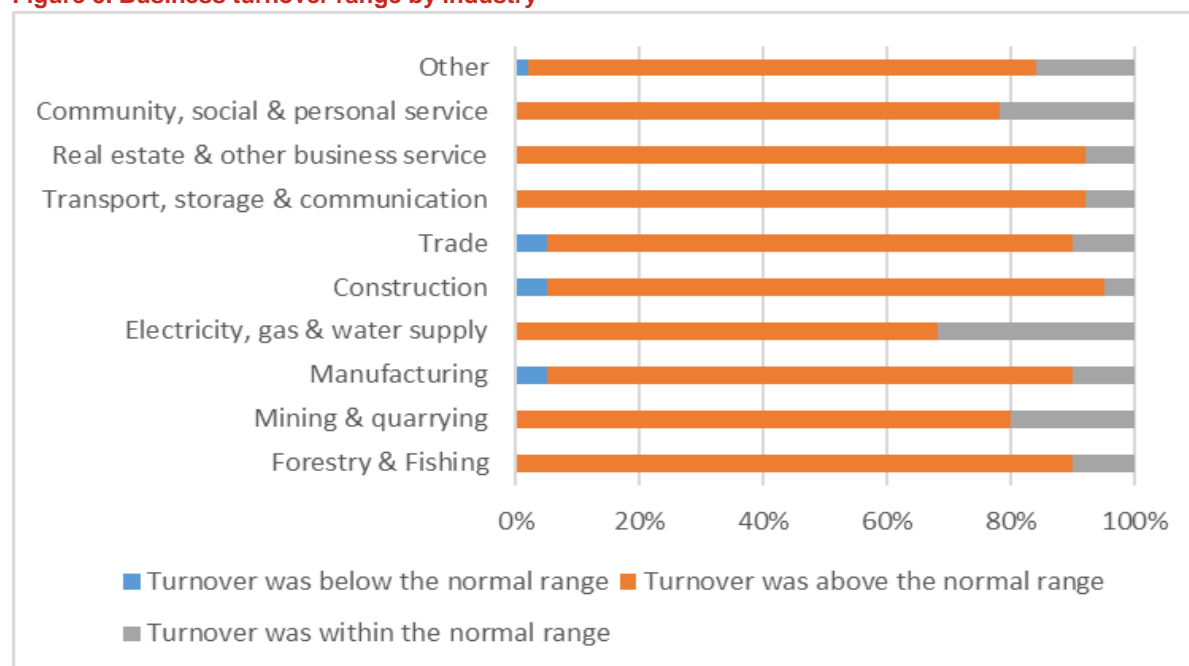


Source: Stats SA (2020a)

The impacts of COVID-19 on the South African economy, alluded to above, are already beginning to surface. A survey by Stats SA (Stats SA, 2020b) 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 effect will be substantially worse than the 2008/2009 global financial crisis (Stats SA, 2020b). 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.

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 – see Figure 5.

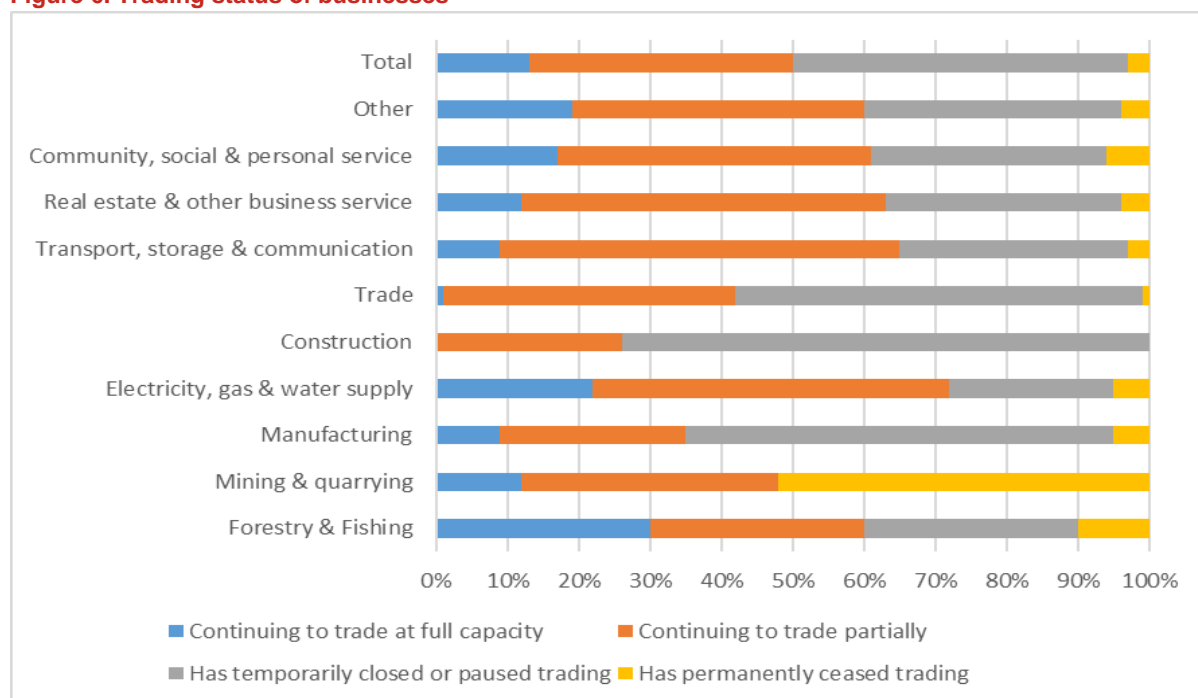
Figure 5. Business turnover range by industry



Source: Stats SA (2020b)

As a direct impact of the pandemic, many businesses struggled to remain open for business. 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’, as Figure 6 illustrates (see Total).

Figure 6. Trading status of businesses



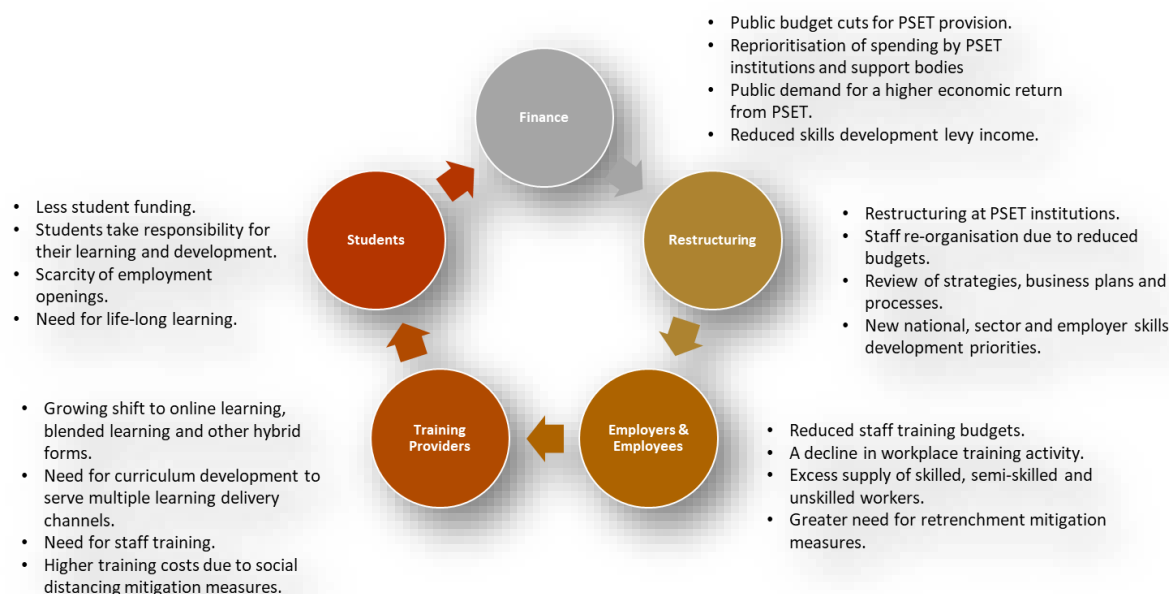
Source: Stats SA (2020b)

In terms of workforce size, 50,4% of respondents expected no change, while 36,8% anticipate a decline. Respondents indicated that they have implemented a range of measures to cope with the impact of the pandemic on their workforce, including decreasing working hours and laying off staff in the short term. A quarter of businesses indicated that they had not taken any measures yet.

The situation is expected to get worse in the foreseeable 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.

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. The COVID-19 impact on skills development is illustrated in Figure 7.

Figure 7. Impact of COVID-19 on the PSET



Source (Rasool, 2020: 15-16)

The impact of Covid-19 on Services SETA subsectors economy has also been no different as depicted above on national economic data. Firstly, the four-month payment holiday announced by the president has had an impact on levies. The impact is anticipated to be felt post September 2020 due to reasons that some businesses have shutdown.

Moreover, during the start of lockdown; most of Services SETA subsectors did not fall under essential services category. Based on survey conducted on employers in May 2020 on how Covid-19 impacted on companies, the respondents highlighted loss of income. Despite generating income, they mentioned concerns on meeting demands of paying employees, paying rent, among others.

As providing services involves personal interaction, the respondents mentioned seeing the impact from Covid-19 as soon as lockdown commenced. The subsectors were mainly affected on revenues especially during lockdown level 4 and 5. The likes of Hairdressing, beauty treatment, real estate (viewing properties) as well as project management (events and conference management) subsectors were hardest hit. Most companies surveyed indicated implementing hiring freeze across roles. As a results, influx of people looking for jobs. Hire freeze meant economic downturn on recruitment agencies. Due to no face-to-face training; training providers across subsectors were no exception in low cash flow.

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 176 793 employers fall within its demarcation (as of May 2020), as illustrated in Table 6. About 131 105 employers were actively trading around the same time.

Proportionally, most employers are in the Management and Business Services Chamber with 143 856 (81%) employers, followed by Real Estate and Related Services Chamber with 13 167 (7%) employers; with the lowest numbers recorded in the Marketing and Communication Services Chamber. Analysis of employer Workplace Skills Plans (WSP) and Annual Training Reports (ATR), submitted in June 2020, indicates a high volume of employer investment in the Cleaning and Hiring Services and Related Estate Services Chambers. Therefore, Services SETA Strategic Plan (SP) and Annual Performance Plan (APP), will consider these developments in informing training intervention priorities for the sector. Similar observations can be made regarding levy payment.

Table 6: Services SETA Subsectors by Size and Levy Status

Chamber	Grand Total	Levy Paying			Levy Paying		Non-Levy Paying		
		Large	Medium	Small	Total	Large	Medium	Small	Non-Levy Paying Total
Cleaning Services	86 (2%)	0 (0%)	0 (0%)	25 (3%)	25 (3%)	5 (10%)	2 (2%)	54 (2%)	61 (2%)
Cleaning Services	1 700 (41%)	11 (85%)	21 (70%)	264 (35%)	296 (37%)	32 (62%)	61 (52%)	1311 (41%)	1 404 (41%)
Domestic Services	29 (1%)	0 (0%)	0 (0%)	4 (1%)	4 (1%)	0 (0%)	0 (0%)	25 (1%)	25 (1%)
Hiring Services	2 175 (52%)	2 (15%)	9 (30%)	400 (53%)	411 (52%)	15 (29%)	50 (43%)	1 699 (53%)	1 764 (52%)
Household Services	185 (4%)	0 (0%)	0 (0%)	55 (7%)	55 (7%)	0 (0%)	4 (3%)	126 (4%)	130 (4%)
Communication & Marketing Services	3 678 (2%)	5 (3%)	10 (2%)	683 (3%)	698 (3%)	11 (2%)	12 (1%)	2957 (2%)	2 980 (2%)
Contact Centres	51 (1%)	3 (60%)	0 (0%)	14 (2%)	17 (2%)	2 (18%)	1 (8%)	31 (1%)	34 (1%)
Marketing Services	3 357 (91%)	2 (40%)	8 (80%)	631 (92%)	641 (92%)	8 (73%)	10 (83%)	2698 (91%)	2 716 (91%)
Marketing Services	36 (1%)	0 (0%)	2 (20%)	9 (1%)	11 (2%)	0 (0%)	0 (0%)	25 (1%)	25 (1%)
Postal Services	234 (6%)	0 (0%)	0 (0%)	29 (4%)	29 (4%)	1 (9%)	1 (8%)	203 (7%)	205 (7%)
Labour & Recruitment Services	3 784 (2%)	29 (19%)	34 (8%)	618 (2%)	681 (3%)	101 (14%)	200 (13%)	2802 (2%)	3 103 (2%)
Collective Services	797 (21%)	0 (0%)	3 (9%)	178 (29%)	181 (27%)	3 (3%)	3 (2%)	610 (22%)	616 (20%)
Labour Recruitment Services	2 987 (79%)	29 (100%)	31 (91%)	440 (71%)	500 (73%)	98 (97%)	197 (99%)	2192 (78%)	2 487 (80%)
Services									
Management & Business Services	143 856 (81%)	100 (64%)	325 (78%)	21 709 (82%)	22 134 (81%)	499 (71%)	1134 (75%)	120 089 (81%)	121 722 (81%)
Business Services	143 746 (100%)	99 (99%)	324 (99%)	21 662 (100%)	22 085 (100%)	499 (100%)	1133 (99%)	120 029 (99%)	121 661 (100%)
Project Management	110 (0%)	1 (1%)	1 (1%)	47 (0%)	49 (0%)	0 (0%)	1 (1%)	60 (1%)	61 (0%)
Personal Care Services	8 133 (5%)	2 (10%)	4 (1%)	719 (3%)	725 (3%)	11 (2%)	24 (2%)	7 373 (5%)	7 408 (5%)
Beauty Treatment	1 149 (14%)	0 (0%)	0 (0%)	174 (24%)	174 (24%)	1 (9%)	4 (17%)	970 (13%)	975 (13%)
Fashion	19 (0%)	0 (0%)	0 (0%)	8 (1%)	8 (1%)	0 (0%)	1 (4%)	10 (0%)	11 (0%)
Funeral Services	534 (7%)	2 (100%)	4 (100%)	96 (13%)	102 (14%)	0 (0%)	0 (0%)	432 (6%)	432 (6%)
Hair Care	6 431 (79%)	0 (0%)	0 (0%)	441 (61%)	441 (61%)	10 (91%)	19 (79%)	5961 (81%)	5 990 (81%)
Real Estate Services	13 167 (7%)	7 (4%)	14 (3%)	2 131 (8%)	2 152 (8%)	28 (4%)	34 (2%)	10 953 (7%)	11 015 (7%)
Real Estate Services	13 022 (95%)	7 (100%)	14 (100%)	2 089 (98%)	2 110 (98%)	27 (96%)	34 (100%)	10851 (99%)	10 912 (99%)
(Blank)	145 (1%)	0 (0%)	0 (0%)	42 (2%)	42 (2%)	1 (4%)	0 (0%)	102 (1%)	103 (1%)
Grand Total	176 793 (100%)	156 (100%)	417 (100%)	26 608 (100%)	27 181 (100%)	702 (100%)	1 521 (100%)	147 389 (100%)	149 612 (100%)

Services SETA Database, 2020

About 3 398 employers submitted WSP/ATRs for 2020 – Table 7. Sixty-seven percent of these were small employers, employing less 50 employees. Approximately 61% of employers submitting WSP were based in Gauteng.

Table 7: Number of employers submitting WSP/ATR by province and size

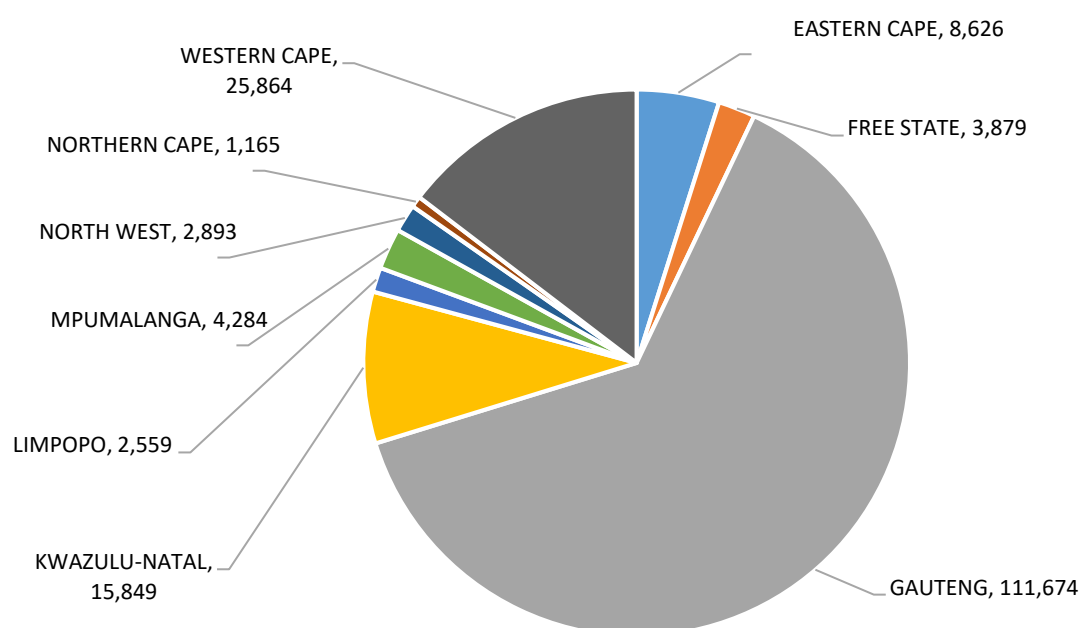
Province	Company Size			Grand Total
	Large	Medium	Small	
Eastern Cape	27	31	141	199
Free State	6	13	18	37
Gauteng	312	382	1378	2072
KwaZulu-Natal	67	56	239	362
Limpopo	5	7	33	45
Mpumalanga	11	11	43	65
North West	3	1	19	23
Northern Cape	1	2	7	10
South Africa National	5	4	29	38
Western Cape	72	91	384	547
Grand Total	509	598	2291	3398

Source: Services SETA WSP/ATR (2020)

The impact of the stimulus package amounting to R500billion 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 indicates that in North America indicates that companies employing 1-49 employees, were forced to lay off up to 50% of its workforce (MacKenzie & Company, 2020).

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

Figure 8: Services SETA employers by provincial spread



Services SETA Database, 2020

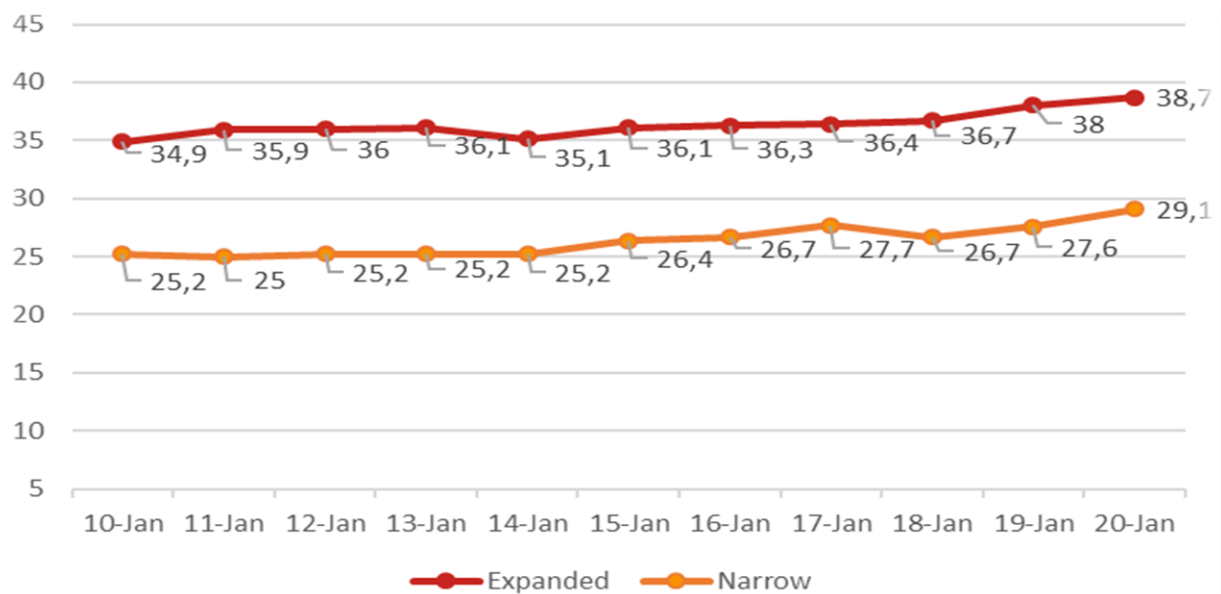
1.6. Labour Market Profile

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 to 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 2020.

1.6.1. Employment by Sector

Persistent decline in economic growth has had correlating impact on the jobs and employment levels. As Figure illustrates, the levels of unemployment have witnessed an upward movement in the last ten years.

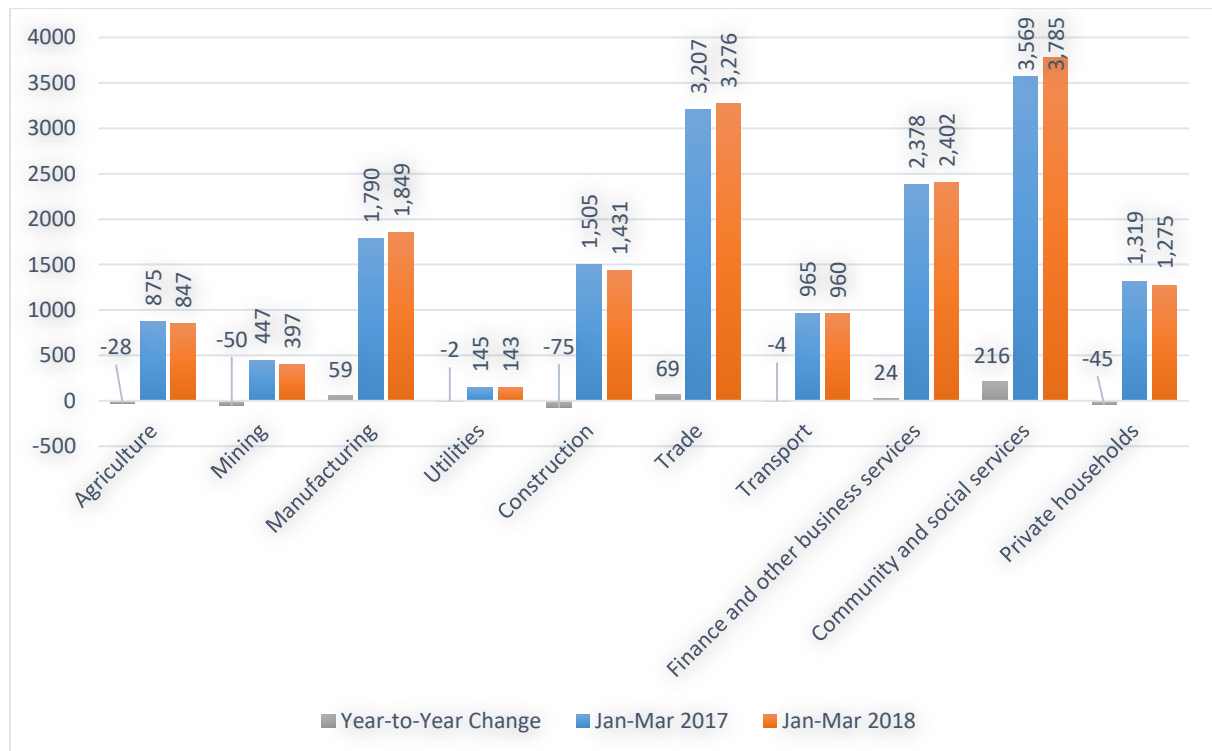
Figure 9: Employment rates



Source: Statistics South Africa, 2020c

Section 1.4 above indicates that the services sector is the largest industry in the South African economy. Figure demonstrates that 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 10: Employment by Industry, thousands



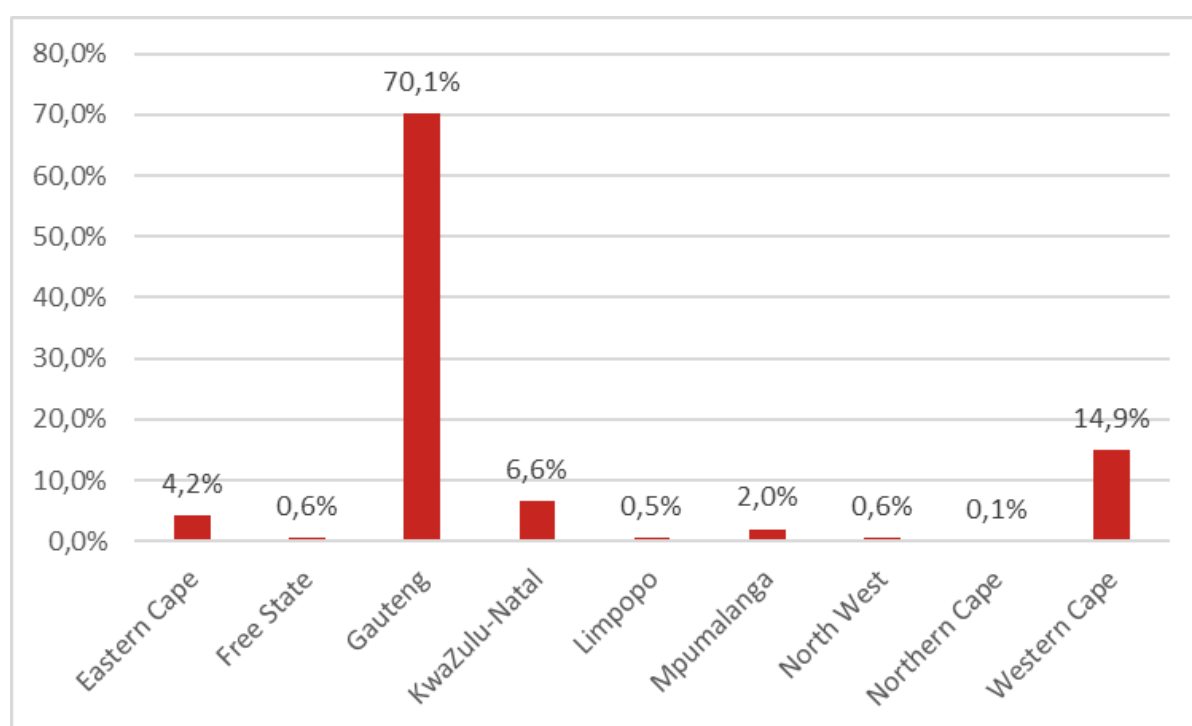
Source: Statistics South Africa, 2020b

Figure 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 covering Q4 2013 to Q4 2020 at 3-digit level, reveals that most people were employed under Private Household and Business Activities n.e.c., with 1 293 612 and 1 105 175 employees respectively (Stats SA, 2020b). When the Stats SA QLFS of 2017 (Stats SA, 2020a) is compared with the Services SETA Chambers, it reveals correlations between the economic size of the subsector and employment levels.

The provincial spread of the labour force is outlined below. Majority of employees are based in Gauteng Province.

Figure 11: Employees by province



Source: Services SETA WSP/ATR (2020)

1.6.2. Employers' Demographic Profiles

The National Skills Development Strategy III (DHET, 2014); and by extension, the National Skills Development Plan: 2030 (DHET, 2019), 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 labour force in the services sector is comprised of men, see Table 8. This is in line with the disaggregation of data by Services SETA SIC codes which indicates that 57% of the labour was male – as illustrated in Table 8.

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

Gender	Services SETA	National (Stats SA)
	May 2018	Jan-Mar 2018
Male	216 930 (57%)	1495613 (44%)
Female	160 613 (43%)	1903507 (56%)
Race	May 2018	Jan-Mar 2018
Black African	263 320 (70%)	2 693 120 (79.2%)
Coloured	38 542 (10%)	286 500 (8.4%)
Indian/ Asian	14 354 (4%)	72 466 (2.1%)
White	60 302 (16%)	347 035 (10.2%)
Total	377,543	3 399 120
Age	May 2018	Jan-Mar 2018
>34yr	228,881 (61%)	1142249 (60%)
36-54yr	127,369 (34%)	1904096 (56%)
>55yr	21,293 (6%)	352 775 (10%)
Total	377,543 (100%)	3 399 120

Source: Services SETA Mandatory Grant Data, May 2020, Statistics South Africa, 2020b

b) Race

Regarding racial composition of the services sector workforce, almost 80% comprises of African, as highlighted in Table 4. 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.

c) Age

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

d) Disability

About 2,3% of employees had some form of disabilities. The most common form of disability mentioned was sight and physical disabilities. The rest were others or multiple.

1.6.3. Services Sector Occupational Trends

Data from Stats SA indicates that in 2020 the majority of the workforce in this sector was employed at the level of domestic workers (29.2%), followed by sales persons (23.7%), Table 9. On the other hand, most of the workforce has not completed secondary education (40.8%), with some having completed secondary education (27.7%). Only 13.4% of the workforce had tertiary education. Of particular interest in the analysis of the educational qualification of services sector labour force, is that the number of completions with no schooling is decreasing, whilst those who have completed secondary education are steadily increasing. These developments suggest that the Services SETA should ensure that there are sufficient qualifications at the higher NQF level to ensure relevance of training interventions. As will be discussed in Chapter 4, a number of initiatives are underway to establish partnerships with universities to help strengthen the pipeline of skills supply.

Table 9: Employment by Occupation and Qualification in services sector

Occupation	Services SETA	National (Stats SA)
Manager	28 839 (7.6%)	185 969 (5.5%)
Professional	28 307 (7.5%)	137 392 (4.0%)
Technician	53 796 (14.2%)	161 510 (4.8%)
Clerk	62 715 (9.0%)	240 811 (7.1%)
Sales and services	33 962 (9.0%)	804 785 (23.7%)
Skilled agriculture	20 322 (5.4%)	0 (0.0%)
Craft and related trade	4 053 (1.1%)	78 084 (2.3%)
Plant and machine operator	47 174 (12.5%)	66 852 (2.0%)
Elementary	98 375 (26.1%)	1 723 716 (50.7)
Total	377 543	3 399 120
Level of Education		Jan-Mar 2018
No schooling	228 881 (61%)	83 603 (2.5%)
Less than primary completed	127 369 (34%)	319 845 (9.4%)
Primary completed	21 293 (6%)	156 652 (4.6%)
Secondary not completed		1 388 105 (40.8%)
Secondary completed		943 051 (27.7%)
Tertiary		454 326 (13.4%)
Other		53 538 (1.6%)
Total	377 543 (100%)	3 399 120

Source: Services SETA Mandatory Grant Data, May 2020; Statistics South Africa, 2020b

Since this sector is predominantly informal, comprising of a high number of SMMEs, working conditions are below legal requirements. Only 44% of workers have pension funds, paid sick and leave. Contribution to UIF is also low at 40% (Quantec, 2020; Data First, 2020). According to WSP/ATR data (2020), 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.

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 slow growth along with the rest of the sector. This implies that the services sector will require greater investment in skills development to support workers facing retrenchments.

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

2.1. Introduction

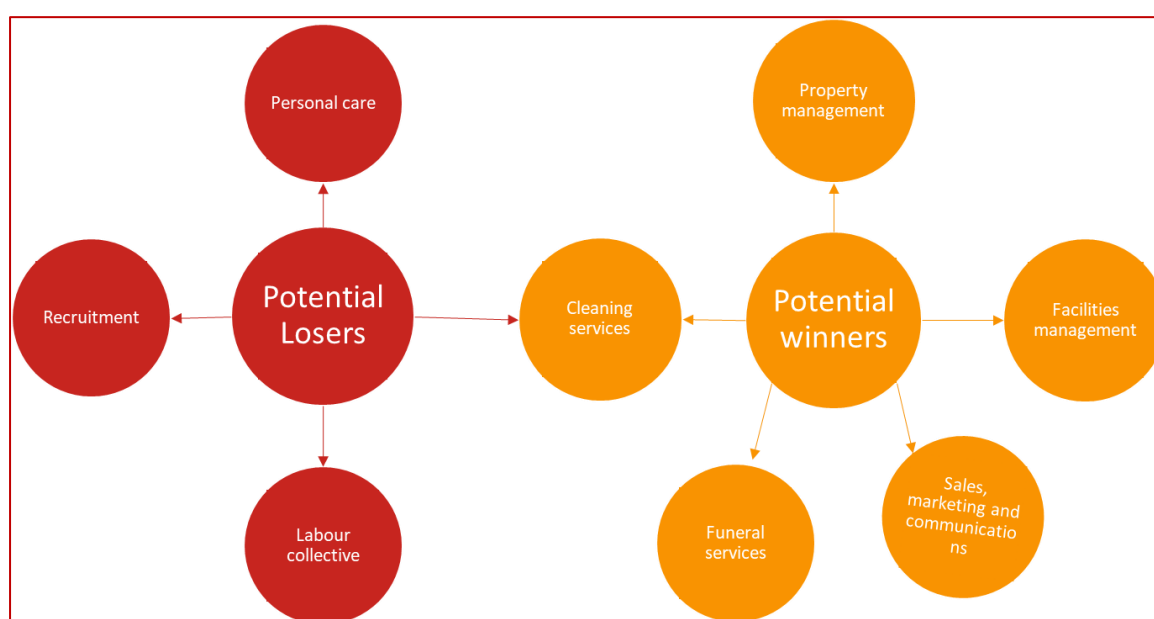
This chapter presents the key skills change drivers that have been identified as those that influence the demand for and supply of skills, either positively or negatively, in the services sector. The implications for skills development in the sector will be outlined. Key skills change drivers were identified 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 provincial consultations that covered seven provincial offices of the Services SETA. Information and Communication Technology, COVID-19 and Climate Change 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. COVID-19

As illustrated in Chapter 1, the impact of COVID-19 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). Applications such as Skype, Zoom and Microsoft Teams are used effectively to get the work done. In the aftermath, we can expect organisational structures to change in varying degrees, depending on the nature of business activities. Figure 12 demonstrates the impact of COVID-19 on the services sector.

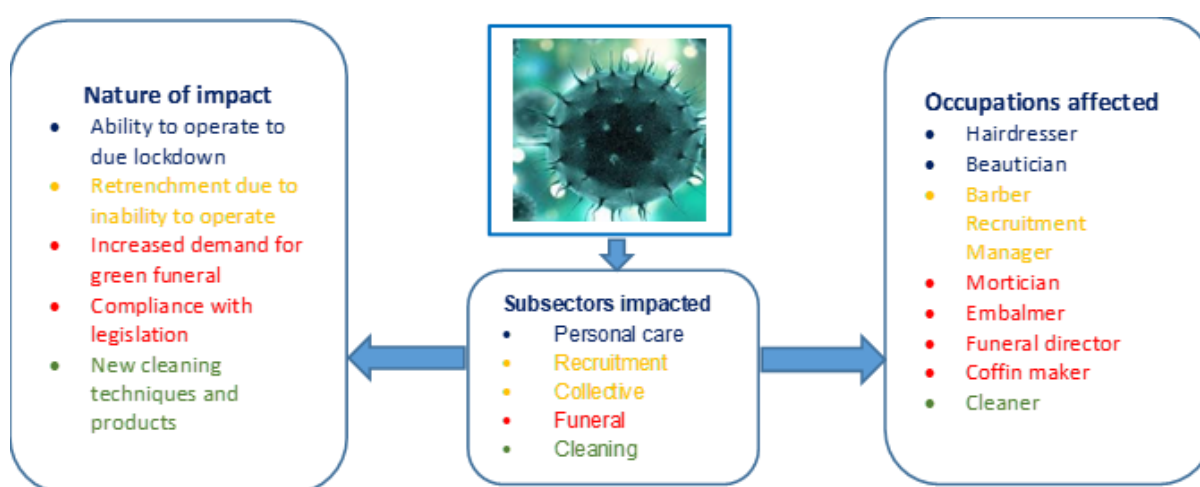
Figure 12: Impact of COVID-19 Services Sector



Some companies may retain a core team full-time and use outsourced contractors or temporary workers. Flexible work arrangements will become the norm. Contractors can be hired when needed, and the work team can be flexed up and down in real-time. In this scenario, companies will require new skillsets to adapt to their new business models and the post-COVID-19 environment.

For the services sector specifically, subsectors such as personal care, labour recruitment and collective, and funeral industries have been negatively impacted by COVID-19. On the other hand, real estate, sales and marketing, business consulting and project management are likely to emerge stronger. The cleaning services subsector is contracting, but, it remains resilient due to need for deep cleaning services. Implications for skills development are outlined in Figure 13. Skills development interventions will be prioritised to respond accordingly.

Figure 13: Skills Implications of COVID-19 on Services Sector



The implication of this key skills change driver impacting on the way the work is done pressured companies' drive to forcefully embrace 4IR which introduces the change driver to follow. Companies have sought to equip their labour force to work from home.

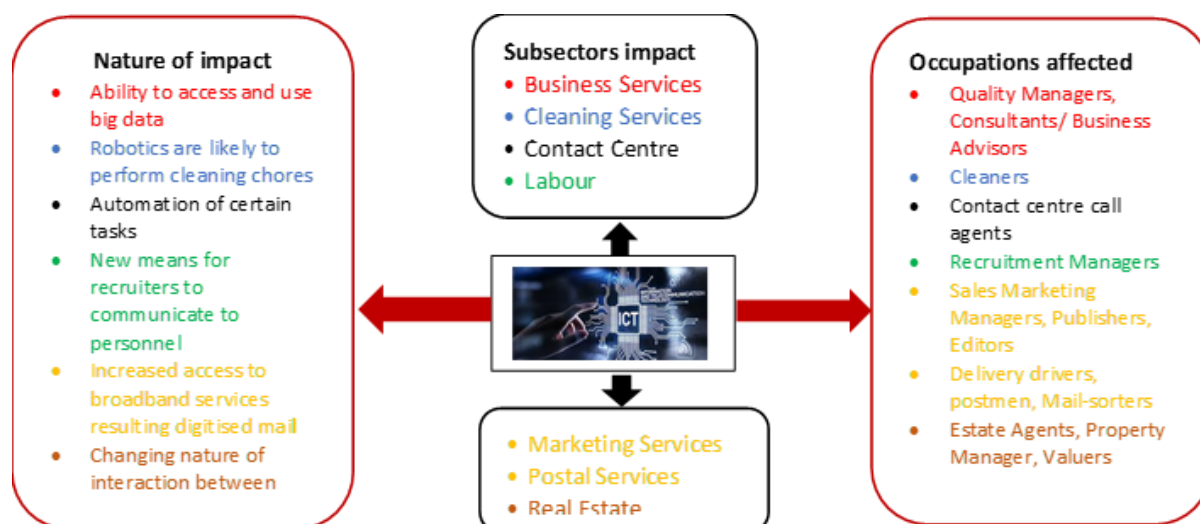
2.2.2. Information and Communication Technology

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 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. The sector is data-driven and demands a combination of skills – advanced computer literacy, analytics, basic legal (e.g. POPI Act compliance) along with all-round communication ability to be able to handle the range of skills needed, not just for now, but for the future, to be competent with integrated marketing skills. 'Big data' requires that managers and professionals acquire higher levels of analytical skills to use data strategically.

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. Businesses can benefit from advancements in technology in two ways, namely, increased flexibility for work to continue outside of traditional working hours, (working remotely) and work outputs which are increasingly computer-generated.

Figure 14: Skills Implications of ICT on Services Sector

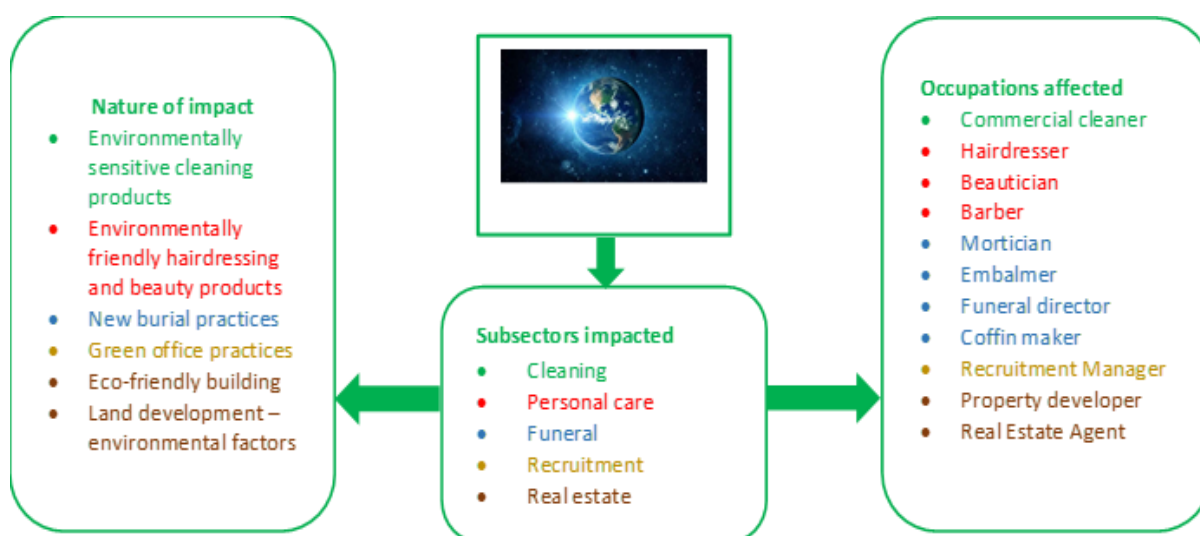


Skills in the use of information technology (IT), including social media for desktop and online research, will increasingly be needed to ensure that firms become competitive. Figure 14: illustrates the impact of ICT on skills demand and supply for the services sector. A review and alignment of these qualifications is under way.

2.2.3. Climate Change

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.

Figure 15: Skills Implications of Climate Change on 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. At the same time the laundry industry is moving away from “laundry liquids, powders, emulsifiers, starches, boosters, bleaches, dry cleaning detergents, wet cleaning chemicals, spotters, sanitizers” and other products that are not environmentally friendly (Laundry-ME, 2015).

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). 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. Pressures from legislators and environmentalists around the real estate’s carbon production; consumption of resources and land development, and the lack of environmental movement is forcing the sector to adapt to new ways of doing business.

These developments will require the need to educate consumers, business owners and employees. The Services SETA is collaborating with the industry and universities of Cape Town and Rhodes to conduct research and develop relevant green skills qualifications.

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 provides a brief discussions of each.

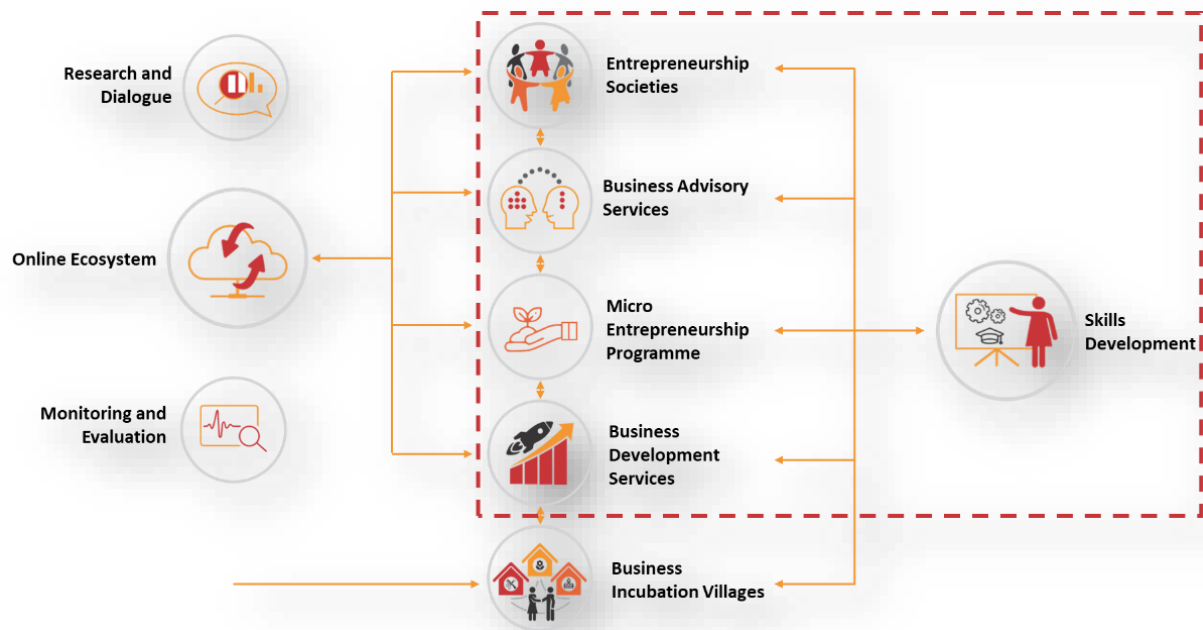
Table 10: Alignment with National Strategies and Plans

National Policy or Plan	Implications for skills planning
a) 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.
b) 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.
c) Industrial Policy Action Plan and the National Industrial Policy Framework	The review of IPAP highlights the role of the services sector to include small business development, linking the services sector and other industrial sectors where growth is being planned, and the growth of South African services throughout Africa and abroad. The Services SETA plans to increase learnerships, apprenticeships, internships and bursaries in infrastructure support projects such as DTI's Monyetla Project Green Skills Initiatives.
d) Nine Point Plan	The Services SETA's enterprise and entrepreneurial development interventions are aimed at contributing to Point 7 of the Government's nine-point plan: "Unlocking the potential of SMMEs, cooperatives, townships and rural enterprises". The Services SETA launched an Entrepreneurship and Cooperative Development Institute to support SMMEs regarding training needs, advisory, incubation and linkage with other opportunities.

2.4. 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, the entrepreneurship is of both necessity- and opportunity-driven. Therefore, the needs differ across stages and nature of the venture. This requires applied, interactive, mentored and peer learning approach to grow their businesses. Against this background, the Services SETA, in collaboration with other SETAs; Government Departments and Agencies responsible for SME development, has launched an Entrepreneurship and Corporative Development Initiative (ECDi). The initiative is still in infancy stage. Key programmes of action to support SME development are outlined in Figure .

Figure 16: ECDi Programme of Action



2.5. Conclusion

This chapter identified COVID-19, Information and Communication Technology and Climate Change 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 as has been demonstrated, as well as specific interventions to address the priorities.

CHAPTER THREE: **OCCUPATIONAL SHORTAGES AND SKILLS GAPS**

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 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 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 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, 2019). 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 to 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 of 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. Also outlined is the magnitude of demand and the reasons why it was difficult to fill these occupations. Generally, the slow recruitment process and the lack of experience are commonly cited as underlying reasons. The respondents factored COVID-19 in identifying H-T-F-Vs 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 realise below (Table) that there is high vacancies 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 11: Hard-to-Fill Vacancies, Cleaning and Hiring Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-121206	Health & Safety Manager	7735						
2019-143902	Cleaning Services Manager	1205						
2019-132404	Warehouse Manager	673						
2019-132405	Fleet Manager	102						
2019-121904	Contract Manager	267						
2019-226302	Health & Safety Officer	6780						
2019-325705	Safety Inspector	1340						
2019-734201	Earthmoving Plant Operator (general)	741						
2019-811202	Healthcare Cleaner	6427						
2019-811201	Commercial Cleaner	8451						
Equity considerations			Lack of relevant experience					
Poor salary			Lack of relevant qualifications					
Unsuitable job location			Slow recruitment process					

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 12. 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, experiences and the slow recruitment process. 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.

Table 12: Hard-to-Fill Vacancies, Communication and Marketing Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-122103	Director of Marketing	306						
2019-122104	Interactive and Direct Marketing Strategist	598						
2019-122301	Research and Development Manager	1120						
2019-122101	Sales and Marketing Manager	6244						
2019-122102	Sales Manager	1852						
2019-122201	Advertising and Public Relations Manager	455						
2019-143905	Call Centre Manager	641						
2019-243103	Marketing Practitioner	94						
2019-216603	Multimedia Designer	174						
2019-243201	Communication Coordinator	70						
2019-251201	Software Developer	17805						
2019-216603	Graphic Designer	46						
2019-251301	Multimedia Specialist	132						
2019-333908	Marketing Coordinator	294						
2019-333903	Sales Representative	2294						
2019-421105	Postal Frontline Service Worker	1673						
2019-422206	Call Centre Agent	33						
2019-422201	Inbound Contact Centre Consultant	1030						
2019-422501	Enquiry Clerk	1763						
2019-441203	Mail Clerk	145						
2019-524902	Rental Salesperson	83						
Equity considerations			Lack of relevant experience					
Poor salary			Lack of relevant qualifications					
Unsuitable job location			Slow recruitment process					

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. As

Table 13 as illustrates, the main reasons for inability to attract relevant staff include equity considerations, lack of experience and the slow recruitment process. Like other chambers, health and safety officer become a necessity due to COVID-19.

Table 13: Hard-to-Fill Vacancies, Labour and Collective Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-261105	Conciliation and Arbitration Commissioner	324						
	Dispute Resolution Manager	104						
	Resident Panelist	153						
2019-121204	Recruitment Manager	604						
2019-333302	Recruitment Consultant (Temp & Perm)	670						
	Payroll Manager	1004						
	Trade union organizer	702						
	Researchers on Worker Related Issues	295						
2019-226302	Occupational Health and Safety Officer	35						
	Trade union officials – Labour law specialists	41						
Equity considerations			Lack of relevant experience					
Poor salary			Lack of relevant qualifications					
Unsuitable job location			Slow recruitment process					

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 14. Skills scarcity is also mainly concentrated at the management and senior occupational categories. Like other chambers, health and safety officer become a necessity due to COVID-19.

Table 14: Hard-to-Fill Vacancies, Management and Business Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-121902	Corporate Services Manager	736						
2019-121905	Programme or Project Manager	5753						
2019-121908	Quality Systems Manager	825						
2019-121909	Sustainability Manager	652						
2019-134903	Small Business Manager	20						
2019-242101	Business/Management Consultant	569						
2019-242202	Policy Analyst	66						
	Skills Development Facilitator	1047						
2019-334102	Office Administrator	167						
	Community Worker	1526						
2019-411101	General Clerk	315						
2019-441903	Programme or Project Administrator	2147						
Equity considerations			Lack of relevant experience					
Poor salary			Lack of relevant qualifications					
Unsuitable job location			Slow recruitment process					

The current economic challenges of slow economic growth, juxtaposed to COVID-19 pandemic, mean that skills related to turning around businesses and operations, and consulting will be 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. 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 15 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 major 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 15: Hard-to-Fill Vacancies, Personal Care Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-514101	Hairdresser	1003						
2019-514204	Nail Technician	314						
2019-516301	Funeral Director	62						
2019-516301	Mortician	54						
2019-641501	Carpenter	1220						
2019-514201	Skin Care Therapist	89						
2019-516303	Embalmer	102						
2019-516305	Mortuary Technician	83						
Equity considerations			Lack of relevant experience					
Poor salary			Lack of relevant qualifications					
Unsuitable job location			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 16.

Table 16: Hard-to-Fill Vacancies, Real Estate and Related Services Chamber

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-143901	Facilities Manager	309						
2019-331501	Property Valuer	204						
2019-333901	Auctioneer	132						
2019-333402	Real Estate Agent	479						
2019-333401	Property Manager	623						
2019-642102	Solar Installer	95						
2019-671101	Electrician	69						
2019-642601	Rental Agent	1025						
	Property Agent	35						
Equity considerations			Lack of relevant experience					
Poor salary			Lack of relevant qualifications					
Unsuitable job location			Slow recruitment process					

For the real estate subsector, planning for skills development should consider to train employees from historically disadvantaged backgrounds to address transformation of the industry. Training interventions should be aimed at the upper echelons of occupational categories. The following Hard-to-Fill Vacancies can be found across all the subsectors.

Table 17: Cross-cutting Hard-to-Fill Vacancies

OFO Code	Hard-To-Fill Vacancy	No	Reasons					
2019-121902	Corporate Services Manager	1209						
2019-122105	Customer Service Manager	895						
2019-121101	Finance Manager	3214						
2019-235101	Education or Training Advisor	493						
2019-243301	Sales Representative	8920						
2019-243303	Educational Products and Services Sales	975						
	Skills Development Facilitator	9207						
2019-243402	ICT Business Development Manager	524						
2019-251101	ICT Systems Analyst	101						
2019-411101	General Clerk	11031						
2019-252301	Computer Network and Systems Engineer	643						

3.2.2. 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 workshops (virtual). 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 18 lists key skills gaps identified within services sector by magnitude, major and occupational categories.

Table 18: Skills Gaps

#	Skills Gaps Needed	No	Major Group	Occupational categories
1	Customer service	27855	Clerical Support Workers	Office clerk/administrator; Call Centre Agent
2	People management	26684	Managers	Corporate Services Manager; Project Manager
3	Communication	17712	Service and Sales Workers	Call Centre Agent; Sales Agent; Rental Sales Agent
4	Quality management	14126	Managers	Project Manager; Quality Manager
5	Strategic management	13443	Managers; Professionals	Corporate Services Manager; Project Manager
6	Database analytics	8606	Service and Sales Workers	Policy Analyst; Sales Representative
7	Change management	6878	Managers; Professionals	Corporate Services Manager; Small Business Manager
8	Coaching and mentoring	6836	Managers; Professionals	Small Business Manager; Business Consultant
9	Leadership	6543	Managers; Professionals	Corporate Services Manager; Project Manager
10	Document management	5799	Service and Sales Workers	Marketing Practitioner; Sales Representative
11	Diversity management	4897	Managers; Professionals	Business Manager; Business Consultant
12	Professional conduct	4665	Service and Sales Workers; Clerical Support Workers	Office clerk/administrator; Call Centre Agent
13	Computer literacy	2575	Service and Sales Workers; Clerical Support Workers	Office clerk/administrator; Call Centre Agent

14	Data management	1513	Service and Sales Workers	Marketing Practitioner; Sales Representative
15	Foreign language (Mandarin, Russian, Portuguese)	1345	Service and Sales Workers	Office clerk/administrator; Call Centre Agent
16	Problem solving skills	1265	Service and Sales Workers	Office clerk/administrator; Call Centre Agent
17	Facilitation skills	1022	Technicians and Associate Professionals	Skills Development Facilitator; Business Consultant
18	Time management	977	Clerical Support Workers; Elementary Occupations	Office clerk/administrator; Call Centre Agent
19	Environment sustainability skills	705	Service and Sales Workers	Marketing Practitioner; Sales Representative
20	Assessor training	679	Service and Sales Workers	Skills Development Facilitator; Business Consultant
21	BBBEE legislation	475	Technicians and Associate Professionals	Business Manager; Business Consultant
22	Work ethics	445	Clerical Support Workers; Elementary Occupations	Office clerk/administrator; Call Centre Agent
23	Social media	322	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.

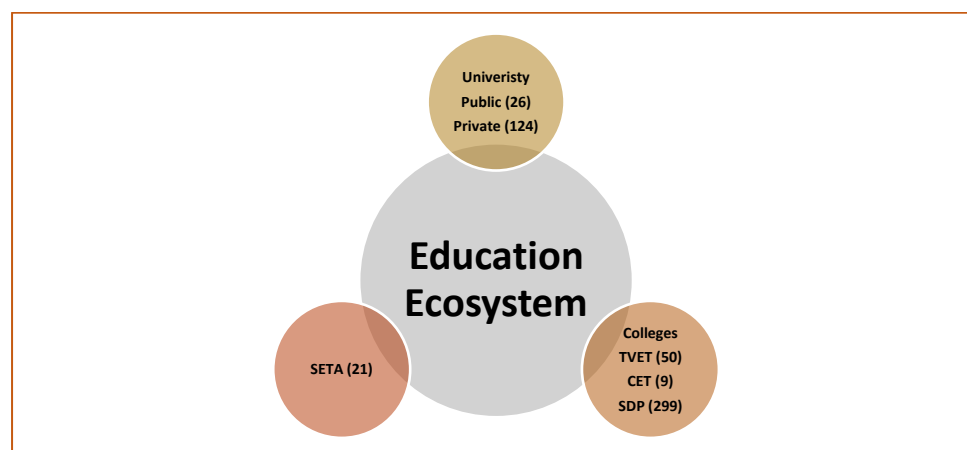
3.3. Extent and nature of supply

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. As Figure 17 illustrates, there are 26 public universities, 124 private institutions of higher education, 50 TVET Colleges, 6 CETs, 299 private colleges and 21 SETAs.

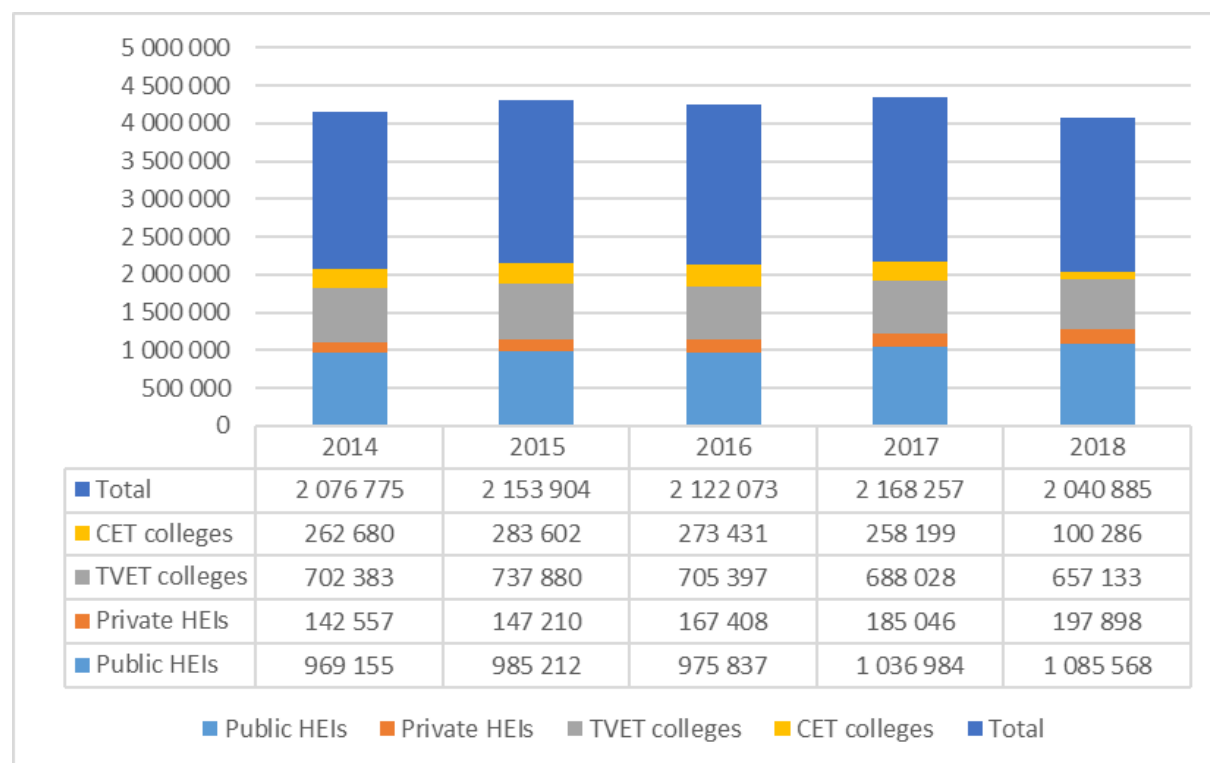
Figure 17: PSET Ecosystem



Source: (DHET, 2020)

Altogether, the system enrolled up to 2 532 426 learners in 2018 – see Figure 18. 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.

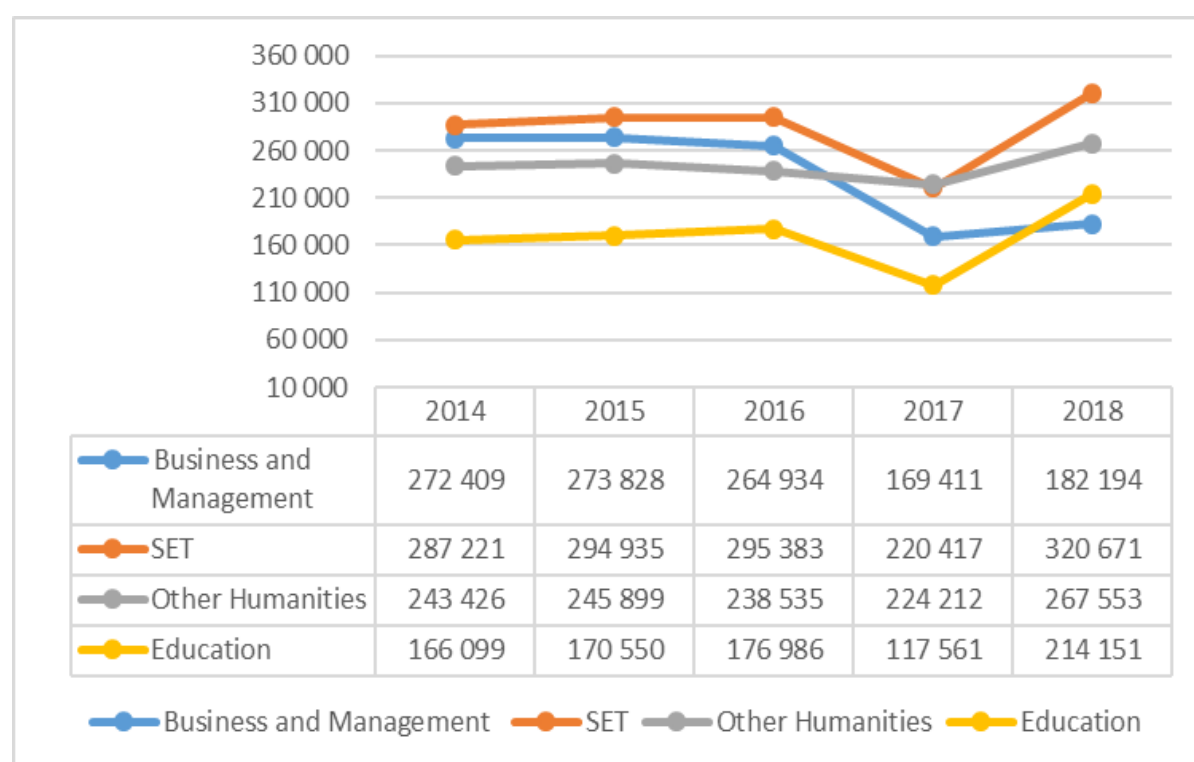
Figure 18: Learner enrolment in public and private HEIs



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

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 19. From around 2017, enrolment in Business and Management qualification has witnessed a major decrease. The following year, 2018, registered a modest increase.

Figure 19: Learner enrolment by discipline in public universities, 2014-2018



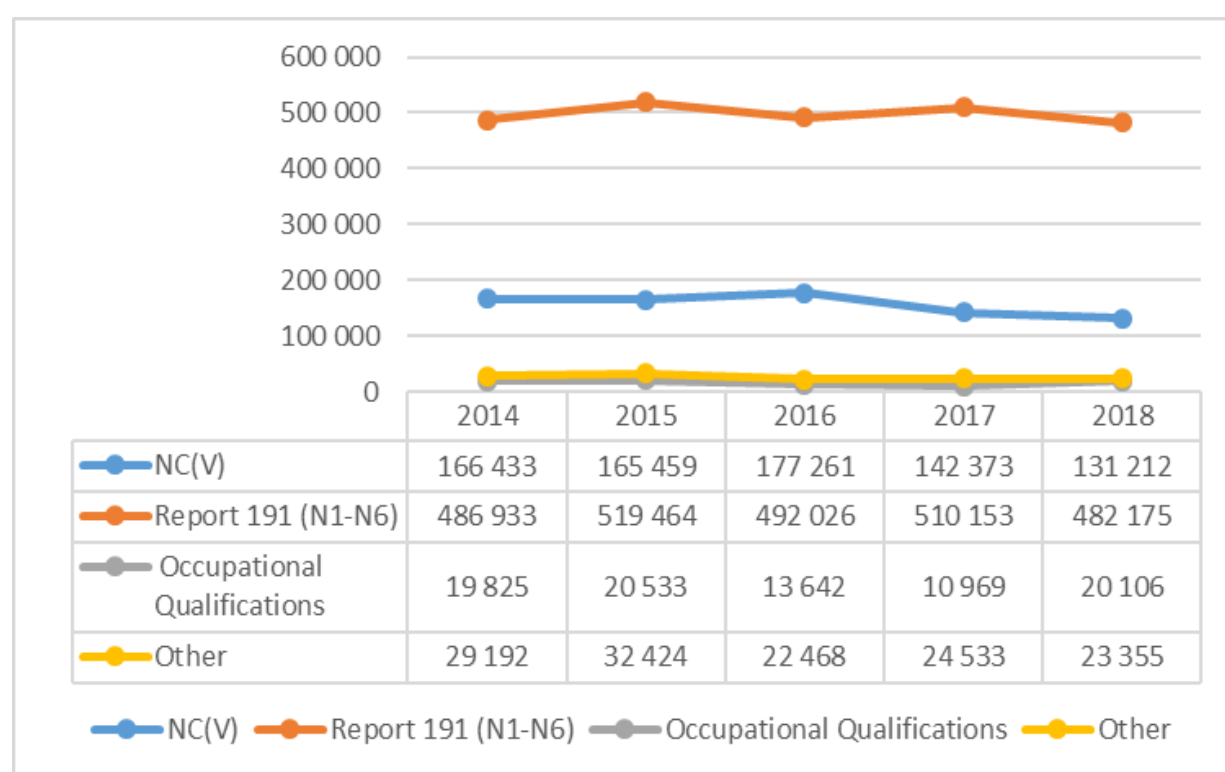
Source: (DHET, 2015; 16; 17; 19; 20)

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 last 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 20 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.

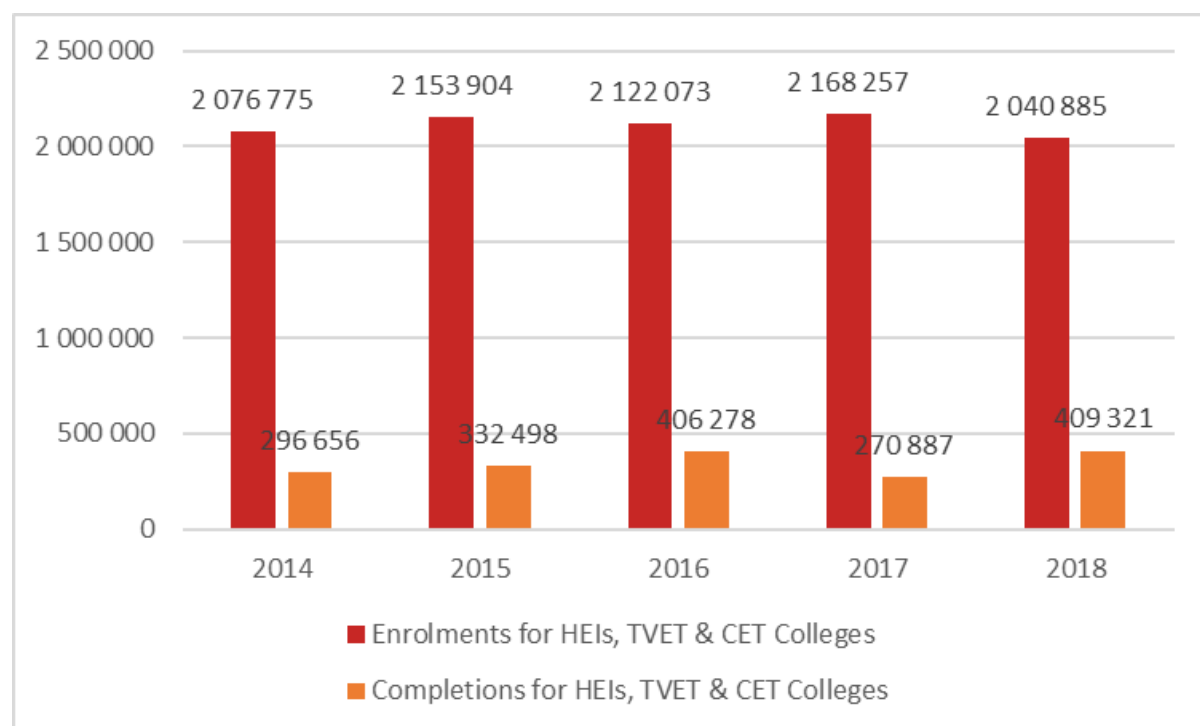
Figure 20: Learner enrolment by type of qualifications in TVET Colleges, 2014-2018



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 21 illustrates, completion rates fall far short of enrolment rates. The average completion rate is 16%.

A detailed analysis of the data reveals a worrying 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 21: Comparison of enrolment and completion in HEIs, 2018



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 is 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.

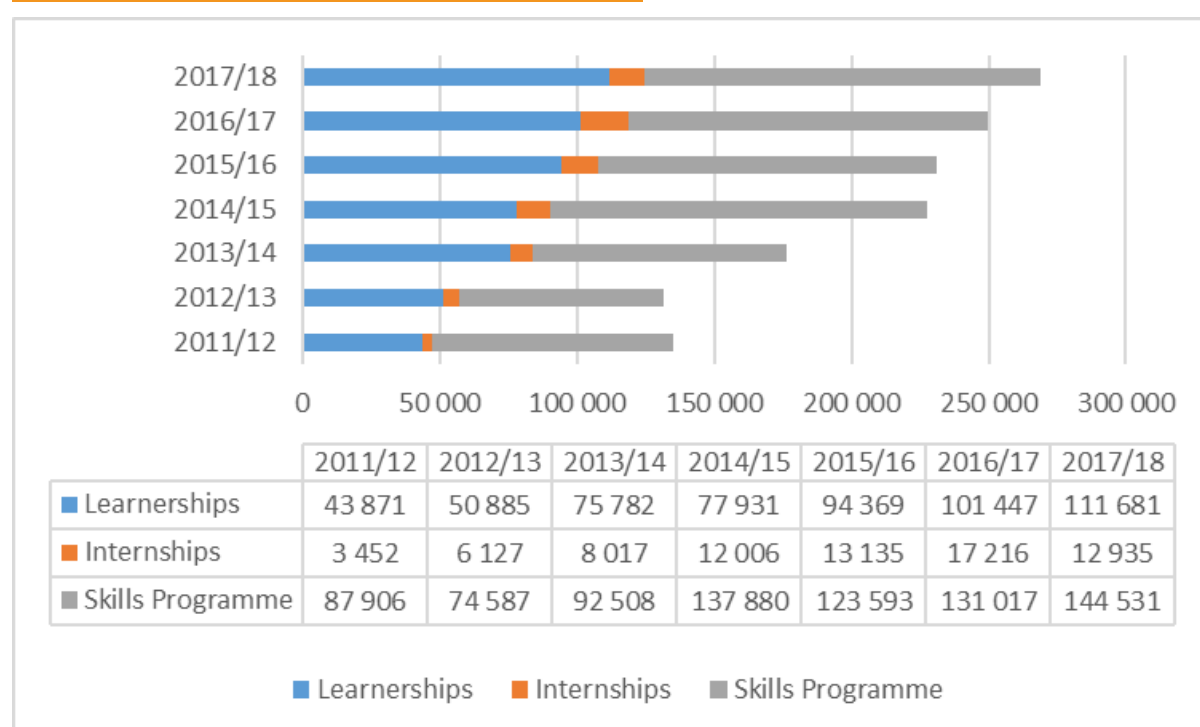
Sector Education and Training Authorities

There are 21 SETAs responsible for different sectors as determined by DHET – see

Table 2 for the full list and alignment to major industries. There has been steady increase in enrolment of learners over the last five years. Enrolment in Skills Programmes has consistently surpassed others, followed by Learnerships – see Figure . 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.

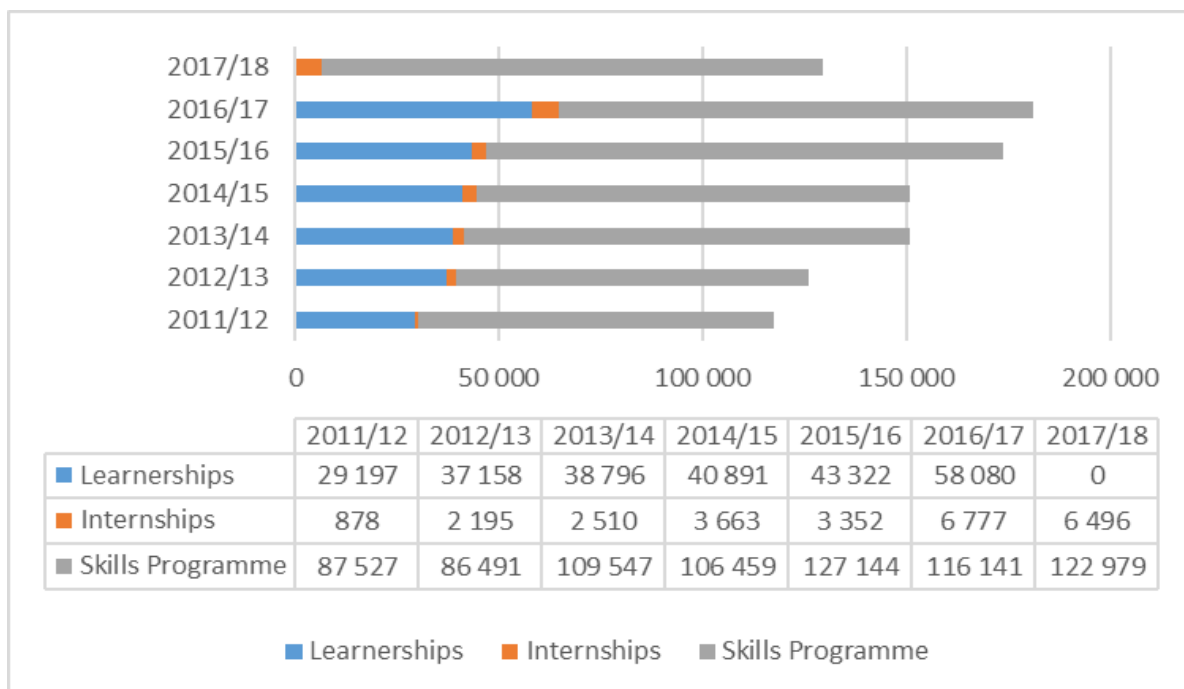
Figure 22: Learner enrolment in all 21s SETAs



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

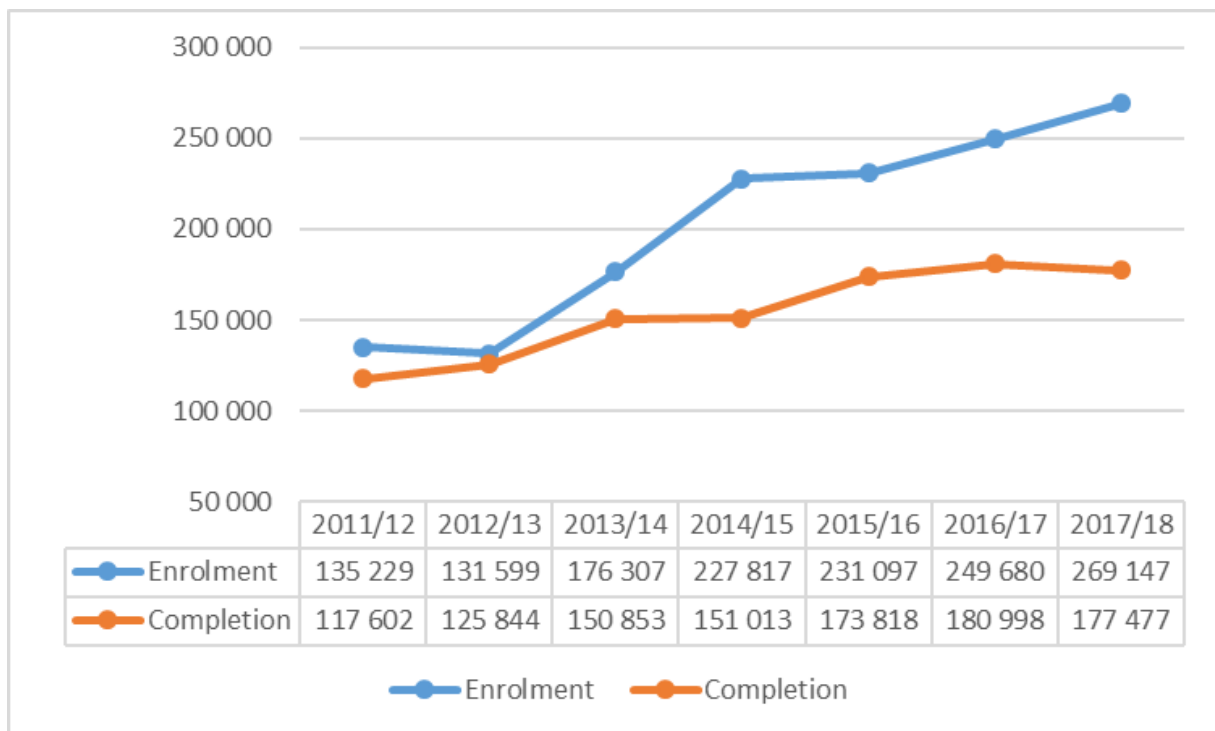
In line with enrolment trend above, Skills Programmes registered highest completion rates followed by Learnerships. Whilst also realising steady increase in completion rates, Internship programmes' completion rates are far lower than the enrolments as Figure illustrates. This is a problem common across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





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

The discrepancy between enrolment and completion rates is aptly illustrated in Figure . 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.



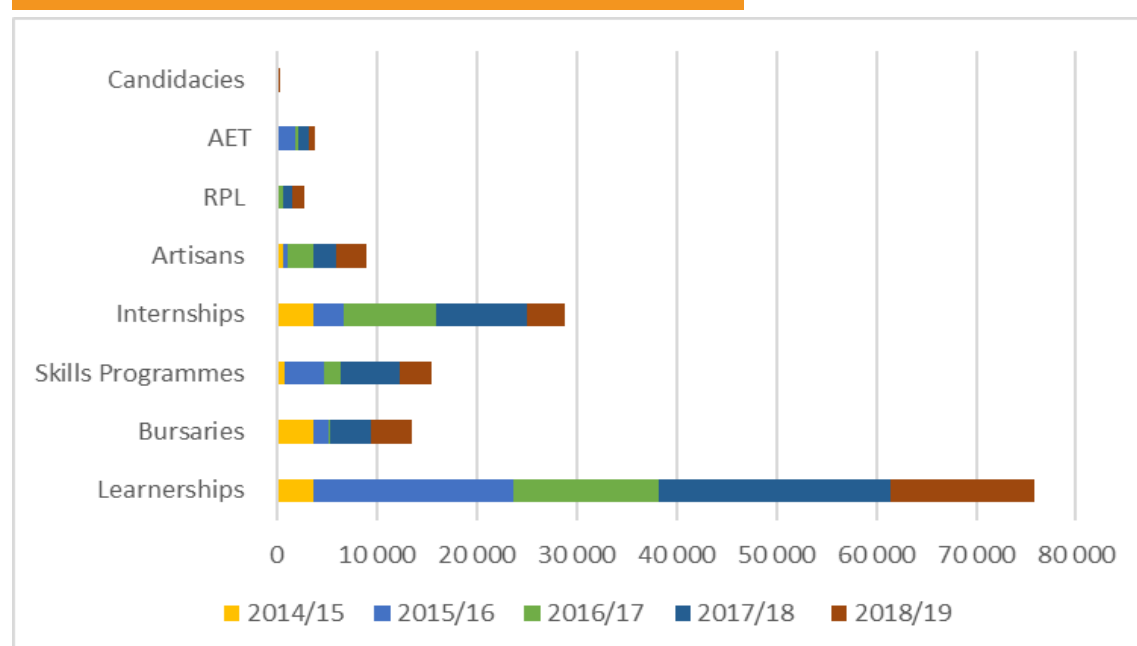
Source: (DHET, 2015; 16; 17; 19; 20)

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 , 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 25: Services SETA Learner enrolment, 2014-2018

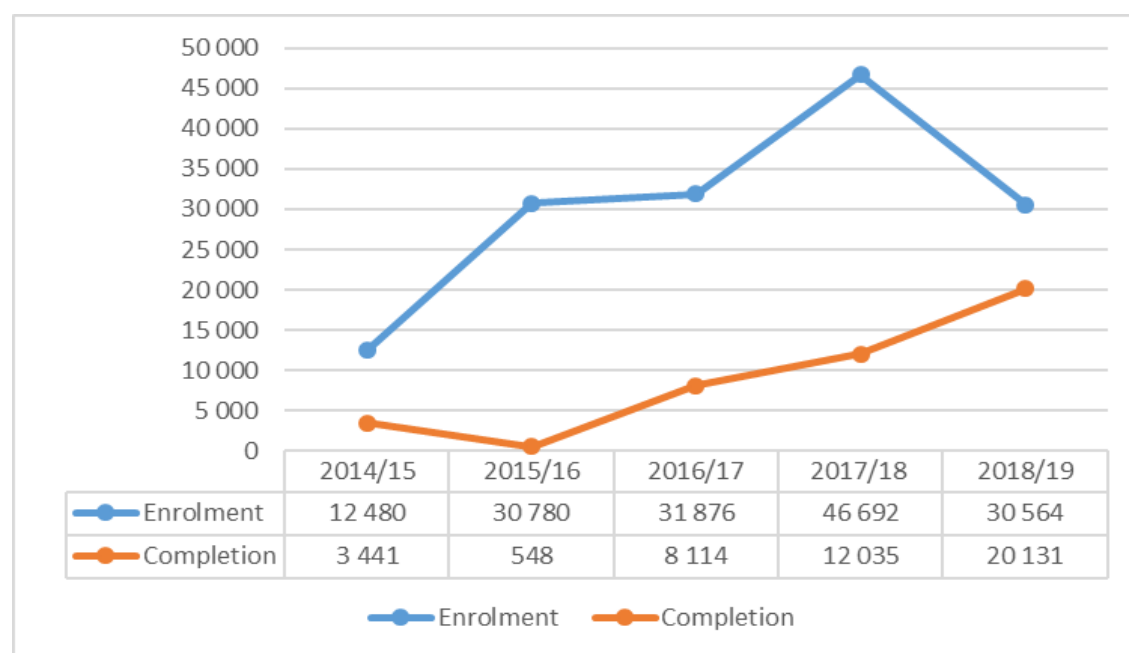


Source: (Services SETA Performance Information, 2015; 16; 17; 18; 19)

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 26. Trace studies reveals a number of reasons for this state of affairs. Key amongst them is the high rate of drop outs (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 26: Services SETA Learner enrolment and completion, 2014-2018



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

#	Qualification Code	Name of Qualification	NQF Level	Number of SDPs
1	57712	FETC: 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	GETC: 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
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

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

Qualifications 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 19 illustrates the number of SDPs per Services SETA registered qualification.

Table 19: Services SETA's Accredited Training Service Providers by qualification

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 development and/or update. These are listed in Table below.

Table 20: Occupations for which qualifications are prioritised

Chamber	Occupation
Cleaning and Hiring Services	Healthcare Cleaner
	Garden Service Worker
Communication and Marketing Services	Market Research Analyst
	Postal Frontline Worker
Labour and Collective Services	Recruitment Services Manager
Management and Business Services	Project Manager
	Quality Systems Manager
Personal Care Services	Hairdresser
	Mortician
Real Estate and Related Services	Facilities Manager

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 on 6 & 7 July 2020 to compile the draft list. Validation workshops were held on 14 August 2020. More than 70 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 was 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

Consultation 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 list as reflected in Table 21. 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 2013 and 2019 (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 in Services SETA related sectors was identified per chamber;
- The projections are based on a linear forward projection of planned training interventions, based on the assumption that the average number of planned interventions for the period 2012 to 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 magnitude of demand and corresponding planned intervention. The magnitude is based on the projection of demand as explained above. Magnitude for planned intervention is based on the available budget. 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 21: [Services SETA Priority Occupations List 2021/22](#). The planned number of interventions will be finalised after consultations with management, AA and industry.

Table 21: 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	2021/22	2019-121206	Health & Safety Manager	Safety, Health and Environmental (SHE) Manager	Learnership: General Education and Training Certificate: Hygiene and Cleaning	1	YES	7735	120
2	Services SETA	2021/22	2019-811202	Healthcare Cleaner	High/Medium/Low Risk Area Cleaner	Learnership: General Education and Training Certificate: Hygiene and Cleaning	1	YES	732	200
3	Services SETA	2021/22	2019-122105	Customer Service Manager	Client Services Manager / Representative/ Client Services Advisor	Bursary: National Diploma: Customer Management National Certificate: Contact Learnership: Centre Support	5 2	YES	8300	105
4	Services SETA	2021/22	2019-122101	Sales and Marketing Manager	Business Support Manager/ Key Account Manager	Bursary: Further Education and Training Certificate: Marketing	4	YES	6244	120
5	Services SETA	2021/22	2019-121204	Recruitment Manager		Bursary: Further Education and Training Certificate: Labour Recruitment Services	4	YES	604	45
6	Services SETA	2021/22	2019-333302	Recruitment Consultant (Temp & Perm)	Permanent Recruitment Officer	Bursary: Further Education and Training Certificate: Labour Recruitment Services	4	YES	670	67
7	Services SETA	2021/22	2019-121905	Programme or Project Manager	Project Director	Bursary: Further Education and Training Certificate: Project Management	4	YES	5753	205
8	Services SETA	2021/22	2019-242101	Business/Management Consultant	Business Analyst/ Small Business Consultant / Mentor	Bursary: Further Education and Training Certificate: Generic Bursary: Management Further Education and Training Certificate: Business Administration Services Bursary: National Certificate: Business Administration Services	4 4 3 5	YES	569	134
						Bursary: National Certificate: Generic Management				
9	Services SETA	2021/22	2019-514101	Hairdresser	Barber/ Hair Dressing Technician/ Afro Hairdresser	Bursary: National Certificate: Hairdressing Learnership: National Certificate: Hairdressing Further Education and Training Certificate: Beauty and Nail Technology	3 2 4	YES	32	33
10	Services SETA	2021/22	2019-333401	Property Manager	Building Manager/ Property Business Support Manager/Property Administrator	Further Education and Training Certificate: Commercial Property and Facilities Management	4	YES	623	51

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.

CHAPTER FOUR:

SETA PARTNERSHIPS

4.1. Introduction

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

The Services SETA's partnership framework is informed by Porter's generic value chain, discussed in detail in the Strategic Plan: 2012/13 - 2019/20. Porter's model was analysed against the framework provided in "Mapping Key Role Players and SETA Partnerships" issued by the DHET's Labour Market Intelligence Partnership. The mapping of partnerships recognises that:

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

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

4.2. An analysis of existing SETA partnerships

Partnerships as at the end of the 2019/20, excluding legacy projects, for which implementation is continuing into the current financial year are regarded as existing. Existing partnerships are categorised first into Skills Demand Partnerships, Skills Supply Partnerships and Intermediary Partnerships. Thereafter, given their importance, partnerships are detailed for public TVET Colleges, public universities and Inter-SETAs. The purpose of existing partnerships includes:

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

4.2.1. Public TVET Colleges

The Services SETA established partnerships with 29 TVET Colleges. A total of 30 out of 50 public TVET College partnerships have been established and were active at the end of the 2017/18-2018/19 financial years; 22/29 for skills development and 10/29 for infrastructure development for expanded access to skills development as indicated in Table 22 below.

The infrastructure development partnerships provide for the establishment of Skills Development Centres, Artisan Development Centres or Trade Test Centres subject to the need. The SDCs are in most instances owned and managed by a public TVET College or public university. These partnerships will expire on 31 March 2021.

Table 22: TVET Colleges' partnerships with the Services SETA

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership	Value of partnership
Motheo TVET College	05 March 2015 to date	Building of Artisan Academy and financial support to trade programmes	Contribution to national development priorities
TVET Governors Council	1 Apr 2018/19 – 31 Mar 2020/1	Leadership and Governance development	Ensure good governance and management
Ikhala TVET College	1 Apr 2017/18 – 31 Mar 2020/1	Funding the renovation of college infrastructure and Services SETA learning programmes	Expanding access to skills development opportunities for improved stock of supply for the sector

The establishment of the SDCs directly contributes to the achievement of NSDPI 2030 Outcomes. During the establishment phase, the primary partner of the Services SETA may be a government department or municipality but TVET Colleges will be engaged as early on as possible to ensure sustainability. These are long-term investments that involve funding for infrastructure and funding for skills development once the centres are in operation. The SDCs involve the following primary objectives:

- Building strategic partnerships - establish strategic partnerships with all relevant stakeholders. This entails building solid relationships across all 21 SETAs and government.
- Sourcing funding for skills development - source funding for skills development from all 21 SETAs.
- Project managing skills development implementation - provide project management training for the implementation of all skills development programmes funded through the centre.
- Facilitating critical skills programmes: facilitate provision of life skills, communication and computer literacy programmes to top up practical skills required in the workplace.
- Leading local economic development initiatives - support for-profit and non-profit enterprises and cooperative development through relevant partnerships.

- Advocacy - the centres should maximise youth involvement through lobbying and advocacy programmes such as Youth Parliament, Local Government and Legislature participation, and
- Information hub - centres should be supported to provide career guidance counselling services and supply all the requisite information.

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

4.2.2. Public Universities

As at the end of the 2018/19 financial year, the Services SETA had existing partnerships with four public universities for skills development (see Table 23). Two included training of Black managers to promote transformation. The latter two address research practises at PSET level. All partnerships will expire 31 December 2020.

Table 23: University Partnerships with the Services SETA

University Name	Nature of partnership (start & end dates)	Nature of Partnership
Central University of Technology	01 April 2017 -31 December 2020	Services SETA staff development programme
University of Witwatersrand	28 Feb 2018 – 31 December 2020	OFO Mapping Research Chair to develop a Mapping Tool and methodology
Rhodes University	28 Feb 2018 – 31 December 2020	M&E Research Chair to develop M&E Framework and related Tools
University of Pretoria	June 2019 – Dec 2020	Leadership development training to support transformation in the sector

4.2.3. Private Sector Partnership

The Services SETA has entered into partnership with private sector, labour and State Owned Entities to support leadership development and transformation in the sector. Current partnerships are listed in Table 24.

Table 24. List of private partnerships

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership
CAPES / WITS / GLU	1 Apr 2019/20 – 31 Mar 2020/21	Leadership development training to support transformation in the sector
EOH	Apr 2019/20 – 31 Mar 2020/21	Leadership development training to support transformation in the sector
UASA	Apr 2019/20 – 31 Mar 2020/21	Training of shop steward
SATAWU	Apr 2019/20 – 31 Mar 2020/21	Training of shop steward
COSATU	Apr 2019/20 – 31 Mar 2020/21	Training of shop steward
Sefa/SEDA/DSBD	Apr 2019/20 – 31 Mar 2020/21	Strengthen SME through training and development of standards

4.2.4. Inter-SETA

The Services SETA is collaborating with 21 other SETAs to develop a suit of research tools and frameworks for skills development through a network of research chairs. The Services SETA is in the main funding the development of the M&E framework and Project Evaluation Tool that will be led by Rhodes University, and the development of the occupational mapping tool that was led by the University of the Witwatersrand. In addition, the Services SETA has established a collaborative partnership with other SETAs, government departments, research centres and universities to promote SMME development.

Table 25. Inter-SETAs partnership

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership	Value of partnership
DHET-AgriSETA-Cathseta-EWSETA-fp&mseta-LGSETA-merSETA-Services SETA-W&RSETA	DHET-InterSETA Collaborative Partnership (EIC). Effective date 05 February 2020. No end date EIC Terms of Reference effective from 01 August 2018 until 31 January 2020. Currently under review (effective date until 31 March 2025 to be agreed upon at the EIC meeting on 18 November 2020)	To support the ECDi 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	The EIC concluded a Collaborative Partnership Agreement

4.2.5. Partnership with Municipalities

The Services SETA has entered into partnership with a number of municipalities across the country to promote skills development, particularly in rural areas. Municipalities provide sites or buildings and basic infrastructure for the purpose of launching a skills development centres. The Services SETA works with local TVET Colleges or Universities to ensure delivery of skills training at these centres. Where necessary, the Services SETA provide financial support to ensure that the centres are of the required standard.

Table 26. List of partnerships with local municipalities/communities

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership	Value of partnership
Kokstad Municipality	05 March 2015 to date	Development of a Skills Development Centre	R15 000 000 (revised to R25 952 262,53)
Nkonkobe local Municipality	01 April 2015 to date	Development of a Skills Development Centre	R15 000 000
Beaufort West Municipality	01 December 2015 to date	Funding of various learning interventions	R48 000 000
Mafefe Traditional Council	22 January 2018 to date (Offer letter)	Development of a Mini Skills Development Centre	R7 000 000
Ga-Phasha Traditional Council	24 January 2018 to date (Offer letter)	Development of a Mini Skills Development Centre	R7 000 000
Umkhanyakude District Municipality	26 April 2017 (Board Resolution)	Development of a Skills Development Centre	R15 000 000
(Cala)		Development of a Skills Development Centre	
Buffulo City Metropolitan Municipality	28 June 2017 (Board Resolution)	Funding of various learning interventions	R31 608 000
Ngqeleni Community		Development of a Skills Development Centre and a Chicken Run Project	R34 226 820. 78
Lesedi	22 January 2018 (Offer Letter)	Development of a Skills Development Centre	R15 000 000

4.2.6. Partnership with Government Departments

In addition to local municipalities and community organisations, the Services SETA works in close relationship with government departments to promote skills development.

Table 27. List of partnerships with government departments

Name of institution/ partner organisation	Nature of partnership (start & end dates)	Objectives of partnership	Value of partnership
Department of Higher Education	6 July 2016	Development of a Community College	R200 000 000 (4 Community Colleges)
DSBD-Seda-sefa-Services SETA	MOU JSC. Currently under review for renewal for a recommended 5 year term	<p>In recognition of common goals and objectives in respect of the development and acceleration of entrepreneurship and support to small businesses and cooperatives, the following areas of cooperation were identified for the partnership:</p> <p>Strengthening institutional capabilities of the partners Exchanging ideas, information, skills and approaches Sharing responsibilities, contributions and benefits, commensurate with the partners' respective strengths and resources Developing and implementing joint projects and programmes of mutual interest Developing and implementing the ECDi Programme of Action Developing and implementing joint research</p>	The Memorandum of Agreement (MOU) concluded between DSBD, Seda, sefa and the Services SETA in 2017, expired on 31 March 2020. It is currently under review for renewal for a recommended 5 year term
Department of Roads and Public Works Northern Cape (Prieska)	09 March 2018 to date	Development and refurbishment of a Skills Development Centre	R26 000 000

Department of Social Department (Dumbe/Paulpietersburg)	31 March 2016	Development of a Skills Development Centre	R15 000 000
Small Enterprise Development Agency (SEDA)	Business Advising Learning Material use partnership – Open ended	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	N/A
North West Department of Economic Development, Environment, Conservation, and Tourism (DEDECT)	Self-funded business advising learning interventions for unemployed youth in the form 200 skills programmes and 100 candidacies during 2020/21 financial year	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 business advising skills to unemployed youth and create micro business advising businesses to support other SMMEs	R7 940 000

4.3. Strengths and Lessons Learnt from Existing Partnerships

This section seeks to provide some understanding and insight into the lessons learnt thus far, see Table 28.

Table 28: Lesson learnt from existing partnerships

Nature of partnership	Lesson learnt
Public TVET Colleges	The development of skills centres in partnerships with TVET Colleges and the funding of infrastructure has strengthened access to skills development for rural communities
Public Universities	Partnership with universities has improved collaboration between the SETA and HEIs which may results in uptake of Services SETA qualifications at the university-level
Private sector partnership	The partnership with the industry through chamber departments has strengthened the quality and credibility of skills demand in the sector
InterSETA	Services SETA participates in a collaborative research programme with 21 SETAs facilitated by Rhodes University and the University of the Witwatersrand

4.4. Planned partnerships

The Services SETA plans to partner with at least three other municipalities in the next financial year on skills development as illustrated below.

Table 29: Planned partnerships

Name of institution/ partner organisation	Gaps that the partnership will be addressing	Objectives of partnership
Nkandla TVET College	Improving skills development by promoting adequate learning environments for students through proving relevant equipment needed	Delivery of furniture and equipment as needed by the college
Bambanana TVET College	Improving skills development by promoting adequate learning environments for students through proving relevant equipment needed	Delivery of furniture and equipment as needed by the college
Thabazimbi TVET College	Improving skills development by promoting adequate learning environments for students through proving relevant equipment needed	Delivery of furniture and equipment as needed by the college

4.5. Best practice for effective partnerships

The best practice for effective partnership at the Services SETA is the partnerships entered into with 15 other SETAs to drive the development and support of SMMEs. This partnership brings together stakeholders from the industry, academia and research institutions. Partners meet quarterly discuss issues affecting SMMEs, including skills needs. Drawing from different partners, identified interventions measures are designed, implemented and overseen by a Task Team. The current intervention involves collation of existing research reports on SMME support and development.

The biggest challenge is time and money. Most members of the partnerships are in full time employed in their respective organisations or running their own businesses. Allocating time to research activities is a problem. Sourcing of funds to support research and other initiatives is always a challenge. Declining revenues due COVID-19, is also likely to compound the problem.

4.6. Conclusion

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

CHAPTER FIVE:

SETA MONITORING AND EVALUATION

5.1. Introduction

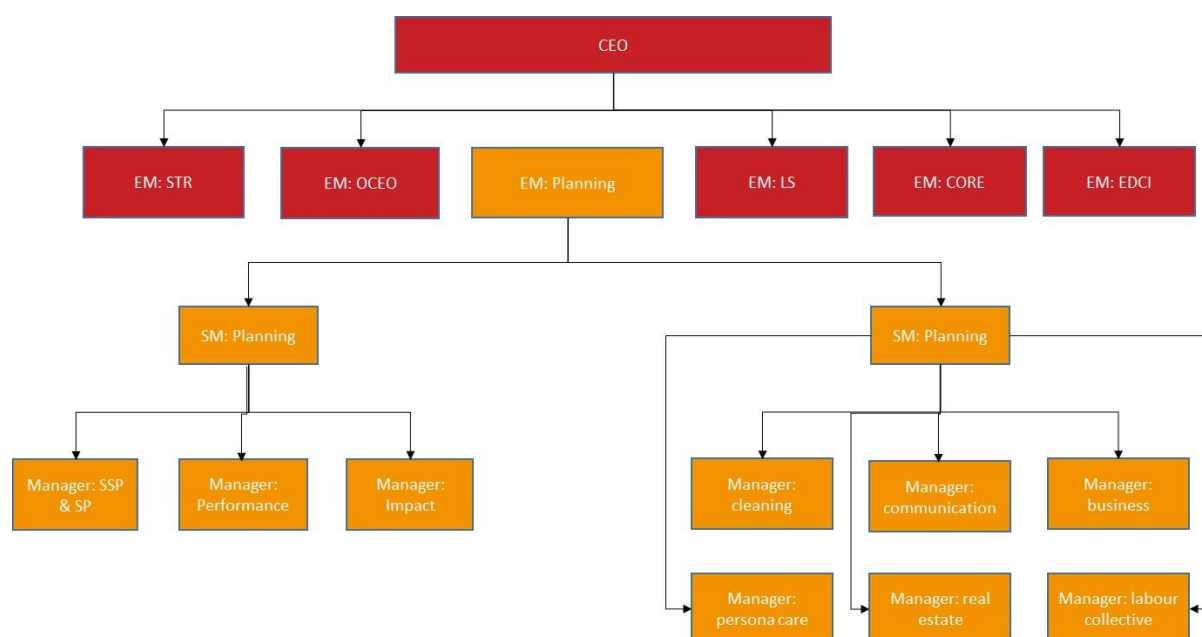
This chapter addresses monitoring and evaluation practices at the Services SETA. It also addresses among other things, the approaches to M&E at the Services SETA, the use of performance information and audit outcomes to inform planning, a review of the Services SETA's performance against the previous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

Sector Skills Planning Reflections

5.2.1. Services SETA's approach to Monitoring and Evaluation

This section discusses the Services SETA planning capacity in relation to institutional arrangement or organogram and staffing. The Services SETA Planning Department comprises of Research, Performance Reporting and Verification, Impact Assessment and Chamber Operations unit, as illustrated in Figure 27. 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 27: Planning Department's Organogram



What needs to be amplified with Figure 27 above, is the fact that the research, planning, monitoring and evaluation are placed in the same department. 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.

A brief discussion of each unit is provided below, with reference to its role in the planning value chain and the human resources capacity.

(a) The Sector Skills and Strategic Plan Unit

This unit conducts sector-specific primary and secondary research on the nature and extent of skills supply and demand. The Unit is also responsible for the updates of the Sector Skills, Strategic and Annual Performance Plans. The location of this function within the Research Unit strengthens alignment during the planning process. The unit comprises of a manager and senior officer. Plans are underway to strengthen this Unit by filling the Senior Manager: Planning position and additions of two level levels staff: Officer and Administrator.

(b) The Performance Reporting and Verification unit

As pointed out above, this unit is responsible for monitoring organisational performance against set targets. Reporting on performance is conducted quarterly, with an Annual Report compiled to account for the annual performance. The staff compliment of the unit is five; manager, two senior officers, officer and administrator.

(c) The Impact Assessment Unit

The role of this unit is to conduct research to measure the impact of the learning interventions and programmes on intended beneficiaries; review internal processes and procedures to optimise operational efficiencies, and inform future interventions, organisational and programmatic goals. The unit comprises of a manager and senior officer. There are plans to strengthen this Unit with projects' monitoring staff to compliment the organisation-wide monitoring.

(d) Chambers

Chambers play a critical role, and their strategic area identifies the skills shortages in the sub-sectors; liaise with employers and support the agenda of skilled employees in the sector; support, facilitate and promote the quality of occupation-based learning in the sector; promote effective communication between and participation by bodies involved in Skills Development, and support skills development in the informal sector, and other income generating initiatives for the unemployed. The unit consist of six managers, two officers and three administrators. The role of chambers in M&E is the monitoring of industry-aligned training interventions to ensure successful completion thereof.

5.2.2. 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. The planning cycle of the Services SETA is depicted below in Figure 28.

Figure 28: Planning Cycle



(a) Research

The planning cycle starts with research. The research process involves analysis of performance information; audit and impact assessments reports; employer data as contained in WSP and ATRs, publicly available data such as Stats SA's Quarterly Labour Force Surveys; Quarterly GDP; Quarterly Employer Surveys; DHET's Statistics on Post-School Education and Training in South Africa and Post-School Education and Training Monitor, interviews with industry role players – that is, employers, employer associations, labour and service providers. In this update, four primary research studies were conducted. Findings from research are used to update the SSP, SP and APP annually.

(b) Sector Skills Plan

The purpose of the Sector Skills Plan is to undertake an audit of the sector skills demand and supply. As illustrated in the Research Process and Methods, the update of the Sector Skills Plan is informed by primary and secondary research. Research includes analysis of performance information such as the number of learners enrolled and/or completed in various learning programmes, primarily; learnership, internship, bursaries, short skills programmes, artisan, AET and candidacy. On an annual basis a "pipeline" analysis is conducted to look at the alignment between skills priorities as identified in the Sector Skills Plan and the funded learning interventions. The SSP is used to inform the SP and APP. It is a key document that informs priority investment areas of the Services SETA.

(c) Strategic Plan

The Strategic Plan outlines the five-year plan of the Services SETA with clear goals, strategic objectives and performance indicators. Table 30 outlines Services SETA's goals and performance indicators. The SP goals and outcomes are informed by the SSP.

Table 30: Services SETA Strategic Outcome Oriented Goals and Outcome Indicators

STRATEGIC OUTCOME ORIENTED GOALS	#	OUTCOME INDICATOR
Improve the stock of skills	1.1	Percentage increase in unemployed learners successfully completing learning programmes per annum
	1.2	Percentage increase in employed learners successfully completing learning programmes per annum
	1.3	Weighted average throughput rate of learning programmes per annum
	1.4	Average achievement of transformational imperatives per annum
Improve the flow of skills	2.1	Percentage correlation between learner enrolments and priority skills per annum
	2.2	Percentage priority skills with accredited skills development providers per annum
	2.3	Percentage increase in employers mentoring learners in the workplace
	2.4	Percentage investment in skills development infrastructure per annum
Improve the Services Sector's capabilities	3.1	Number of entities supported with entrepreneurial education or enterprise development per annum
	3.2	Number of private intermediaries engaged per annum
	3.3	Number of public intermediaries engaged per annum
Strengthen the Services SETA's capabilities	4.1	Percentage improvement in economy of service delivery per annum
	4.2	Percentage improvement in efficiency of service delivery per annum
	4.3	Percentage improvement in effectiveness of service delivery per annum

The Strategic Plan aligns the Services SETA's goals to Sector Skills Plan priorities and available human and financial resources. Key role players in the development of the Strategic Plan include the Services SETA Accounting Authority, Management and staff.

(d) Annual Performance Plan

The Annual Performance Plan translate the five-year plans into an implementable year plan. Attached to the year plan are the performance targets which are monitored monthly and reported quarterly to the Services SETA Board and the DHET. The Annual Performance Plan is divided into four programmes, Administration, Skills Planning, Programme Interventions and Quality Management. The Annual Performance Plan 2019/20 has four strategic objectives and 35 performance indicators aligned to the four programmes as outlined in Table 31. The APP is meant to implement the goals and outcomes identified in the SSP and SPA.

Table 31: Annual Performance Plan's programmes, strategic objectives and PIs

Programme	Number of Strategic Objectives	Number of indicators
Administration	3	4
Skills Planning	2	3
Learning Programmes	5	24
Quality Management	2	4
Total	12	35

(e) Review of grant policies

The Services SETA grant policy is reviewed yearly in order to ensure alignment between Sector Skills Plan priorities and Strategic and Annual Performance Plans' targets for the year, on the one hand, and Annual Performance Plan's yearly targets and the budget on the other hand.

(f) Operational Plans

Operational plans outline the role of different departments in the Services SETA to achieve annual targets as set out in the Annual Performance Plan.

(g) Implementation

This stage involves the cycle of identifying interventions to be prioritised; invitation of interested parties to training interventions; selection of qualifying service providers; contracting; project implementation monitoring, evaluation and reporting.

(h) Monitoring and reporting

Monitoring takes place at two levels. Firstly, departmental heads report to the Chief Executive Officer of the Services SETA on a monthly basis. Secondly, the Planning Department through Performance Reporting and Verification unit, compile a quarterly report for the Services SETA Board and the DHET.

(i) Audit and impact assessment

Audit takes place at three levels. In the first instance, internal audit department contacts routine audit functions across the functional areas of the Services SETA in line with the Strategic Plan and applicable legislation. Secondly, the Department of Higher Education and Training conducts a quarterly audit of the Services SETA performance in line with the APP. Thirdly, the Auditor-General of South Africa conducts an external audit in line with applicable legislation. Findings from these audits are used to inform the research agenda, and the updates of the SSP, SP and APP.

Tracer studies are also used to monitor throughput rate and related challenges. Findings from these studies are used to inform management decision-making and the planning process. In 2016/17 financial year the Services SETA conducted an impact evaluation study focusing on learnerships and internships. The study highlighted positive findings with regard to absorption of graduates into the work place. Almost 70% of contacted learners found employment six months after completing their learning interventions. The weakness was found mainly in the administration of learner stipends. Many learners complained that they received their stipends late which adversely affected their attendance. The Services SETA addressed this problem by introducing learner biometrics system to track attendance and directly paying stipends into learners' bank accounts.

(j) Annual Report

The Annual Report highlights the performance of the Services SETA against predetermined targets. The Annual Report for 2018/19 indicates the Services SETA met 97% of its target within the allocated budget. Challenges highlighted in the Annual Report included timely payment of stipends to learners and data integrity, and delayed project commencements. To this effect services providers were identified to handle payment of learners' stipends, and improve online submission of learner records to improve data integrity.

5.2.3. Prior year reflections

This section examines the extent to which priority actions identified in the prior year's SSP have been achieved. The SSP 2018/19 had identified four priority action, namely; a) Promoting access to skills development, b) Entrepreneurship and enterprise development; c) Alignment of Services SETA qualifications and d) Work-based training and mentorship. Significant progress has been made in relation to all priority action, bar the latter. These actions plans informed both the Strategic Plan and the Annual Performance for the 2020/21 financial year.

a) Promoting access to skills development

The Services SETA implemented a number of programmes aimed at access to skills development opportunities for rural communities in particular. Key among such initiatives include the training of assessors and moderators, workplace coaches and mentors, and skills development facilitators. Special attention was given to subsectors such as the funeral services, hair care services, beauty treatment services, fashion and modelling services, hiring services, cleaning services, and real estate and related services.

In addition, 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-Mafeke, Tshisaulu, the Greater Kokstad and Sakhisizwe municipalities, and the National Artisan Development Academy in the Mangaung Metropolitan Municipality in partnership with Motheo TVET College.

b) Entrepreneurship and cooperative development

Our Enterprise Development approach is intended to feed into our value chain. Skills Development Facilitator, Assessor and Moderator programmes were successfully completed by seasoned, emerging entrepreneurs and new entrants who have an interest in the skills development space, particularly the service area. These Skills Programmes were offered at no cost to the beneficiaries. In order to intensify the impact of the programme, the competent recipients were provided with guidance on how to operate as successful SDFs, Assessors and Moderators.

Another programme is aimed at assisting SMMEs with the entire Accreditation process. This intervention entails Accreditation Workshops, Skills Programmes in line with business support and assisting these SMMEs with uploading the documents in the Learning Intervention and Monitoring system for accreditation, which is Desktop evaluation. The progress so far is stable and satisfactory, we are optimistic about the desired output.

c) Alignment and review of Services SETA qualifications

The Services SETA has prioritised to align eight of the existing qualifications to the QCTO's occupational qualifications' standards. The process is underway with differing levels of progress. Some are much closer to finalisation whereas a process for others has just started.

a) Mobilisation of industry to participate in Work-based learning programmes

The priority on mobilisation of industry to participate in work-place based learning was not met within the stipulated timeframe. The process of identifying, approaching and contracting took longer than anticipated due to the size of the industry. The process is ongoing with relative progress as highlighted below.

5.3. Plan of Action

Efforts to implement the priority on mobilisation of industry to participate in Work-based learning programmes are already under way. In the first instance, a bench-mark study has been undertaken to learn best practice models from other SETAs and training providers. Secondly, 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.

Additional action plans to improve planning process at the Services SETA include the Research Chairs on M&E and OFO Mapping. The M&E Research Chair aims to develop a standard approach to monitoring and evaluating SETAs' operations. Additional deliverables include the development of project evaluation methodology and tool, and a cost-benefit analysis tool. This Research Chair is in partnership with Rhodes University. The OFO Research Chair's role is to develop an online tool for mapping jobs to occupations. The tool, along with M&E framework, will be for the benefit of the entire post-education and training system. The latter Research Chair is with REAL, Wits University.

5.4. Conclusion

This chapter discussed the skills planning process at the Services SETA with reference to institutional arrangement 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

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 ECDi by the Services SETA to support SMEs, is a timely intervention in this regard.

Chapter 2 addresses key drivers of change of skills development and their impact. COVID-19; Information and Communication Technology; Climate Change 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 upon 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 the 9-Point Plan. Regarding the latter three plans, a strong alignment is made on growing SMEs.

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 1 through to Chapter 5, the following skills priorities have been identified to respond appropriately:

a) Promote social and circular economy through entrepreneurship and cooperative development initiatives

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

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

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

b) Increase throughput rate of occupationally directed qualifications through mobilisation of key industry role players

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

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

c) Improve the pipeline of supply by ensuring relevance of qualifications and capacitation of training providers, including TVET Colleges

The supply side of skills development in the services sector is severely constrained by the lack of up-to-date qualifications, especially those relating to ICT and Fourth Industrial Revolution. Compounding the problem is the lack of uptake of SETA qualifications by public TVET colleges. There is also an issue of capacity among private providers.

In addition, the Services SETA will embark on a programme aimed at aligning learning programmes to new regulations. Grant Regulations (2012) require that the key focus of the Services SETA must be to address hard-to-fill vacancies and skills gaps, through programmes that are designed to address such skills needs and which include work based learning. As a result, the changes to the regulatory process requires that the Learnership Regulations (2007), to be replaced with the Workplace Based Learning Programme Agreement Regulations, 2018.

d) Expand access to skills development to employees and learners residing in rural and peri-urban areas of South Africa

Services SETA will focus on partnerships with the HEIs to ensure that bursary schemes reach the students who do not have resources and information. A three-pronged approach has been devised. This involves: the development of skills development centres, provider capacitation and e-learning platform. Over the last three years, the Services SETA has supported the construction of skills development centres where none existed, and renovation of existing ones to ensure access to skills development. Special emphasis will be made on promoting transformation.

6.4. The impact of Fourth Industrial Revolution

The world of work beyond 2020 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: (i) Engender a deliberate programme aimed at stimulating sufficient understanding of disruptive changes eminent within the services sector; (ii) 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

Table 32 outlines measures taken by the Services SETA to support national strategies and plans.

Table 32. Measures to support national strategies and plans

National strategies and plans	Support measures
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.
Nine Point Plan	Point 7 of the Nine-Point Plan by the South African government to turnaround the economy focusses on the development and growth of SMEs. The Services SETA's ECDi's programme action has identified 9 areas of intervention which will be implemented in the short-, medium- to long-term. Key activities include; advisory, incubation services, and linkage with other opportunities for SMEs will be initiated through ECDi
Strategic Infrastructural Projects	The Services SETA has an integral role to play in terms of using the SIPs as a training platform. Supporting skills such as project management, human resources, cleaning, gardening and general administration will be facilitated through various learning interventions, as the need dictates

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:

- Promote social and circular economy through entrepreneurship and cooperative development initiatives
- Increase throughput rate of occupationally directed qualifications through mobilisation of key industry role players
- Improve the pipeline of supply by ensuring relevance of qualifications and capacitation of training providers, including TVET Colleges
- Expand access to skills development to employees and learners residing in rural and peri-urban areas of South Africa.

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ANNEXURES

Annexure A: Services SETA Subsector Scope of Coverage

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
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		
Sub-Sector Title	SIC Code	Gazetted Industry Descriptor
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
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
Beauty Treatment	99024	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
Funeral Services	34260	Cutting, Shaping and Finishing Of Stone
	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

Sub-Sector Title	SIC Code	Gazetted Industry Descriptor
Real Estate Services	50411	Decorators/Interior Designers and Decorators
	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: Government Gazette, no O33756 11 November 2012

Annexure B: Services SETA Stakeholders

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